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SITTING DAYS—2008

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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-SECOND PARLIAMENT
FIRST SESSION—THIRD PERIOD

Governor-General
Her Excellency Ms Quentin Bryce, Companion of the Order of Australia

House of Representatives Officeholders

Speaker—Mr Harry Alfred Jenkins MP
Deputy Speaker—Ms Anna Elizabeth Burke MP
Second Deputy Speaker—Hon. Bruce Craig Scott MP

Members of the Speaker’s Panel—Hon. Dick Godfrey Harry Adams MP, Hon. Kevin James Andrews MP, Hon. Archibald Ronald Bevis MP, Ms Sharon Leah Bird MP, Mr Steven Georgean MP, Hon. Judith Eleanor Moylan MP, Ms Janelle Anne Saffin MP, Mr Albert John Schultz MP, Mr Patrick Damien Secker MP, Mr Peter Sid Sidebottom MP, Hon. Peter Neil Slipper MP, Mr Kelvin John Thomson MP, Hon. Danna Sue Vale MP and Dr Malcolm James Washer MP

Leader of the House—Hon. Anthony Norman Albanese MP
Deputy Leader of the House—Hon. Stephen Francis Smith MP
Manager of Opposition Business—Hon. Joseph Benedict Hockey MP
Deputy Manager of Opposition Business—Mr Luke Hartsuyker MP

Party Leaders and Whips
Australian Labor Party
Leader—Hon. Kevin Michael Rudd MP
Deputy Leader—Hon. Julia Eileen Gillard MP
Chief Government Whip—Hon. Leo Roger Spurway Price MP
Government Whips—Ms Jill Griffiths Hall MP and Mr Christopher Patrick Hayes MP

Liberal Party of Australia
Leader—Hon. Malcolm Bligh Turnbull MP
Deputy Leader—Hon. Julie Isabel Bishop MP
Chief Opposition Whip—Hon. Alex Somlyay MP
Opposition Whip—Mr Michael Andrew Johnson MP
Deputy Opposition Whip—Ms Nola Bethwyn Marino MP

The Nationals
Leader—Hon. Warren Errol Truss MP
Chief Whip—Mrs Kay Elizabeth Hull MP
Whip—Mr Paul Christopher Neville MP

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<td>Turnbull, Hon. Malcolm Bligh</td>
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**PARTY ABBREVIATIONS**

ALP—Australian Labor Party; LP—Liberal Party of Australia;
Nats—The Nationals; Ind—Independent

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**Heads of Parliamentary Departments**

- Clerk of the Senate—H Evans
- Clerk of the House of Representatives—IC Harris AO
- Secretary, Department of Parliamentary Services—A Thompson
**Rudd Ministry**

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<td>Hon. Wayne Swan MP</td>
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<td>Minister for Immigration and Citizenship and Leader of the Government in the Senate</td>
<td>Senator Hon. Chris Evans</td>
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<td>Special Minister of State, Cabinet Secretary and Vice President of the Executive Council</td>
<td>Senator Hon. John Faulkner</td>
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<td>Minister for Finance and Deregulation</td>
<td>Hon. Lindsay Tanner MP</td>
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<td>Minister for Trade</td>
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<td>Minister for Families, Housing, Community Services and Indigenous Affairs</td>
<td>Hon. Jenny Macklin MP</td>
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<td>Hon. Anthony Albanese MP</td>
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<td>Senator Hon. Kim Carr</td>
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<td>Hon. Peter Garrett AM, MP</td>
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<td>Attorney-General</td>
<td>Hon. Robert McClelland MP</td>
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<tr>
<td>Minister for Human Services and Manager of Government Business in the Senate</td>
<td>Senator Hon. Joe Ludwig</td>
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<td>Minister for Agriculture, Fisheries and Forestry</td>
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Minister for Home Affairs
Assistant Treasurer and Minister for Competition Policy and Consumer Affairs
Minister for Veterans’ Affairs
Minister for Housing and Minister for the Status of Women
Minister for Employment Participation
Minister for Defence Science and Personnel
Minister for Small Business, Independent Contractors and the Service Economy and Minister Assisting the Finance Minister on Deregulation
Minister for Superannuation and Corporate Law
Minister for Ageing
Minister for Youth and Minister for Sport
Parliamentary Secretary for Early Childhood Education and Childcare
Parliamentary Secretary for Defence Procurement
Parliamentary Secretary for Defence Support
Parliamentary Secretary for Regional Development and Northern Australia
Parliamentary Secretary for Disabilities and Children’s Services
Parliamentary Secretary for International Development Assistance
Parliamentary Secretary for Pacific Island Affairs
Parliamentary Secretary to the Prime Minister
Parliamentary Secretary for Social Inclusion and the Voluntary Sector and Parliamentary Secretary Assisting the Prime Minister for Social Inclusion
Parliamentary Secretary to the Minister for Trade
Parliamentary Secretary to the Minister for Health and Ageing
Parliamentary Secretary for Multicultural Affairs and Settlement Services

Hon. Bob Debus MP
Hon. Chris Bowen MP
Hon. Alan Griffin MP
Hon. Tanya Plibersek MP
Hon. Brendan O’Connor MP
Hon. Warren Snowdon MP
Hon. Dr Craig Emerson MP
Senator Hon. Nick Sherry
Hon. Justine Elliot MP
Hon. Kate Ellis MP
Hon. Maxine McKew MP
Hon. Greg Combet AM, MP
Hon. Dr Mike Kelly AM, MP
Hon. Gary Gray AO, MP
Hon. Bill Shorten MP
Hon. Bob McMullan MP
Hon. Duncan Kerr MP
Hon. Anthony Byrne MP
Senator Hon. Ursula Stephens
Hon. John Murphy MP
Senator Hon. Jan McLucas
Hon. Laurie Ferguson MP
SHADOW MINISTRY

Leader of the Opposition Hon. Malcolm Turnbull MP
Deputy Leader of the Opposition and Shadow Treasurer Hon. Julie Bishop MP
Leader of the Nationals and Shadow Minister for Trade, Transport, Regional Development and Local Government Hon. Warren Truss MP
Shadow Minister for Broadband, Communications and the Digital Economy and Leader of the Opposition in the Senate Senator Hon. Nick Minchin
Shadow Minister for Innovation, Industry, Science and Research and Deputy Leader of the Opposition in the Senate Senator Hon. Eric Abetz
Shadow Minister for Infrastructure and COAG and Shadow Minister Assisting the Leader on Emissions Trading Design Hon. Andrew Robb MP
Shadow Minister for Foreign Affairs and Manager of Opposition Business in the Senate Senator Hon. Helen Coonan
Shadow Minister for Finance, Competition Policy and Deregulation and Manager of Opposition Business in the House Hon. Joe Hockey MP
Shadow Minister for Energy and Resources Hon. Ian Macfarlane MP
Shadow Minister for Families, Housing, Community Services and Indigenous Affairs Hon. Tony Abbott MP
Shadow Special Minister of State and Shadow Cabinet Secretary Senator Hon. Michael Ronaldson
Shadow Minister for Human Services and Deputy Leader of the Nationals Senator Hon. Nigel Scullion
Shadow Minister for Climate Change, Environment and Water Hon. Greg Hunt MP
Shadow Minister for Health and Ageing Hon. Peter Dutton MP
Shadow Minister for Defence Senator Hon. David Johnston
Shadow Minister for Education, Apprenticeships and Training Hon. Christopher Pyne MP
Shadow Attorney-General Senator Hon. George Brandis SC
Shadow Minister for Agriculture, Fisheries and Forestry Hon. John Cobb MP
Shadow Minister for Employment and Workplace Relations Mr Michael Keenan MP
Shadow Minister for Immigration and Citizenship Hon. Dr Sharman Stone MP
Shadow Minister for Small Business, Independent Contractors, Tourism and the Arts Mr Steven Ciobo MP

[The above constitute the shadow cabinet]
SHADOW MINISTRY—continued

Shadow Minister for Financial Services, Superannuation and Corporate Law
Hon. Chris Pearce MP

Shadow Assistant Treasurer
Hon. Tony Smith MP

Shadow Minister for Sustainable Development and Cities
Hon. Bruce Billson MP

Shadow Minister for Competition Policy and Consumer Affairs and Deputy Manager of Opposition Business in the House
Mr Luke Hartsuyker MP

Shadow Minister for Housing and Local Government
Mr Scott Morrison MP

Shadow Minister for Ageing
Mrs Margaret May MP

Shadow Minister for Defence Science and Personnel
Hon. Bob Baldwin MP

Shadow Minister for Veterans’ Affairs
Mrs Louise Markus MP

Shadow Minister for Early Childhood Education, Childcare, Women and Youth
Mrs Sophie Mirabella MP

Shadow Minister for Justice and Customs
Hon. Sussan Ley MP

Shadow Minister for Employment Participation, Training and Sport
Dr Andrew Southcott MP

Shadow Parliamentary Secretary for Northern Australia
Senator Hon. Ian Macdonald

Shadow Parliamentary Secretary for Roads and Transport
Mr Barry Haase MP

Shadow Parliamentary Secretary for Regional Development
Mr John Forrest MP

Shadow Parliamentary Secretary for International Development Assistance
Senator Marise Payne

Shadow Parliamentary Secretary for Energy and Resources
Mr Don Randall MP

Shadow Parliamentary Secretary for Indigenous Affairs
Senator Marise Payne

Shadow Parliamentary Secretary for Disabilities, Carers and the Voluntary Sector
Senator Cory Bernardi

Shadow Parliamentary Secretary for Water Resources and Conservation
Senator Fiona Nash

Shadow Parliamentary Secretary for Health Administration
Senator Mathias Cormann

Shadow Parliamentary Secretary for Defence
Hon. Peter Lindsay MP

Shadow Parliamentary Secretary for Education
Senator Hon. Brett Mason

Shadow Parliamentary Secretary for Justice and Public Security
Mr Jason Wood MP

Shadow Parliamentary Secretary for Agriculture, Fisheries and Forestry
Senator Hon. Richard Colbeck

Shadow Parliamentary Secretary for Immigration and
Shadow Parliamentary Secretary Assisting the Leader in the Senate
Senator Concetta Fierravanti- Wells
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Tuesday, 14 October 2008

The SPEAKER (Mr Harry Jenkins) took the chair at 2 pm and read prayers.

QUESTIONS WITHOUT NOTICE

Age Pension

Mr TURNBULL (2.01 pm)—My question is addressed to the Prime Minister. I refer the Prime Minister to his announcement today of a fiscal stimulus package to which the opposition has given its support. I ask the Prime Minister: will the Prime Minister give Australian age pensioners a watertight commitment that there will be an increase in the base rate of the pension in the next budget?

Mr RUDD—The government in 12 months has delivered on what the previous government failed to deliver in 12 years. They had 12 long years to act on pension reform and did nothing. What this government did at the time it announced the last budget was commission the Harmer review and that review will report next February. Furthermore, the government has announced other measures today, of which the honourable member will be aware. My position and that of the Treasurer and the government is that we will prosecute long-term pension reform by the time of the next budget, as we have already indicated.

Economy

Ms CAMPBELL (2.02 pm)—My question is to the Prime Minister. How will the Rudd government’s Economic Security Strategy help see Australia through the global financial crisis?

Mr RUDD—The global financial crisis, as I have said before, is the economic equivalent of a rolling national security crisis. Its impact is being felt across the global economy in credit markets, stock markets and the real economy in growth and jobs, and we in this country are not immune to it. Events overnight underscore the importance of decisive action in responding to these events. The governments of France, Germany, the Netherlands, Spain and Austria formally committed overnight to guarantee interbank loans. Furthermore, they undertook to take equity stakes in banks. The government of the United Kingdom acted to take a majority stake in HBOS and in the Royal Bank of Scotland. These are extraordinary moves in meeting extraordinary challenges in these extraordinary times.

This global financial crisis has now entered a new and dangerous phase for us all. The IMF—the International Monetary Fund—has already indicated that if the major economies in the world are not already in recession they are on the cusp of recession. The IMF is now forecasting the slowest growth in the advanced economies for over a quarter of a century.

The government has resolved to take necessary early and decisive action to secure Australia’s long-term economic future. Today, on behalf of the government, I have announced a $10.4 billion Economic Security Strategy to strengthen the Australian economy during the global financial crisis. The government has resolved not to sit idly by while Australian households suffer the worst effects of the global crisis, a crisis which our households did not create. The government will not stand idly by while we need to take decisive action to support the long- and medium-term growth of the Australian economy and to support the household economy on the way through. It was for these reasons that I announced today this $10.4 billion Economic Security Strategy.

The first part of it goes to pensions. To boost household consumption and to assist older Australians and carers the government will provide $4.8 billion to fund a one-off payment of $1,400 to single pensioners and
$2,100 to couples. This payment will also be made to Commonwealth seniors card holders. This measure will benefit around four million pensioners, seniors and carers. We will also provide a one-off payment of $1,000 to carer allowance recipients. This will be a down payment on the long-term pension reform that the government is currently working on through the Harmer review. This amount over a nine-month period, that is, from now until 30 June next year, represents the equivalent of some $35 per week for single pensioners and some $24 per week for members of a married couple. As I said before, this $4.9 billion package goes to all pensioners, not some pensioners.

The second part of the government’s Economic Security Strategy is as follows. I announce today that those families currently in receipt of family tax benefit A will receive a further payment of $1,000 per child. This payment will also be made to each dependent child who attracts youth allowance, Abstudy or Veterans’ Children Education Scheme entitlements. This measure will benefit around 3.9 million Australian kids. These payments will be delivered by December at a cost of around $3.9 billion. This $3.9 billion commitment will benefit some two million Australian families and, like the pensions measure I referred to before, will be delivered in December.

The third part of the government’s Economic Security Strategy for the future goes to housing. The construction sector and private dwellings investment are important generators of economic activity in this country. They are also important for the wellbeing and the living standards of Australians. To strengthen this important sector of the economy, the government has resolved to introduce a new first home owners boost. This measure will cost around $1.5 billion in 2008-09 and around $350 million in the following financial year. This measure will benefit around 150,000 first home buyers.

The fourth measure I have announced today is a $190 million program over two years to provide enhanced training support for the workforce. This will be delivered through an additional 56,000 places for the 2008-09 Productivity Places Program. Finally, the government will also accelerate our historic nation-building program. We will bring forward the consideration and implementation of projects under our various future investment funds. I have asked ministers to bring forward interim lists of proposals, as we have done already with Infrastructure Australia, for funding through the Building Australia Fund. This will allow implementation following appropriate and rigorous evaluation with initial work on projects commencing in the year 2009.

The government has built a strong surplus over the last year. That surplus was a prudent and appropriate measure to build up as a precaution against tough times ahead. Those tough times have now arrived, and the government is now deploying the surplus for the benefit of the nation and for the benefit of the Australian people. The total cost of the Economic Security Strategy is $10.4 billion. This, we believe, is large enough to make a significant contribution to strengthen the Australian economy into the future. The reason we have been able to move quickly and so decisively lies in the strength of the budget the Treasurer delivered in May this year. We believe this is the right course of action. It is an early course of action. It is a decisive course of action. It is a responsible course of action to underpin positive growth for the Australian economy in these difficult times brought about by the global financial crisis and to support the interests of households as well.
Economy

Mr Turnbull (2.10 pm)—I refer the Prime Minister to his previous answer and ask: what are the revised growth and unemployment estimates for the Australian economy upon which the government relied in formulating this package, and what impact does the government believe the stimulus will have on the Reserve Bank’s ability to continue reducing interest rates?

Mr Rudd—Firstly, on the question of growth, the honourable member will be familiar with the forecast which has been put into the budget and released by the Reserve Bank. Obviously, following recent developments in the international economy, we will see a further slowing in growth and a further acceleration of unemployment across the major economies in the world, including Australia. That is why we have taken these measures. We believe it is the right and responsible course of action. Secondly, in response to the honourable member’s question, the Reserve Bank itself determines the future directions of monetary policy. We on this side of the House supported in an unqualified manner the decision taken by the Reserve Bank to reduce rates by 100 basis points in recent days following 10 interest rate rises in a row under the term of the previous government. Future interest rate settings lie with the Reserve Bank. Our responsibility is to make sure that monetary policy and fiscal policy are headed in the right direction and in the same direction. Given the extraordinary events in the international economy coming off the back of a global financial crisis, these are the right policy settings for Australia now, for the economy and for households.

Economy

Mr Clare (2.11 pm)—My question is to the Treasurer. Could the Treasurer inform the House of the outcome of international meetings he recently attended and the government’s response?

Mr Swan—I thank the member for his question. This weekend, I met with international colleagues at the IMF and at the World Bank annual meetings. I also attended an emergency meeting of G20 finance ministers and central bank governors, which was also attended by the United States President, George Bush. Discussions at these meetings underscored, I believe, that the global financial crisis has entered a new and dangerous phase that has fundamentally changed the circumstances the globe is in and, therefore, the circumstances Australia is in. It is pretty clear that the financial crisis is spreading from the United States, throughout Europe and now, in some ways more remarkably and unexpectedly, into emerging economies in our region.

The IMF’s World economic outlook released this week said that there would be little or no growth in 2009 for the world’s major developed economies: the US, Europe and Japan. It concluded that we will see slower growth in emerging economies as well. That is really before you get to the quite remarkable events that have occurred in the last four or five days. The view of leaders at all of those meetings was that we are in the midst of a major crisis in the modern market economy—one that requires coordinated action, one that requires discipline and one that requires leaders around the world to unite in a way in which they have never united before. It is pretty fair to say that, when we had the Asian financial crisis, which prompted the formation of the G20, the sort of international action that was required after that did not occur to the extent that it should have occurred. Of course, what we now find is that there does need to be major, long-term reform of the world’s financial system, and Australia believes that
G20 finance ministers are well placed to lead that reform.

The other thing that came out of the meetings was the very strong view that, given the nature of events of recent times, most importantly governments move as quickly and as effectively as they possibly can. The need for action was seen to be urgent, and the sooner governments move to protect their people the better. I am pleased to say that in the time between when I left the United States and today there has already been further coordinated action around the world. That is badly needed and it reflects the goodwill that came out of those meetings and that is required if we are going to stabilise the global economy.

Of course, the government has made the point on many occasions that, if you are going to be in any country in these circumstances, the country you would want to be in is Australia. But we are not immune, and we do have to take action. We welcomed the decisive action of the Reserve Bank when it comes to monetary policy only a week ago. But all nations in the room were also of the view that there needs to be substantial action in many countries, depending on circumstances, on fiscal policy. Because in the May budget we built a strong surplus, and we built it because we knew that there was the possibility of further global instability, we are in a position to ease fiscal policy. It is a surplus, of course, those opposite argued we did not need. They argued that we did not need it in the lead-up to the May budget and now they are still attacking it in the Senate.

We are determined to do everything that is responsible in these circumstances, given the nature of the global shock that we are about to experience, to strengthen our economy. That is the thinking and the analysis behind the package that the Prime Minister launched today. It is also the thinking behind the announcements the Prime Minister has made in relation to our deposit-taking institutions and it has been the thinking behind so many of the actions that this government has been taking to strengthen our financial system since we first met with the Council of Financial Regulators in February this year.

Everybody will recall that this was a very significant issue throughout January, February and March. Fortunately, it stabilised for a time following the rescue of Bear Stearns. Of course, over the last three weeks it has taken that dangerous new path that is so threatening to global growth and therefore to our economy, to businesses and to households. That is why we have announced the package that we announced today, this $10.4 billion strategy. We expect the strategy and this package will leave us comfortably in surplus—and that is a good thing. Surpluses are there for tough times, and tough times have arrived.

Mr Dutton—That’s why we built it up!
Honourable members interjecting—

The SPEAKER—Order! The House will come to order!

Mr SWAN—It is that sort of juvenile point-scoring that the country does not need.

Opposition members interjecting—

The SPEAKER—Order! The Treasurer has the call.

Mr SWAN—The Leader of the Opposition says he supports the package. If he supports the package, that is terrific. That is very good if he supports the package. But you cannot support it on one hand and then oppose it on the other. You simply cannot do that. So it certainly would assist if those opposite were to rapidly pass the remaining budget measures in the Senate. That would certainly assist. It would certainly be an act of unity to pass the remaining budget measures in the Senate required to build the surplus as a buffer in these times of interna-
tional uncertainty. That is why the meetings in Washington were so important.

Honourable members interjecting—

The SPEAKER—Order! The Treasurer has the call.

Mr SWAN—When it comes to a global solution, we are all in it together. The government is going to work hard internationally to get reform in the longer term and to work with other governments to make sure that in the shorter term we get the response in terms of monetary policy, fiscal policy and other measures required to stabilise our financial system.

Economy

Mr TURNBULL (2.20 pm)—My question is to the Prime Minister. I refer to the Prime Minister’s and the Treasurer’s repeated claims to have built the surplus. Does the Prime Minister agree that the government’s ability to make the payments announced today are in large measure due to the coalition government having paid off $96 billion of debt, established the Future Fund and, year after year, run budgets in substantial surplus?

Mr RUDD—The government is committed to responsible economic management. If the previous government was committed to responsible economic management, it would have done something to invest the $390 billion which it had in extra parameter growth in budget revenues coming off the back of the resources boom in this nation’s long-term infrastructure needs. That would have been setting Australia up for the future.

What would have been setting Australia up for the future as well is as follows: it would have been investing in the productivity needs of the Australian economy for the future; it would have been dealing with the nation’s health and hospital infrastructure for the future; it would have been investing in all the productive capacity and social needs we need for the future; it would have meant using the $390 billion which was realised on the back of the resources boom responsibly and effectively for the future.

Can I say this to the Leader of the Opposition: not everything on planet Earth is the product of his personal wisdom and initiative. I have to say to the Leader of the Opposition that there are measures taken now, responsibly, by this government dealing with the realities of the global financial crisis which are the right course of action for Australia now. If he wishes to deliver the House a message about responsibility, could he walk a few metres that way to the other house, where $4.3 billion worth of revenue—constituent parts of the government’s budget surplus—lies blocked in the Senate, where the Greens are acting responsibly, where Senator Xenophon is acting responsibly, where Senator Fielding is acting responsibly and where the Liberal Party of Australia is acting less responsibly than the government of Cuba.

Economy

Mr KELVIN THOMSON (2.23 pm)—My question is to the Minister for Finance and Deregulation. Will the minister outline how the government is using the budget surplus to safeguard the Australian economy against the global financial crisis? Is the minister aware of any threats to the government’s actions?

Mr TANNER—As the Treasurer and the Prime Minister have outlined, the international financial crisis is moving into a new and more dangerous phase. We are all aware of these circumstances: credit markets being gummed up, share markets falling and major economies either heading towards recession or predicted to be in recession shortly. Australia is much better positioned than almost any other major economy in the world to
deal with these circumstances, but we are decidedly not immune. The government has been dealing with the consequences of these problems since the latter part of last year and has taken a number of measures over the course of that time, including building a very strong budget surplus—and I will deal with that question in a minute. The government has also taken action to make available $4 billion through the Australian Office of Financial Management to sustain non-bank mortgage lending, has initiated deposits protection and has, of course, increased the government bond market liquidity.

The circumstances have now changed and even more decisive action has been required. That is why over the past couple of days the government has acted to put in place guarantees of domestic banks’ deposits and also wholesale fundraising. The government has, in addition to that, today announced a $10 billion one-off economic stimulus, an economic strategy to ensure that growth and employment are sustained in the face of very, very strong downward pressures coming from these international circumstances. Those of us who have lived through the previous economic downturn know how quickly an economic downturn can spread and how important it is to take decisive action early to ensure that growth, economic activity and employment continue to survive and prosper.

Even as our economy is slowing, we have the pressures internationally mounting. Although we do have forces pushing back against those pressures—particularly substantial interest rate cuts and the decline in the value of the Australian dollar, both of which have a significant stimulatory effect—and, of course, the so-called automatic stabilisers in the fiscal position will take some effect and therefore push back and stimulate the economy to some degree, the government has reached the conclusion, based on the advice from its advisers in Treasury and other advisers, that that is not going to be enough to sustain growth at a reasonable level in the Australian economy. I emphasise again that the Australian economy remains fundamentally good shape, and the issues we are dealing with here are issues that are emerging from the international financial crisis. Notwithstanding the strong shape the Australian economy is currently in, we have to take decisive action to ensure that the wellbeing of Australians is maintained and that we do not see Australia head into a serious economic downturn.

Now I would like to turn to this question of the surplus. It appears that the primary contribution of the allegedly bipartisan opposition to the debate on this matter today is going to be a kind of schoolyard assertion that it is actually their surplus—it is not our surplus; it is their surplus. It is the nation’s surplus, and we are engaged in making decisions on behalf of the Australian nation to deal with the very challenging economic circumstances that face Australia. Mr Speaker, perhaps you would like to just think back five or six months and actually contemplate some of the detail of the surplus that was put in place and is now being mobilised to ensure that we can continue to have the Australian economy grow and employment remain strong. We had in the budget $7.3 billion worth of savings measures—in fact, 100 pages more in the main budget statement because of the very large list of savings measures. Those savings measures were designed to tackle things like the fact that the former government spent $457 million in 16 months on government advertising. It spent $350 million in a year on its infamous Work Choices program. It raised the level of spending on government grant programs from $450 million in 2002 to $4.5 billion in 2007. We put in place a very substantial set of savings in order to ensure that the budget surplus would be as strong as it has become
and that the Australian nation has an insurance policy, a buffer, for precisely the circumstances that we currently are contemplating.

So I would suggest to the opposition, who have been buzzing around like a bee in a bottle on economic policy all year and who have been unable to land on a single position for any longer than about five minutes: if you are fair dinkum about being bipartisan about these very serious issues facing Australia then let us see you be bipartisan, let us see you change your position in the Senate on the remaining budget measures, which the minor parties and Independents have been responsible enough to deal with seriously, and let us see you understand that giving alcopops manufacturers a free kick is less important than ensuring that Australia’s pensioners and families are well protected in the circumstances that we currently face. If you are fair dinkum about tax cuts then let us reverse your position with respect to the effective tax cut that is involved in increasing the threshold for the Medicare levy surcharge.

Those are the issues that you need to confront if you are fair dinkum about being bipartisan and joining with the government in tackling this very serious international financial crisis and its implications for Australia. Instead of posturing like little kids in a playground about it being your surplus, how about dealing with the issues in the Senate and passing the government’s budget so that the surplus can be used for the purposes for which it was intended.

Economy

Ms JULIE BISHOP (2.30 pm)—My question is to the Treasurer. I refer to the Treasurer’s call for reform to the international financial system. Does the Treasurer believe that changes to the Basel II bank capitalisation standards are required? If so, what would those changes be?

Mr SWAN—I certainly do, and they are currently being implemented. I do not know what the shadow Treasurer thinks is going on, but the council of economic regulators and APRA have been most emphatic about all of that. There have been very important and worthwhile reforms come through that process. What they basically go to is the capital adequacy requirements in our banking system. That is what they go to, and that has been the source of the problem globally. Thankfully, it has not been a problem here.

It has not been a problem here because, particularly in the past year, APRA has been very effective in going out there and working with each of our deposit-taking institutions to ensure that a number of things happen: basically, that those standards are put in place or are being put in place and also encouraging all of those institutions with some form of exposure to events that are occurring internationally to declare them. That has been happening. APRA has been performing its role well when it comes to the implementation of all of the rules that apply to the Basel process and many other things as well. Everybody in this House can be comforted that that is the case.

Education

Ms BIRD (2.32 pm)—My question is to the Minister for Education, Minister for Employment and Workplace Relations and Minister for Social Inclusion. What action is the government taking to boost training opportunities for job seekers and productivity?

Ms GILLARD—I thank the member for her question. I know that she across a lifetime has been deeply interested in training, not only while she has served in this parliament but before as a TAFE teacher. As I indicated to the House yesterday, as a result of the global financial crisis, the looming US
recession and slowing world growth, the government expects to see a weakening of employment growth in this country. Today, the Rudd government has announced its $10.4 billion Economic Security Strategy to strengthen the Australian economy. A key part of that package is a new investment of $187 million to create an additional 56,000 training places during the course of this financial year. This is a significant injection of new funding and it is a crucial element of the strategic approach being taken by the government to these difficult times.

We know that skill shortages continue to exist in our economy and that they are hurting businesses and hurting those Australians who lack skills and who would be more employable with additional skills. The government, through these 56,000 new training places, is strengthening our ability to assist those who have lost jobs to ensure that they can retrain in required skills; skills which employers are crying out for.

This $187 million funding injection will effectively double the Productivity Places Program from 57,000 training places to 113,000 training places. It will take the government’s total investment in training places to more than $400 million since April this year. There has been huge demand for the productivity places since they were first distributed in April this year, with more than 50,000 job seekers enrolled and over 11,000 having already completed their training. It is important to note that these places are deliberately targeted to areas of skill shortage. Of those who have fully completed their training, almost 1,000 job seekers who have been referred for training by employment service providers have already obtained jobs. This is an excellent outcome for a new program.

The new places that are being announced today are in addition to the 15,000 extra places that I announced in September. The new places will be available for job seekers who seek skills at the certificate II, III and IV levels and 1,000 places will be allocated as structural adjustment places to provide specific retraining opportunities and targeted support to displaced workers. With these new places, the Rudd government’s total commitment to the Productivity Places Program is more than $2 billion, with more than 700,000 new training places available over five years. This country has suffered a decade of neglect under the former government of our skills and training needs. The Rudd government was elected to address that more than a decade of neglect. The Productivity Places Program is doing just that with an additional new investment of $187 million today.

Economy

Ms JULIE BISHOP (2.36 pm)—My question is to the Treasurer. Why did the Treasurer cut the funding for the prudential regulator APRA by $6 million in the last budget when the global financial crisis was already well underway?

Mr SWAN—I thank the member for her question. The fact is that we have been strongly supporting APRA. I have been meeting with them more regularly than has ever occurred in the history of this country and since APRA’s creation. We have been very supportive of APRA. I meet with APRA regularly and I also meet with them as part of the Council of Financial Regulators, which includes ASIC, APRA, the Treasury and the Reserve Bank. All of those bodies that receive funding from us have indicated to me that they have sufficient resources to do their job. If they indicated to me that they needed additional resources, then of course they would be forthcoming. Also the member would be aware that APRA has as a source of funding money that it receives effectively on a fee-for-service basis. So, if APRA required
further resources, they would of course receive them.

For these questions to come from those opposite is just a little bit rich. Those opposite sat on the recommendations of the HIH royal commission. There was one that they did not implement. It was the recommendation for a financial claims scheme. They did not touch it. They did not touch the recommendation for a financial claims scheme, so when we came to government we did meet with all of our regulators to discuss their resourcing needs and also, in early February, to discuss the then seen implications of what was going on in international financial markets.

One of the strong recommendations to us at that stage from those regulators was to proceed with a financial claims scheme. We therefore put that process in motion and made an announcement about that in this parliament—something those opposite could not see their way to doing for a number of years. We have taken all of these issues very seriously. We think that there is a way to go yet when it comes to the problems in financial markets and we will not hesitate to take any further action to strengthen either our regulators or our financial system. But at all times through this year we have worked very closely with our financial regulators to ensure that the country gets the best possible outcome.

Pensions and Benefits

Mr SULLIVAN (2.40 pm)—My question is to the Minister for Families, Housing, Community Services and Indigenous Affairs. Will the minister outline how the government’s Economic Security Strategy will deliver extra support to pensioners, carers and working families?

Ms MACKLIN—I thank the member for Longman for his question and his particular interest especially in supporting the pensioners and seniors on Bribie Island that I know he does so much for. Today is a red-letter day for Australia’s age pensioners, for our disability support pensioners, for our veterans, for our carers and for working families. The government’s measures that the Prime Minister and the Treasurer announced earlier today will give extra much-needed support to four million pensioners and 1.9 million Australian families. These changes, these much-needed increases in support, are a down payment on our pension reforms for the future, and it is only this government that is going to deliver long-term pension reform to make sure that the pensioners of Australia are able to have a decent standard of living into the future.

I am very pleased to inform the House that already there has been a very positive response both from Australian seniors and from disability organisations. From the National Seniors association we have had comments already, saying that older Australians have warmly welcomed the federal government’s move to provide generous lump sum payments to pensioners and low-income self-funded retirees in time for Christmas. The National Seniors chief executive has said that the government has ‘clearly recognised the pressure that older Australians are under’, and he goes on to say—and I think this really sums it up—that in a real sense it means being able to ‘buy presents for their grandchildren, have ham on the table, or fix that leaky roof’. We do hope that it does help pensioners and other senior Australians do those extra things around the house that they need to do. National Seniors go on to say that they are an important part of the national pension reform process—that they welcome this move and look forward to working with the Labor government through its pension review in building a sustainable pension system over the longer term.

We have had similar comments from the Combined Pensioners and Superannuants
Association. They are saying, ‘Thankfully, this measure covers all pensioners and carers,’ and they go on to say that it is a ‘very, very welcome step’. The Fair Go for Pensioners Coalition also says, ‘Very welcome news to build confidence and security among pensioners and seniors in this two-part announcement by the Prime Minister both in the immediate in which pensioners will be pleased to do their bit for the community by spending this money on essentials and helping to boost the economy and in the security that the long term is going to be looked at.’

Certainly this is recognised by the Fair Go for Pensioners Coalition. There were similar comments from the Council on the Ageing and also the National Disability Services organisation, recognising for the first time that these payments have been extended to people on the disability support pension and recognising that they too need this extra help to make sure that they can make ends meet.

This is a very important day for all pensioners, veterans and carers because they do need immediate support. They need our long-term reform and they will get it. Families also can rest a little bit easier as we come up to Christmas. Families who are receiving family tax benefit part A will get a one-off payment of $1,000 for each child in their care. That is $1,000 for three-quarters of Australia’s families so that they can have a little bit extra to make sure that all the costs that they face will be easier for them as Christmas comes. This is a very important announcement for all of these Australians who need our support. As a result of this measure, we will be able to see growth continue in our economy.

Economy

Ms JULIE BISHOP (2.45 pm)—My question is to the Treasurer. Will the Treasurer advise the House what implications there may be for the commercial paper market following the government’s decision to guarantee bank deposits and wholesale bank funding?

Mr SWAN—The very first implication is that it will put much more confidence back into our deposit-taking institutions.

Mr Hockey—Answer the question.

Mr SWAN—You could not get anything more fundamental to the commercial paper market, to the health of households or business than actually putting confidence back into the system and making sure that liquidity flows again. That is the whole problem globally and in this country because there is a credit crunch on and banks are not lending to each other. Accessing commercial paper has also become nigh on impossible. So the very first thing that has to happen—and all of the leaders that gathered over the weekend were intent on this—is making sure that we did everything in the first instance to strengthen our deposit-taking institutions as the first step in freeing up lending in economies around the world. That is absolutely critical and that is why we took the step that we did, because the arteries of the economy have become clogged because credit was not available. The economies around the globe were choking and, of course, commercial paper was part of that. Doing what has been done here but also doing what has been done internationally is absolutely fundamental to getting liquidity flowing again.

Housing Affordability

Mr BRADBURY (2.47 pm)—My question is to the Minister for Housing and Minister for the Status of Women. Would the minister explain what the government is doing to boost confidence in the housing market?

Ms PLIBERSEK—I want to thank the member for Lindsay for his question. He obviously has a lot of young families in his electorate and he also has a lot of land that is
ready to be built on. This measure will re-
store a lot of confidence in the housing mar-
ket and hopefully see some new homes put
on that land.

I am very pleased to report that the Prime
Minister and the Treasurer today announced
a $1.5 billion boost to confidence in the
housing market in Australia. First home buy-
ers who are purchasing newly constructed
properties will see the value of the First
Home Owner Grant triple from $7,000 to
$21,000 for newly constructed homes. It is a
very significant new investment. People who
are purchasing existing homes will see the
value of their First Home Owner Grant dou-
ble from $7,000 to $14,000. These increased
payments are effective immediately and will
be available on all contracts entered into be-
tween now and 30 June 2009.

While our housing market has not seen the
turbulence of overseas markets, lending fi-
nance for owner-occupied housing did fall by
2.1 per cent in August against July and the
number of dwelling units approved in August
collapsed by 3.7 per cent against July, seasonally
adjusted. This boost will increase confidence
in the housing market coming particularly on
top of the one per cent cut in interest rates. It
will give significant extra assistance to
young people, families and individuals think-
ing about entering the housing market. I
think many of them will find that they bring
forward their decision to purchase because of
these extra measures. Encouraging new
building is also particularly important in cur-
current economic circumstances.

We have seen a number of housing indus-
try associations welcome this move very en-
thusiastically. The Housing Industry Associa-
tion expects the initiative announced today to
provide a boost of 15,000 in the production of
dwelling units. Dr Ron Silberberg said:
This measure will provide an immediate stimulus
for new housing and help restore business confi-
dence across the sector particularly in the build-
ing product manufacturing sector.

From the Master Builders Association of
Australia, Wilhelm Harnisch, the CEO, said:
The tripling of the first homeowners grant for
new homes will boost confidence …

He went on to say:
Kick starting the housing sector is a proven suc-
cess formula for stimulating economic growth
because of the multiplier effects it has on the
broader economy in terms of providing jobs as
well as stimulating the manufacturing and retail
sectors.

From the Residential Development Council,
the executive director, Caryn Kakas, said:
The tripling of the grant to $21,000 will get
builders building again.

She went on to say:
There has never been a better time to introduce
this cash injection.

The statement went on to say:
Ms Kakas believes directing the first home own-
ers grant at first home buyers buying new homes
will not only help fix our critical shortage of
housing but also provide a much needed boost to
the economy.

This new measure is very important, it is
great for first home buyers and it is great for
the economy.

Interest Rates

Mr Turnbull (2.51 pm)—My ques-
tion is to the Prime Minister. With the intro-
duction of government guarantees for de-
posit-taking institutions, does the Prime Min-
ister now believe that the banks should pass
on the full one per cent rate cut from the re-
cent decision of the Reserve Bank?

Mr Rudd—The government’s first re-
sponsibility is to take every necessary action
to maintain the long-term stability of the
Australian financial system, and we take that
responsibility very seriously—hence why we
made the statements we made a week or so
ago about the pass-through of the recent 100 basis point decrease in official rates by the Reserve Bank, in contrast to the populist statement by the Leader of the Opposition, who as a former merchant banker should know better that in these difficult times—

Opinion members interjecting—

Mr RUDD—The interjection from the Leader of the Opposition is that he does know better. He knows better than the Reserve Bank of Australia, he knows better than the Australian Prudential Regulation Authority, he knows better than the Secretary of the Treasury, he knows better than the council of economic regulators and he knows better, on his own admission, than anyone else on God’s earth on this question. Can I say to the Leader of the Opposition: there are some serious issues at stake here. It is a global financial crisis requiring decisive action by governments around the world, including this government, to maintain the stability of our financial system and we will act in accordance with the regulator’s advice in this difficult time rather than take short-term, populist positions in order to secure a headline.

Infrastructure

Ms LIVERMORE (2.53 pm)—My question is to the Minister for Infrastructure, Transport, Regional Development and Local Government. Will the minister advise the House on the importance of nation building in strengthening our economy in response to the global financial crisis? Has there been any opposition expressed to the government’s economic strategy?

Mr ALBANESE—I thank the member for Capricornia for her question and acknowledge her long-term interest in infrastructure development, particularly in regional Queensland. Certainly an important part of the Prime Minister’s announcement today was the bringing forward of the Rudd government’s nation-building agenda. This is an important component of our long-term economic response strategy. Accordingly, the government has asked Infrastructure Australia to bring forward its interim national priority list to COAG by December, and today of course has also announced bring-forwards re the announcements about our long-term education infrastructure investment fund and our long-term health infrastructure investment fund.

This will assist the government in making key decisions on allocations from the Building Australia Fund, enabling work to commence in 2009. We have already set aside for the Building Australia Fund some $12.6 billion, with further contributions to be expected from future surpluses. Actions to remove infrastructure bottlenecks will strengthen our economy and secure economic activity in the short term. Over the medium to longer term, infrastructure investment will expand our economy’s growth potential. Of course, the Reserve Bank warned on 20 separate occasions about capacity constraints in the economy.

In addition to this, we are also rolling out the Commonwealth’s biggest ever investment in road and rail lines—some $26 billion over the next six years. In our first budget, we also got work started. We brought forward some half a billion dollars for projects that were not scheduled to start until next year, projects such as the Ballina bypass in the electorate of Page in New South Wales and the Townsville port access road in Queensland, which will have an impact on the electorate of Herbert and the electorate of Dawson. There is also the new Perth to Bunbury highway in Western Australia, the Northern Expressway in Adelaide and the West Gate Bridge in Melbourne. In all of these projects there are currently bulldozers and construction workers out there tackling...
bottlenecks because of the foresight in the first Rudd government budget.

A strong economy is the best defence in dealing with a global economic downturn, but I am asked: has there been any opposition to this strategy expressed? Of course, there has been a range of opposition expressed. The shadow minister for finance last week sought to redefine the meaning of ‘infrastructure’ when he told listeners to 2UE:

You know what the biggest investment in infrastructure is? Investing in people. Giving them tax cuts, helping them pay their bills everyday. Giving them a job. That’s what I call investing in infrastructure.

So we ignore it for 12 years, then when there is action on nation-building infrastructure we try to redefine what is meant by infrastructure!

You might have thought, therefore, that there would be support for the package that the Prime Minister announced today, which will give benefit to pensioners, carers, disability support pensioners, recipients of family tax benefit A and working families. You would think that there would be bipartisan support out there, but the Leader of the Nationals in the Senate has blown that away as well, because on 2GB on 14 October, today, about an hour ago—it pays to keep attention on what those opposite are saying on 2UE and 2GB—Senator Joyce said this: ‘I do have a concern that if you pay people lump sums it can end up against the wall.’ So much for the bipartisanism for those working families, pensioners and carers under financial pressure that those opposite have told us they are so concerned about. The bipartisanism could not last a minute. At the same time as the Leader of the Opposition was standing up expressing bipartisan support, the Leader of the Nationals in the Senate was on radio in Sydney tearing it down—just like those in the Senate are determined to tear down our surplus. The problem with those opposite is that they are only consistent in their inconsistency. They cannot maintain a consistent economic position, and a consistent economic position is absolutely critical, particularly in times of global financial uncertainty.

Economy

Mr Turnbull (3.00 pm)—My question is addressed to the Prime Minister. Will the Prime Minister undertake that the amounts and the terms of all guarantees provided by the Commonwealth in respect of wholesale term funding by Australian banks and other institutions are fully and promptly made public so that the market and taxpayers are fully informed?

Mr Rudd—As the Leader of the Opposition would be aware from the briefing he has had today from Treasury at the instigation of the government, first and foremost, all those institutions which would make an application for access to this particular guarantee are APRA regulated. Secondly, he would be aware from that briefing that, when making an application for access to that particular guarantee, APRA would further examine the suitability of those institutions. Thirdly, APRA also would then, together with the government, enter into negotiations with each individual institution about the terms of the guarantee and any insurance premium which would be attached to it—in other words, the fee attached. In terms of the commercial disclosure arrangements associated with those matters, we will take the advice of APRA and we will inform the Leader of the Opposition in due course.

Rural and Regional Affairs

Mr Gibbons (3.01 pm)—My question is directed to the Minister for Agriculture, Fisheries and Forestry. How are the current economic circumstances affecting our farmers and how will rural and regional Austra-
lians benefit from the government’s superb Economic Security Strategy?

Mr BURKE—I thank the member for Bendigo for his question. Because the global financial conditions have included a sharp depreciation in the Australian dollar, there has been a presumption made by many that the current circumstances are great for Australia’s farmers. It is important to put on the record of the House that that view is just plain wrong. It is true that, to the extent that exporting is part of the equation, the depreciation in the dollar provides some opportunities there, but it is a lot more complex than that. There is welcome relief, for example, for some industries which have been under pressure for some time, in particular the pig meat industry. It is also militating against some of the falling commodity prices in soft commodities, particularly wheat. There are a number of reasons for the drop in those soft commodity prices. They are not only related to changes in demand; also, some of the players who have been part of global speculation in those soft commodities, such as Lehman Brothers, by exiting the market have therefore changed the demand in the futures market on wheat as well.

Sales are only one part of the equation. Most farm inputs are also themselves imported. There has been a good deal of discussion in this House for some time over the cost of chemicals, fertiliser and fuel. The fall in the dollar means that, where there has been a minor easing in some of those areas, that is not being felt by Australia’s farmers because the dollar is going down at the same time. Where there might have been an easing on the global price, our capacity to purchase those global farm inputs is itself diminished as well.

Conditions will remain tough for Australia’s farmers for some time. The most important requirement always is rain. We know how difficult that has been to come by in some parts of the country. There are also many pressures, as I have described, which come from being part of an international market. Anything which stimulates demand and activity in the economy helps farmers with their sales throughout the nation and importantly helps to sustain rural cities and towns. Just as the impacts of the global financial crisis do not stop at the borders of capital cities, so too the government’s Economic Security Strategy reaches every part of rural and regional Australia. It is important for the impact on rural and regional Australia that the payments to pensioners and carers will be felt in those towns. It is also important to note that so many farm families are income poor but asset rich. That is why the payment of $1,000 for eligible children being linked to eligibility for family tax benefit part A is so important—that the asset rich part of the equation will not preclude farm families from being otherwise eligible. These measures combine to help farmers during what is, for many, a very difficult time. And it is likely to continue to be so, but they do provide a helping hand.

Age Pension

Mr ABBOTT (3.04 pm)—My question is to the Prime Minister. Given the relativities of the lump sum payments for pensioners in today’s package, does the government now accept that the coalition is right and that the single pension should be raised to two-thirds of the married rate?

Mr RUDD—In response to the honourable member’s question about pensions, can I say a couple of things. The first is that we, in the measures we have announced today, have indicated that we will cover all pensioners and carers, not just one group of them. Secondly, we have indicated that, if you take the amount we are proposing by way of a one-off bonus to single age pen-
sioners, that is equated over nine months to an amount of about $35 a week. It seems to me to be a number in excess of one floated recently by a certain political party, even narrowly ascribed to one particular group of pensioners. Thirdly, I say to those opposite, if the honourable member who asked the question was really serious about pension reform, what did he do for 12 years?

National Security

Ms GRIERSON (3.06 pm)—My question is to the Attorney-General. Will the Attorney-General please update the House on current initiatives to prepare the nation for the challenge of terrorism.

Mr McCLELLAND—I thank the honourable member for her question on this important issue. Regrettably, the prospect of terrorism remains a reality of modern times. The government continues to work hard to ensure that Australia is prepared to meet those challenges. This morning Australia’s largest counterterrorism exercise, Mercury 08, got underway. The exercise is designed to enhance Australia’s capacity to prevent, to prepare for, to respond to and also to recover from multiple threats or acts of terrorism.

Over the next four days our security and policing agencies will be put to the test by simulated terrorist attacks in Queensland and Western Australia. The lessons learned from the London bombings of 2005 show us that regular national security exercises increase the ability of our security and emergency services to respond effectively to incidents such as those. Mercury 08 will involve the Prime Minister, the Queensland Premier and the Western Australian Premier, as well as federal and state government departments, security agencies, law enforcement personnel, crisis coordination units and emergency management teams. The Commonwealth’s National Security Committee of Cabinet will also be meeting during the course of these exercises to make decisions about Australia’s governmental response to these exercises. The exercises will robustly test whole-of-government decision making, information sharing, intelligence management, critical infrastructure protection and the important area of airport security. The exercises will test interoperability between civilian and military counterterrorism capabilities. The new national counterterrorism alert system that I announced earlier this month will also be tested during the course of these exercises.

The exercises have attracted extensive overseas interest. In fact, there will be some 44 high-level observers from 18 different countries, and obviously the feedback that will be exchanged between all observers and participants will be of value to all. Australia’s national security arrangements are strong but there is no doubt that regular exercising can further enhance those capabilities. Finally, I would like to thank everyone involved in the exercises. The work of our security and policing agencies will clearly be visible to all, but I would like to acknowledge the behind-the-scenes work of the Protective Security Coordination Centre as well as Emergency Management Australia, who have done an outstanding job in the preparation of these exercises. There is no doubt that at the end of the day, after the exchange of information from these exercises, the efforts of everyone involved will assist in making Australia just that much safer.

Economy

Mr TURNBULL (3.09 pm)—My question is addressed to the Prime Minister. I refer the Prime Minister to his previous answer, in which he said that the previous coalition government had wasted $380 billion of revenues from the resources boom. Would the Prime Minister identify the areas in which this very large sum of money was
wasted? Does he contend it was wasted, for example, on family benefits, on pensions, on tax cuts for low- and middle-income earners, on the Medicare safety net, on AusLink or on water security? Or was it wasted on defending Australia in the war against terror?

Mr RUDD—You know things are going badly in question time when the 10th question from those opposite is called the ‘rally the troops’ question. That is what this one has been all about. The $390 billion is a figure which has been in the public debate from Saul Eslake for a long time. Those opposite have never bothered to refute it, I notice. Can I just say to the Leader of the Opposition: if you look at the obscenity of the amount that those opposite spent in the public advertising campaign on Work Choices, those opposite should hang their heads in shame. Go beyond Work Choices, that absolute orgy of public advertising that those opposite engaged in, week after week, month after month, year after year. You could not turn the telly on without those opposite describing their virtues to the Australian public, courtesy of the public taxpayer. I do not stand opposed to public advertising when you are giving the public critical information or when you are asking for the public to do something, but the Work Choices extravaganza is a classic example of absolute and unacceptable waste—and that is before we go on to the rainmaker. How much was it that the rainmaker got?

Mr Albanese—Ten.

Mr RUDD—$10 million. What electorate was he from?

Mr Albanese—Wentworth.

Mr RUDD—Was he from the electorate of Wentworth? So we had that whole Regional Partnerships program, which was—how much?

Mr Albanese—Hundreds of millions of dollars.

Mr RUDD—Hundreds of millions of dollars through Regional Partnerships. As we know, there was a very rigorous selection process to make sure that they all passed the public policy test, including the rainmaker test in Wentworth, in order to get a lick of government money and demonstrate what a fine bunch of fiscal fellows they were. I say to the Leader of the Opposition that he could make a better fist at an end-of-batting question than that. Hundreds of millions of dollars were spent on Work Choices to tell the working people of Australia they would be better off under Work Choices—hundreds of millions of dollars on the rest of the public advertising campaign, not to mention the rainmaker initiative within his own electorate. The Leader of the Opposition’s question really needs to be rethought and repute in a more appropriate fashion.

Mr Turnbull—Mr Speaker, a point of order on relevance: I would be grateful if the question was answered.

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

Breast Cancer

Mr TURNOUR (3.13 pm) —My question is to the Minister for Health and Ageing. Will the minister inform the House of any recent action taken by the government to support women with breast cancer, particularly in my electorate of Leichhardt?

Ms ROXON—I thank the member for his question. I was pleased to be joined yesterday by Glenn McGrath and many members of this House, from both sides and the cross-benches, to announce the location of 44 breast care nurses across the country, to be trained and employed by the McGrath Foundation, who will provide improved services in local communities close to people’s homes. This $12 million commitment will support breast care nurses working in towns like Bathurst; Geelong; Cairns, in the elec-
torate of the member who asked the question; Wagga Wagga; Victor Harbor, in the electorate of the member for Mayo; Campbelltown; Gladstone; Ballarat; Mackay; Coffs Harbour; Sale; Roma; Kingaroy; and Horsham. I could go on and list the whole 44. Those 44 communities are going to benefit from having breast care specialist nurses in their communities, close to where people are diagnosed with breast cancer.

We know the sad facts are that more than 12,000 women have a diagnosis of breast cancer each year. These nurses will provide vital care for women facing this life-threatening condition. They provide vital information. They are specifically trained in dealing with breast cancer. They provide practical and emotional support. I would like to quote Jane McGrath from when she was re-diagnosed with cancer in 2003 and first had access to a breast care nurse. I want to quote what she said about the value of a breast care nurse, because the announcement yesterday that we are able to provide this service to 44 more communities across the community is part of a tribute to her and Glenn. She said that the breast care nurse was:

Someone who could answer the questions only a nurse could answer whilst also being the support I needed to unload my frustrations and emotions. Having access to a breast care nurse allowed me to be Jane McGrath, the friend, the mother and the wife—not just Jane McGrath, the breast cancer survivor.

It was Jane McGrath’s view that breast cancer nurses play this very valuable role, and I am very pleased that the government is going to be able to work with the McGrath Foundation to provide this vital support in so many communities. Eighty-nine per cent of these nurses are going to be located in rural and regional areas where the current services are lightest on the ground.

Of course breast cancer is a terrible disease that we are determined to fight in all ways that we can. This is just one of a number of initiatives that have recently been announced by the government, including our instigation of a reimbursement scheme of up to $400 for women who have had a mastectomy following breast cancer. It will be easily available across the country through Medicare and will also provide help and support to many women who have gone through, and suffered greatly from, breast cancer.

The government continues to provide 90 per cent of the funding for the National Breast and Ovarian Cancer Centre, a world-leading research centre fostering an evidence based approach to diagnosis, treatment and support. I was pleased to be able to announce at the start of the month that the government is investing $2½ million to support one of the largest ever research studies into breast cancer which will involve 100,000 women—and may I take this opportunity to encourage people to participate in that research if they are eligible—and a further $2½ million is going to be contributed by the National Breast Cancer Foundation itself.

Last Friday I, like many other members in this parliament, hosted a local event in my electorate: a BreastWest yum cha lunch. I want to mention this because I was struck by a comment that was made at this fundraiser in support of the Sunshine breast services. The local breast surgeon, Dr Meron Pitcher, said, ‘Twenty-five years ago, a diagnosis of breast cancer was a death sentence.’ Thankfully, due to advances in medication and treatments, this is no longer the case, and I hope that in another 25 years we will look back and see a further reduction in lives claimed by breast cancer and an improvement in the quality of life, vastly assisted by specialist staff such as these 44 breast care
nurses that will start across the country very soon.

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

BREAST CANCER

Mr Dutton (Dickson) (3.17 pm)—Mr Speaker, on indulgence: I want to join with the Minister for Health and Ageing and congratulate the government on this funding for breast care nurses. It is certainly an important area. Those people who were present yesterday to hear the words of Glenn McGrath could only have been moved by his account of Jane’s actions and the desire that she had to see other Australians enjoy services providing support during what must be an incredibly difficult period for women suffering from that terrible condition. It builds on the funding that the coalition was able to give the McGrath Foundation when we were in government. We commend and support the government in this measure, and we look forward to working together with the government in the future as well.

DOCUMENTS

Mr Albanese (Grayndler—Leader of the House) (3.18 pm)—Documents are presented 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

Economy

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

The need for responsible economic principles to be applied to guide Australia through the current financial crisis.

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

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

Mr Turnbull (Wentworth—Leader of the Opposition) (3.19 pm)—As the recent developments in the United States and Europe have shown us, it is vital during these difficult economic times that political leaders work together to ensure economic stability. We are confronted with extraordinary economic circumstances. None of the events of the last months would have been predicted six months ago by even the most apocalyptically minded. There is a great deal of uncertainty in the business community, and anxiety in the community overall.

In times like these it is the duty of both governments and oppositions to try to promote stability and certainty to the greatest extent possible. In a free society leaders must do their utmost to restore confidence, but without intervening needlessly or inappropriately. Decisions that are taken by governments must be carefully explained, and they must be based on firm principles. They cannot be put together at the last minute or be announced with the proviso that details will follow. The last thing the private sector, businesses and families need in a situation like this is governments that intervene in an ad hoc fashion—governments that intervene when they are not anchored to a set of guiding principles.

Those principles are very important. It is vital that Australian businesses and households understand exactly what measures are being taken, why they are being undertaken and the principles that are guiding those measures. Principles provide assurance, and that is why I wrote to the Prime Minister yesterday offering him the opportunity for
the whole of the House to send a clear message to the Australian community as to the relative strength of our economy and our commitment to work together to ensure domestic stability and to play our part in contributing to international stability. I presented the Prime Minister with a motion regarding those principles that could guide us through the current crisis and offered to discuss these and other matters relating to the global financial situation. This followed my earlier calls, dating back several weeks now, for a bipartisan approach to the response to this crisis. The Prime Minister rejected my offer, but I will read the motion to the House. The motion read:

That:

(1) the Australian Parliament affirms that the Australian economy is better positioned than that of most other countries to withstand the current global financial crisis due to:

(a) Our sound public balance sheet and low levels of public debt;
(b) Our low unemployment and flexible labour market;
(c) Our sound corporate and prudential regulation;
(d) Australia’s diverse, productive and dynamic economy; and
(e) Above all, the enterprise, optimism and the energy of 21 million Australians.

The motion went on:

(2) That the Australian Parliament also reaffirms its confidence in the private sector’s ability to provide broad financial services to consumers and businesses – large and small; and

(3) Moreover, that the Australian Parliament believes that the Government’s intervention in financial markets necessitated by the extraordinary global economic crisis must:

(a) Recognise the need for an urgent and coordinated international approach to the current financial crisis;
(b) Be temporary until such time as confidence has been restored in global financial markets;
(c) Not facilitate imprudent behaviour that may disadvantage Australian business and Australian consumers;
(d) Not diminish competition in the provision of financial services to businesses and consumers across Australia; and
(e) Not facilitate a transfer of losses from the private sector to the taxpayer.

That was the motion that I sent to the Prime Minister in a spirit of bipartisanship, as a draft that he could consider and, if agreed, we could move together in the House. I repeat that offer to him. I think it would provide real leadership and real confidence if both sides of politics were to unite in setting out the principles that should guide us through these difficult times.

In question time yesterday, we asked a number of questions relating to the government’s proposal to guarantee wholesale term funding. The questions that we asked were directed at precisely the set of principles that we had called on the Prime Minister to endorse earlier in the day. He did not answer the questions. He did not distinguish between the cost of providing a Commonwealth government guarantee to a bank or another authorised deposit-taking institution and the prudential supervision of that institution itself. That is a vital issue because it is vital—critical—that in these circumstances government intervention not facilitate a transfer of losses from the private sector to the taxpayer.

Other countries have been quite explicit in the way they have approached this. In the United Kingdom the government has been very clear that banks seeking the benefit of guarantees of this kind must put up extra capital. No such requirement has been canvassed or articulated in any way by this government. All we have heard is that the Aus-
talian Prudential Regulation Authority will look into it. It is not good enough for the government to outsource the Commonwealth’s balance sheet like this to APRA. It has to provide clear principles and clear leadership, because what the government is talking about now is asking APRA to do a very different job. At the moment APRA is responsible for prudential supervision, but a bank’s financial risk is undertaken by its shareholders and ultimately its creditors. What we are talking about here is the government providing guarantees, very likely in very, very substantial sums. Therefore the protection of the taxpayer is absolutely vital.

It is not good enough for the Prime Minister simply to wave his hand, indignant that questions could be asked, and say, ‘How dare the opposition ask questions about protecting the Commonwealth’s balance sheet, the funds of taxpayers and the results of all those surpluses that were accumulated during the coalition’s time in government.’ Indignation is no substitute for information. We need clear information on this matter.

The Minister for Finance and Deregulation, who I see is in the House, seems to understand the key issue here. On the Sky News Sunday Agenda program the finance minister was asked about the possibility of a deposit guarantee being increased in the way we had proposed. He said: ‘Putting in place guarantees of this kind changes behaviour.’ In the current circumstance, that is what is occurring in other major economies and it is occurring for very good reasons. But the change in behaviour, the change in what people make decisions about and how they decide where their money is going, is something that has to be considered very seriously, as do the boundaries and the detail of any proposition that is put in place. So what we have been seeking to do is far from criticising the proposal, far from failing to give it support. We have given it complete support. What we are seeking to do is ensure that the government puts in place the boundaries and the details of this proposition because it is vital in terms of protecting the interests of the taxpayer.

We have put forward a series of concrete, constructive and practical methods to help address this current financial crisis. Honourable members will recall that three weeks ago we raised the possibility that the Treasurer should direct the Australian Office of Financial Management to invest in investment grade, residential mortgage backed securities. Since last year, as we know, this market has been all but completely shut in Australia. It does not deserve to be. In the United States, 15 per cent of mortgages are subprime; in Australia that figure is less than one per cent. Our residential mortgages are of high quality overall, with relatively low levels of default. So it was appropriate for the government, consistent with its investment mandate, to provide some additional liquidity.

This suggestion was initially ridiculed by Mr Swan as ‘a monumental gaffe’. Well, five days later he adopted it, committing $4 billion, and then on Sunday added another $4 billion to it, as we had suggested. In the bipartisan tone that we are filled with today, I can only observe that the adoption of our suggestion was as gratifying as Mr Swan’s backflip has been baffling.

Earlier this year, the government also announced a scheme to provide a guarantee of deposits up to $20,000. Deposit insurance is commonplace in other countries. Indeed, most comparable countries have deposit insurance and, of course, it is becoming more common nowadays—almost universal. Australia historically did not see a great need for it given the priority the Banking Act gives depositors over other creditors and our high
standards of regulation and prudential supervision.

However, the absence of an explicit guarantee can be interpreted as meaning there is an implicit guarantee of all deposits, so the argument has always run—and it is a good argument—that it is better to have an explicit limited guarantee than an implicit unlimited one. We supported the $20,000 proposal. In fact, we would have announced it last year other than for the circumstances at the time. The Treasurer at the time, the member for Higgins, took the view—correctly—that to announce it may have created more uncertainty than it allayed. So it was essentially a timing issue. We considered that this cap was too low and we recommended last week that the government increase the level of protection to at least $100,000. The government has taken that up and set up an unlimited guarantee, and we strongly support that. However, we are acutely aware of the point that I think the Minister for Finance and Deregulation and I absolutely agree on of the potential additional moral hazard from the introduction of such a scheme. So we have proposed that its effectiveness and efficiency be reviewed by the Productivity Commission not later than three years after the scheme’s commencement and we certainly commend that suggestion to the government.

Let me conclude my remarks in terms of principles and prudence on the subject of the emissions trading scheme. We on this side of the House are completely committed to an effective environmental response to the challenge of climate change. Under our policies Australia will meet its Kyoto target. We have established some of the world’s best initiatives in tackling climate change—the National Plan for Water Security is unique in the world in terms of its scale and its ambition to tackle water scarcity. The Global Initiative on Forests and Climate, which we undertook with neighbouring countries, is again a world first in tackling the big challenge of deforestation. So we are very committed to this.

Indeed, last year we committed to an emissions trading scheme with a start date targeted for 2011 or not later than 2012. Those dates were very significant because we know that establishing an emissions trading scheme is very complex—extremely difficult. It will impose very substantial costs right across the economy. It has the potential to do considerable damage to Australian export industries and for no environmental benefit. If we impose a heavy carbon cost on our export industries and they become uncompetitive and we see the production move offshore we will have exported both the emissions and the jobs. In other words, the world will keep getting warmer and we will start getting a lot poorer. There is a lot at stake here and design is vital. All of us, including Professor Garnaut, including the members of the government, recognise that whatever Australia does is going to be immaterial in terms of emissions reduction or dealing with climate change unless there is effective global action, which is the key objective. And we share that objective. But we should not be finalising our ETS in Australia until we know what the shape of the post-Kyoto world is going to look like, until we know what comes out of the Copenhagen meeting at the end of 2009, until we know what the new US President will do. This election year flourish of the Prime Minister of a start date in 2010 is unwise, it is dangerous and it runs the risk of us establishing an emissions trading scheme in the dark and ill-informed. Australia deserves to design its emissions trading scheme when we are fully informed, and we cannot do that until after 2009.

Mr TANNER (Melbourne—Minister for Finance and Deregulation) (3.34 pm)—Over the past three days the government has announced two very major economic initiatives
to enable Australia to deal with the very serious international financial circumstances that we now confront. The first of these was a set of guarantees with respect to domestic bank and financial institution deposits—deposits that are held by approved deposit-taking institutions. That guarantee came on top of the proposal that was being developed to guarantee deposits up to a level of $20,000 and has indeed been incorporated into that proposal and will stay in place for three years and then be reviewed. The second is the guarantee for wholesale bank funding, borrowing offshore in particular, to ensure that Australian banks are not disadvantaged relative to other major financial institutions around the world in dealing with what is a very challenging market, particularly given that Australia is very dependent on accessing that borrowing in order to cover our current account deficit, to maintain economic activity and, in particular, to maintain competition and activity within the mortgage market. Thirdly, there is an additional $4 billion to be invested in the mortgage market by providing that to non-approved deposit-taking institutions in order to enable them to continue financing mortgages and therefore maintain vibrant competition in circumstances where competition has been impeded or diminished somewhat as a result of the sources of finance available to these major organisations internationally.

The second major announcement today was the Economic Security Strategy package of over $10 billion, mobilising the budget surplus in order to stimulate economic activity, in order to enable households to spend and in order to push back very strongly against the very powerful downward pressures that are being felt by the Australian economy already as a result of the US and international financial crisis. I will quickly remind the House of the details of that package. There is $4.8 billion in an immediate down payment to pensioners as part of long-term pension reform. Of course that extends not just to age pensioners but also to disability pensioners, veterans and people who qualify for the seniors health card, so it is a very broad package of support for pensioners and others in similar circumstances.

Second, there is $3.9 billion in one-off payments to families caring for children—essentially low- and middle-income families—based around family tax benefit part A. Third, there is $1½ billion worth of investment in additional incentives for first home buyers—an additional $7,000 for first home buyers buying an existing home and an additional $14,000 for first home buyers buying a new home. Then there is an additional $187 million to create a further 56,000 training places in the current financial year. Of course, there is also an acceleration of the Infrastructure Australia process associated with the government’s nation-building agenda and the three major infrastructure funds in order to ensure that, in the medium term, all of the activity, the employment and the increase in economic capacity that is generated by the infrastructure-building agenda of the government can be accelerated.

We should note, of course, that these initiatives do not occur against a blank backdrop. In fact, in the course of the entire year the government has been obliged to deal with the gathering storm on international financial markets and has had to take specific decisions at certain times very much with those circumstances in mind. I referred to a couple of them in question time. We had previously taken a decision to invest $4 billion in mortgage backed securities of high quality in order to maintain competition in the mortgage lending market. We had taken a decision to increase liquidity in the bond market. We had taken a decision some time ago to guarantee bank deposits up to $20,000. Most importantly, of course, with one eye on the possi-
bility of the circumstances that are now emerging, we had resolved to remain firmly committed to the tax cuts in the budget which we had committed to in the election campaign and which many commentators had urged us to modify or abandon because of the economic circumstances at the time. Of course, we had also resolved to develop a very substantial budget surplus dependent on major spending cuts in a variety of areas, which I have referred to before, and put in place serious plans for investment in skills and infrastructure into the future. So the government has been dealing with these issues pretty well all year, but inevitably we have had to respond to these matters as they have unfolded and to keep in front of the situation as it has been developing, with one eye on what is occurring internationally as a crucial element in framing our policy.

Australia is linked to the global economy. We are critically linked through our financial services sector. That is a crucial connecting point through the funds we access to fund the current account deficit and to fund borrowing for Australian home buyers and others. That has been very much underlined by recent events. We are also connected via the stock market. Australians own stocks in foreign countries, foreigners own stocks in Australia, and therefore it is not a coincidence that the recent gyrations on stock markets around the world have been broadly reflected in the Australian stock market. Most significantly, of course, we are connected by confidence. One of the key elements in the current international circumstance has been a collapse of confidence—a collapse of confidence in the security and stability of financial systems and a collapse of confidence in regulators in major countries. Australia has not had that collapse of confidence in our own arrangements, but inevitably that confidence collapse in other countries such as the United States and in Europe has had a ripple-on effect in Australia.

The government has taken decisive action to deal with these issues, particularly to protect the stability and security of the financial system, and also to stimulate economic activity. That is what today’s package is all about. It is ensuring that, as we have very powerful downward pressures on economic activity and we have to revise our projections for growth and for employment, we are pushing back up in a very strong way with the force that is available to us through that very strong budget surplus in order to ensure that we can sustain growth and long-term economic development, that we protect employment and that economic activity continues at a reasonable level.

History tells us that if you wait too long in circumstances such as those we are facing you will inevitably end up having to do much more in much more difficult circumstances. We can all remember the circumstances of the last major economic downturn in this country, where the ultimate outcomes were very painful for large proportions of the community. By the time action was taken, in some respects it was a bit belated, and that meant that we had an outcome with respect to economic growth and jobs that we all remember with some dismay.

We should note that the devaluation of the Australian dollar that has occurred in recent times will have a significant stimulatory effect. We cannot predict where the currency markets will head. Of course, part of that change has been driven by changes with respect to the American dollar—it is not all a one-way process. That will have a significant stimulatory effect and will be helpful to a lot of businesses that are exporters or that are import exposed. Many of them have been squeezed a good deal by the very high level of the Australian dollar recently. Similarly,
interest rate reductions will also have a stimulatory effect. Of course, the work of the automatic stabilisers—namely, the fact that, as a result of growth slowing, receipts will slow a bit, so taxes will automatically slow a bit and payments will increase a little bit—will have a stimulatory effect on the economy. But it is our judgement that, by themselves, they will not have sufficient effect to sustain growth at a reasonable level, given the very powerful pressures that are prevailing in the international climate.

I turn finally to the position being adopted by the opposition on all of these issues. I note that the Leader of the Opposition, in his contribution to this debate, once again put forward a facade of bipartisanship, where the aura of the statesman, the aura of the dignified leader, was adopted. It was all about seeking to join with the government in the interests of the nation, to take bipartisan action for the future of the country and all those kinds of things. I have a pretty basic take on these things. Bipartisan is as bipartisan does. If you act like you speak, we will treat you seriously. We need to just think back over the last few weeks—in fact, maybe even the last week would do—to the behaviour of the opposition to see how much faith we can place in this pitch for bipartisanship. We have seen them consistently seeking to block major budget initiatives and to undermine the budget surplus, and they are still doing it. At the same time as they are here preaching bipartisanship to the government they are still seeking to punch big holes in the budget surplus. It is also the very time when the government is seeking to use that surplus for the very purpose for which it was always available—that is, in circumstances where it is needed to stimulate the economy.

Mr Ciobo interjecting—

Mr TANNER—I notice that the member for Moncrieff is referring to higher taxes. In fact, one of the two key initiatives that the opposition are seeking to knock over is actually lower taxes on middle-income families who currently get taxed if they do not take out private health insurance. Because the tax regime that was put in place by the former government for people who were supposedly rich—people who were supposedly well-off—was never changed, gradually over time, as incomes have risen and as inflation has risen, middle-income earners are now hit by this tax. We are seeking to give them relief from this tax.

Mr Ciobo interjecting—

The DEPUTY SPEAKER (Ms AE Burke)—Order! Everything was going well until the member for Moncrieff reappeared!

Mr TANNER—First, the Liberal opposition say that they are for low taxes, but it would appear that some taxes are more equal than others. They are in favour of tax relief when some taxes are under consideration but not other taxes. Taxes that pay for subsidies to the private health insurance sector clearly have a different status to other kinds of taxes when it comes to their attitude to tax relief. Second, we have seen the Liberal opposition attack the Reserve Bank. So much for Reserve Bank independence which, when they were in government, they loudly trumpeted. Now it is open season on the Reserve Bank at a time of great international turmoil and great economic difficulty for Australia.

Third, the opposition have been very happy to spread fear and uncertainty, asking questions, for example, about the financial stability and strength of Medibank Private and of private health insurance—all without any evidence of anything wrong or without any basis for claiming that there was something fundamentally wrong with the balance sheets or the circumstances of those organisations. Fourth, and perhaps most bizarrely of all, they have claimed credit for interest
rate reductions. It is as if they have not lost the election. They still have not quite got out of that mode of promising interest rates at record lows; they have never quite left that zone. Now they are claiming credit when interest rates are actually reduced. They have not worked out that they have actually swapped sides; they are now the opposition.

I note that the member for North Sydney was the main culprit in this regard. I note that he, in the same breath as doing this, was triumphantly pointing out to people that in March he warned of a recession and he has now been vindicated. That was the thrust of his comments the other day. It kind of reminded me, for those of you who are as old as me, of the famous incident in, I think, the 1966 grand final, with broadcaster Mike Williamson saying: ‘I tipped this, Butch! I tipped this!’ The member for North Sydney is now triumphantly parading around saying: ‘Oh, it looks like there’s going to be a recession. I was right!’ I think he is getting a little bit ahead of himself and I think it is a little bit distasteful for leading figures in the opposition to in effect be claiming that they were right that Australia is going to have a recession. I think it illustrates how thin, how threadbare, the claims to bipartisanship are that he is looking to score points in that regard.

Finally, I turn to the comments made in the moving speech by the Leader of the Opposition. I notice that he claimed—and this claim has been made before—that the government, in its first tranche of $4 billion of investment through the Australian Office of Financial Management, was adopting an idea put forward by him which we had claimed was a gaffe. In fact, he is actually verballing himself because, in his interview with Laurie Oakes, he did not quite say what he is now pretending he said. In fact, he suggested we do what the authorities in the United States had been doing, which was in effect to buy up existing dud mortgages. We of course rejected this proposition, and gradually he moved his view away from that in the ensuing days when he realised what a gaffe he had made.

Secondly, I note that the Leader of the Opposition had the hide to suggest that the former government would have acted on deposit guarantees last year but they decided that it would have sent the wrong signal. So, in other words, they did not do it but now, retrospectively, they are telling us: ‘We would have done it, but we thought it was all a bit hard.’ Finally, Terry McCrann, probably the premier business journalist in Australia, who is by no means a left-wing or pro-Labor commentator, made observations on the Leader of the Opposition in respect of interest rates in an article on 8 October:

OK, I’ll take Malcolm Turnbull at his word. The Opposition Leader really is an idiot and doesn’t understand how financial markets work. ...

There’s a bigger worry than Turnbull just making an idiot of himself. Again, he apparently doesn’t understand that we are living in extremely—

(Time expired)

Ms JULIE BISHOP (Curtin) (3.49 pm)—The events of recent weeks have been quite extraordinary and the steps taken by countries around the world have, in many instances, been unprecedented. In response to the global financial crisis governments have had to resort to essentially three lines of defence: in monetary policy, in fiscal policy and, in many instances, direct government intervention. At each stage, the state of the various economies is the indication as to whether or not these defences will be successful. In many countries their options are quite limited because of the state of their economies.
The Australian government has taken some reasonable decisions in the last few days, some of which substantially adopt policies advocated by the coalition. The coalition has supported the decisions taken by the government. They have been in step and in line with decisions taken by other governments around the world. The government has been able to introduce initiatives, for example, to stimulate the economy because Australia is better prepared than most other economies to withstand the difficult pressures from this financial crisis.

Australia’s position today is not the result of luck, not the result of any particular effort on the part of the Rudd government, but it reflects the application of responsible economic and financial principles for over 10 years by the previous government. Our public sector balance sheet is strong. We have net assets of about $43 billion, or 3.8 per cent of GDP, according to the final budget outcome as at 30 June 2008. This compares starkly with most other developed economies around the world, which have net debt of 30 per cent or more of GDP. So it is thanks to the coalition’s work in paying off debt and building up surpluses that our budget is in a strong surplus position. The members opposite mock this. It is this very surplus that enables the Rudd government to afford its fiscal stimulus package today.

I am puzzled as to why the Prime Minister finds it virtually impossible to acknowledge the state of the economy that he inherited. Is it that he will feel diminished if he has to acknowledge that, because of the economic management of the coalition, this combination of no debt and strong surpluses has provided Australia with the important buffer against the effects of the financial crisis? Is that why the Prime Minister cannot bring himself to acknowledge the efforts of the coalition? The buffer provides the present government with the ability to respond to the financial crisis through fiscal policy without placing undue pressures on the macroeconomy, and this is a benefit that so many other advanced economies just do not enjoy.

Our economy also has strong prudential regulation, and we hear the Prime Minister and the Treasurer take credit for the strong prudential regulation framework of this country. The fact is that this has come about particularly as a result of the reforms introduced in 1998 upon the recommendations of the Wallis inquiry. As a result of the reforms introduced by the Howard government, we are well served by our institutions at times such as this.

These institutions include the Reserve Bank, which the coalition determined should be independent. Members will recall that the Labor Party, in opposition, sought to prevent the coalition making the Reserve Bank independent. They threatened to take the Treasurer to the High Court to prevent him from introducing legislation that would determine the independence of the Reserve Bank, but now the Reserve Bank is keeping inflation low and stable and providing systemic stability to the entire financial system. The Australian Prudential Regulation Authority was set up as an independent regulator by the coalition, and this was to ensure that there would be intense supervision of systemically important institutions such as deposit-taking institutions and insurance companies. It has been important in recent weeks that we have in place an independent regulatory authority—such prescience on the part of the Howard government! The Australian Securities and Investments Commission, of course, has careful oversight of corporate law, and the Australian Treasury has oversight of policy. Together these four institutions, in close liaison through the Council of Financial Regulators, have ensured the close coordination and consistency of their activities, although obviously they have different mandates and
objectives. To this mix I add the ACCC, the Australian Competition and Consumer Commission, which is promoting competition policy and enhancing competition, which is essential for the provision of the best quality goods and services at the lowest prices. The point is that these institutions were either created or had their existing mandates strengthened by the coalition when it was in government, yet the Prime Minister seems to choke even on having to admit that the regulatory framework in place is as a result of reforms over the past 10 years. It will not diminish him to at least acknowledge that there was a government before November 2007.

Our economy is as well prepared for the crisis as it could be. We also have a flexible labour market and dynamic, productive, highly skilled and educated Australians who are innovative and will be the key to the strength of our economy. Yet we are not immune to the crisis. The events of the past week have called for extraordinary responses across the globe, and that is why the measures announced by the government have been supported by the opposition, but Australia must have in place some important principles to underpin this extraordinary intervention.

The provision of government guarantees to the financial sector does have the potential to expose taxpayers to costs which are as yet unquantifiable. Taxpayer support should never be provided lightly and should have the highest level of risk management in place. In answer to questions yesterday, the Prime Minister was unwilling or unable to talk about the risk management practices that are going to be put in place; there was no five-point plan to reassure the taxpayers. So, in exchange for the measures announced on Sunday, the government needs to devise and announce publicly a credible exit strategy. These measures should only exist for a short time, until the crisis recedes, and we are yet to hear from the government on that. These measures should be provided to banks at a proper price and should not be used to prop up banks which might engage in imprudent actions. The government needs to be cognisant that the measures will create new incentives and may well alter behaviours, including potentially encouraging excessively risky action by imprudent management.

That is why more intensive supervision by APRA is necessary, and hence why we asked today why the Treasurer had cut APRA's funding in the last budget by $6 million. This is not the time to be cutting APRA's budget. The taxpayer has a reasonable expectation that the activities of the banks will be monitored closely to ensure that the impact of any possible poor decisions by the banks will not be borne by the taxpayers. That is what the Australian public need to hear. That is why these new measures ought to be reviewed by the Productivity Commission. We are yet to hear this from the government.

Similar standards of prudence and careful analysis of course should be applied across all areas of government, and that leads me to the government’s proposed infrastructure program, which is a prime example. If the government treats this program as a means of propping up incompetent state Labor governments or funding poorly conceived projects that turn out to be white elephants, public money that could have been put to productive alternative uses will have been squandered. As former Minister for Finance Peter Walsh once said, opportunity cost is the most important economic concept, and that is something that most of the present Labor frontbench fail to understand. It is to be hoped that the infrastructure program is not in the same vein as the computers in schools debacle, which has shown a government unable or unwilling to apply sound principles for costing and implementing government
projects. Fuelwatch, GroceryWatch and the tax on ready-to-drink beverages similarly showed poor analysis, an ignoring of advice and a disregard for evidence. As the government approaches its first year, it is to be hoped that the people of Australia can get better government from the Rudd Labor government.

Mr Gray (Brand—Parliamentary Secretary for Regional Development and Northern Australia) (3.59 pm)—What we have here is another multipurpose motion for an matter of public importance from the Leader of the Opposition. It is a life support system for not much more than banter and bluster. We have had these motions parliamentary sitting day after parliamentary sitting day. The truth of it is that they are merely about creating a media opportunity for an opposition leader who only lives from media opportunity to media opportunity. The international banking crisis is seen merely as a chance to get his face up on TV and an opportunity for the opposition leader to pretend that he knows something about that of which he knows nothing.

Unfortunately, the Minister for Finance and Deregulation, when he concluded his excellent contribution to this afternoon’s debate, was cut short in his quote from Terry McCrann in the Herald Sun. Terry McCrann, as the finance minister said, is not a noted Labor supporter; I doubt that he has ever voted Labor in his life. But here is what he said on 8 October:

OK. I’ll take Malcolm Turnbull at his word. The Opposition Leader really is an idiot and doesn’t understand how financial markets work.

There’s a bigger worry than Turnbull just making an idiot of himself. Again, he apparently doesn’t understand that we are living in extremely dangerous times.

It is the height of irresponsibility for an opposition leader to go blundering around in matters he doesn’t understand.

It’s not just a case of the boy playing with matches in the dried-out forest; apparently this boy doesn’t even know he’s got matches in his hand.

I suspect very strongly that Malcolm Turnbull does know what he is doing. I suspect that the opposition leader is acutely aware that he is placing the highest priority on a media grab and the lowest priority on meaningful commentary, meaningful debate and a meaningful bipartisan approach to assist our nation work its way through the immense global crisis that is faced by our banking sector. Almost certainly, the opposition leader is well placed to understand elements of that crisis.

The question that we have before us relates to decision making in government. What did decision making look like in the years when the Leader of the Opposition was firstly a parliamentary secretary and then a minister? We can only conclude that they were sloppy, self-serving and poll driven. They were poor decisions. I looked at the record. When I was asked to speak in today’s debate I was really pleased because it allowed me to have a look at a couple of things on the public record. I went back and considered the role played by the opposition leader when he was a parliamentary secretary. I thought that I would read for you a quote from the Financial Review:

Key federal departments, including Treasury, Finance and Environment, were cut out of the process of formulating the Prime Minister’s $10 billion Murray-Darling water package, triggering concerns about the fiscal impact of the package.

I remind members of the House that this debate is about government decision making. This debate is about how governments understand the challenges before them, how governments marshal their forces and how
governments make decisions that are in the national interest. The article goes on to say:

The lack of consultation has also raised questions about the level of detailed work undertaken on the government’s first major election year policy statement.

... ... ...

... the government has not indicated when the $10 billion would be spent—or how it would be spent or how it would affect the budget over the next few years. Fiscal responsibility was allegedly an area in which the former government had the upper hand. The article goes on to say:

The package—likely to be one of the biggest single spending initiatives of the election year—was not subject to federal cabinet consideration ...

That means that it was not subject to any kind of meaningful departmental consideration that would have made it a package that had integrity or resilience or, for that matter, even met the most basic requirements of public administration.

I looked at another report on the very same water plan. This report said:

On Friday, November 3, John Howard gathered a small group of bureaucrats and advisers in his parliamentary suite. It was just days before the Melbourne Cup Day summit with the premiers, convened to discuss the crisis in the Murray-Darling Basin.

I will jump through the rest of the article to protect the innocent:

Another key figure in Howard’s suite was Malcolm Turnbull, the parliamentary secretary on water who had been hearing first-hand from irrigators about the devastating effect of the drought on rural communities.

The article goes on to talk about how the detail of the $10 billion package was kept secret. It goes on to talk about how the many federal public servants who may have had some insight to bring to that decision were excluded from the decision and kept in the dark. I remind members that this is a debate about how governments make decisions and about why governments make decisions.

We have had many debates in this place about the Australian National Audit Office’s critique of government decision making. We have been through in great detail the grotesque chaos of the $350 million advertising splurge to try and sell the Australian Work Choices legislation of the former government. More importantly than anything else, we have seen the repeated decisions of those opposite that seek to do nothing more than to damage the budget of our nation at a time when everyone should be working as hard as possible to keep the financial integrity of our government as high as it can possibly be.

They have opposed measures that total $7 billion. And they have done that by supporting big oil companies, big insurers and other big companies. They have ignored both the national interest and the interests of Australian families. Those opposite come in here and talk about extending the hand of bipartisanship to the government in order to assist our nation through the current global financial crisis. Yet in this place and in the place across the hallway there they oppose responsible measures that both reduce taxes on families and build a budget surplus. They have opposed the alcopops measures.

They have opposed the changes to the Medicare levy surcharge thresholds, which is an interesting one. I thought to myself, ‘I’ll have a look at the decision-making process’—and remember that this debate is about decision-making processes—that underpinned how that surcharge was put in place.’ It was introduced in 1997 with the stated goal of targeting high-income earners and driving them into the private health insurance system, with thresholds of $50,000 for singles and $100,000 for couples or a family.
One might wonder how the former government arrived at those thresholds. We discovered the answer to that just recently. The thresholds were not developed through a scientific or empirical methodology. No, the former health minister Michael Wooldridge admitted they were negotiated with Senator Harradine over a bottle of Jameson whiskey. Several things come to mind about that. Firstly, it is the offhand, light-hearted way in which a minister would describe how public policy is made. Secondly, it is the harsh reality that they did not care about the integrity of that measure. All they cared about was introducing a tax in order to drive a herd of families into an insurance system they did not need and which they could not afford lest it be for fear of paying a massively increased tax.

We see those opposite standing up for big oil companies—a matter about which I know more than most—and the removal of the exemption of the crude oil excise on condensate from the North West Shelf. Those members opposite lined up to support a $2.4 billion tax advantage for one corporate operation. There was no consideration at all for the interests of other producers that might be operating in Darwin or other producers that might want to bring their oil and gas onshore not sharing the same obscene advantage—an obscene advantage created by those opposite when they were in government. I am appalled to consider that government decision making over the course of the last 12 years not only ignored the national interest wherever it could; it ignored Australia’s families; it ignored those in need; and now it turns up in this place masquerading as a life-support system for a media appearance this afternoon in a debate which the opposition knows it cannot win.

Mr TRUSS (Wide Bay—Leader of the Nationals) (4.09 pm)—On the day that the Prime Minister has unveiled a package to stimulate the economy it is particularly appropriate that we recognise why we are able to undertake this response today. The government—almost every senior figure—has been boasting that Australia is better placed than most other nations to respond to the global crisis. And they are right. But we could never have responded in this way if we had not had a coalition government for the last 11½ years. There would have been no Future Fund. There would have been no surplus to be spent. There would be no international reputation for credit reliability. There would have been no capacity for Australia to take any kind of leadership response to what is happening in the world.

Remember under the Keating government Australia’s credit rating was downgraded time and time again. Under the Keating government there was a $96 billion debt. You could not have stimulated this economy in the way that has happened today if you were carrying $96 billion of debt. Indeed, if Labor had been in office for the last 10 years and they had kept on spending the way they were, that debt would have been half a trillion dollars by now and the country would be weighed down by that enormous burden. There would have been no capacity for this country to respond. If there had been a Labor government over the past decade we would have had no surplus. There would have been no Future Fund and therefore no capacity to respond.

The very notion of responsible economic principles is one that is really new to the Labor Party. Even Labor Party backbenchers are well and truly aware of how wasteful Labor is in government. In fact I just point to the words this morning of the member for Lindsay who was asked when he arrived in parliament this morning: what could be done to help Australians deal with the current financial crisis? He replied with the following words: ‘It would be a unique situation to ac-
cuse somebody in the Labor Party of not knowing how to spend money.' They are experts at it. They spend money they do not have. They leave debt to future generations. They come now into office and pretend to be economic managers because they have had at their disposal the good management, the skills, the reserves built up by years of coalition government. If Labor had been in office this would simply not have been possible.

Just ask some of the states, the Labor governments that are actually in office. Queensland, the resource state, the state that has had enormous earning potential over recent times, is currently heading towards a $65 billion debt. What is happening in New South Wales? The state is virtually insolvent after years of Labor incompetence. And there was the $96 billion of federal debt when Labor left office in 1996. Labor has been guilty of economic vandalism of the highest order. It was Labor’s incompetence over the years that led our country to face the crisis that we faced when we came to office. We had to restore an economy and restore confidence, and we were able to do something then to help Australia through tough times. We did not do that during easy economic circumstances.

This is not the first time that there has been a problem in the world’s financial system. It is not the first time there have been crises that had to be dealt with. Remember the extreme economic stress that the globe went through after September 11. Remember the Asian economic crisis. Remember the tech wreck, the SARS outbreak. There were all incidents that had an enormous impact internationally and which the coalition government dealt with. We dealt with them without a recession and at the same time we were able to balance budgets and build up reserves.

Labor are telling us that one of the things we have to do to resolve this issue is to spend more on infrastructure. Since Labor have come to office, in spite of trumpeting the suggestion that we should be spending more on infrastructure, they are actually going to spend less than the previous, coalition government committed. They have delayed the broadband rollout by at least a year. Who knows whether it will ever happen? Road construction projects have been slowed or axed. Many projects which could have been underway now, including the F3 to Branxton in the Hunter Valley, have been delayed by Labor. They have slowed infrastructure expenditure. Their comments are about needing to do more on infrastructure to build our nation’s resources—the initiative was to fight inflation and now it is to fight recession—but the reality is they have failed to deliver and their record is appalling. (Time expired)

Mr PERRETT (Moreton) (4.14 pm)—I have a little bit of a reputation in this House for understanding literature, so I wanted to correct the record. The member for Wentworth was unfairly, I think, called the ‘Merchant of Venice’ but for those that know that work by Shakespeare he is not like Antonio or Bassanio or any of those characters. I think from his performance today we need to turn to Macbeth, the Scottish king who murdered the former king, Duncan. Today I am just going to read a little bit of Macbeth’s soliloquy where he said:

Life’s but a walking shadow, a poor player,
That struts and frets his hour upon the stage,
And then is heard no more. It is a tale
Told by an idiot, full of sound and fury,
Signifying nothing.

The member for Wentworth is really full of unsound bytes and fear. In his 20-minute speech he went straight for the fear factor. He totally forgot that earlier in the day he had talked about bipartisanship and instead
cultivated a bit of fear in the markets and then, obviously, the good old one, turned to the Carbon Pollution Reduction Scheme and talked about the fact that this is going to be a dangerous thing. He does not understand how to build a future. That is the fundamental flaw with the MPI from the member for Wentworth. I could comment on what the member for Curtin put to the parliament; however, it was almost as though she was reading from the ‘Slumber Street Journal’. It was quite amazing. I will not touch on the comments of member for Wide Bay; as a good old agrarian socialist I will support him and leave him right alone.

Rather than go to the words from the member for Wentworth what I thought I would do in talking about responsible economic principles is turn to the comments of real Australians, the people outside this House, and see what they have said. Let us look at that. The Combined Pensioners and Superannuants Association said:

“Pensioners and Carers across the country are overwhelmed by the bonuses announced today by the Federal Government” said Charmaine Crowe, Policy Coordinator at the Combined Pensioners and Superannuants Association.

“Pensioners and Carers will be in receipt of a wonderful Christmas present, which will go a long way to help pensioners make ends meet.”

Then there is the Australian Retailers Association, which is a $292 billion sector, as I am sure the members opposite would recognise, with 5,000 members and 1.2 million employees. Their Executive Director, Richard Evans, said, ‘Retailers welcome Rudd’s early Christmas present.’ These are the third-party endorsements that we have here. The Fair Go for Pensioners Coalition said that it was very welcome news to build confidence and security among pensioners and seniors in this two-part announcement by the Prime Minister.

National Disability Services welcomes the Australian Government’s announcement today of additional payments to recipients of Disability Support Pension and Carer Payment.

National Seniors Australia said:

Older Australians have warmly welcomed the federal government’s move to provide generous lump sum payments to pensioners and low income self-funded retirees in time for Christmas.

National Seniors Australia chief executive, Michael O’Neill, said the government had clearly recognised the pressure older Australians are under.

These are the people we should be turning to in assessing the performance of the Rudd government. I think the members opposite should take the advice of my Mum, which is basically, ‘If you can’t say anything nice then don’t say anything.’ They have been sitting there like flogged dogs all day since this announcement. What they should do is just sit there quietly or go back to their offices and take the calls from pensioners. They should take the calls from the seniors that are phoning their offices. To quote one pensioner, all they said was, ‘Woo hoo!’ They are over-the-moon happy with what the Rudd government is doing in managing the economy sensibly. This is responsible economic management. I just remind the people opposite that is what government does: you support the vulnerable, you invest in the future, you assist small business to grow and you put downward pressure on inflation while promoting growth. That is what responsible government does.

The DEPUTY SPEAKER (Ms AE Burke)—Order! The discussion has concluded.

Mr Truss—Haven’t you got any more Shakespeare for us?

The DEPUTY SPEAKER—The Leader of the Nationals was heard in silence and I
think should show the same courtesy to others.

COMMITTEES
Corporations and Financial Services Committee
Membership

The DEPUTY SPEAKER (Ms AE Burke) (4.19 pm)—Mr Speaker has received a message from the Senate informing the House that Senator the Hon. Helen Coonan has been discharged from the Parliamentary Joint Committee on Corporations and Financial Services.

WATER AMENDMENT BILL 2008
Second Reading

Debate resumed from 25 September, on motion by Mr Garrett:

That this bill be now read a second time.

Mr HUNT (Flinders) (4.20 pm)—In rising to address the Water Amendment Bill 2008 I begin with the simple proposition that in January 2007 the then Prime Minister, John Howard, and Malcolm Turnbull introduced a once-in-a-century water revolution. That revolution was built on two great pillars. The first was a $10 billion plan for real water savings which involved piping, covering of channels, lining of dams—funded practical, real initiatives which would make real, practical savings. The second pillar was of institutional reform, of a once-in-a-century bringing together of the different powers and the differing state approaches to water management. It was designed to give real power and real authority to a single national institution.

For 21 months, almost two years, the Labor Party in opposition and subsequently in government have either opposed or delayed real reform along these two lines. Finally, almost two years later, after having stood in the way of real reform whilst in opposition, a position which we regard as having been a venal violation of their sacred trust to advance reforms in this place and in this country, we now see a partial embrace of the Turnbull reforms in this bill. To the extent that this bill embraces the institutional reform principles of, firstly, a single authority, secondly, greater transparency and, thirdly, an agreed national framework for water allocation, we support those reforms. They are the principles which are part of the institutional changes we proposed for a once-in-a-century revolution in water and which we put on the table.

We do not seek to delay these principles. We have sought to bring them forwards and now we will not delay them. We do, however, unashamedly seek to improve them in some cases. In that respect, the bill is too slow in a number of areas. Firstly, there is the lack of a truly national referral of powers. Secondly, there is the lack of an effective early Basin Plan for allocation, for identification of priority water efficiency sites and for identification of those communities which are at risk from ad hoc buyouts and which are in need of support. In addition, the bill is too slow, because we have seen the abolition of structural adjustment funding, which was disclosed in answers to questions on notice before the Senate estimates hearings. The bill is too slow because it fails to address the reprehensible action of wiping out the beginning of real on-farm water efficiency projects. These projects have been stalled under the present government. The bill is too slow because it fails to provide for a transparent water market, and the bill is too slow to the extent that it embodies the passive acceptance of a north-south pipeline and does not push the states—in particular Victoria—to embrace the urban water revolution which is necessary.

Having said all that, I would say this: it is imperfect and it is flawed—it only goes part of the way to completing that element of the
institutional revolution which the current Leader of the Opposition, Malcolm Turnbull, put on the table—but we do not seek to delay it. Our criticism has been that it is too little too slow, not too much too fast. So by comparison with that which we have seen from the government—and, as they previously were, the opposition—we are the party of water reform, having put this once-in-a-century package on the table. There is $10 billion in funding and a once-in-a-century reform of our institutions.

It was indeed the Turnbull $10 billion water plan which put in place a three-part rural recovery plan, and that was a rural recovery plan, firstly, for infrastructure investments in practical efficiency—of piping, of the covering of channels, of the lining of dams. Secondly, it was a plan of selected voluntary trading and purchasing, where we have seen real gains in water efficiency and, thirdly, it was a plan of community support where communities are going to suffer as a consequence of the buyouts. That is the constructive plan which we will continue to pursue as the blueprint for water reform in Australia. By comparison, the water reform model which we have seen is a slow grind in relation to the big institutional steps, which see some progress in this bill. They are for the most part in line with the principles we laid down, only less ambitious. We have seen, unfortunately, rather than a rural recovery plan, a buyout only plan. The water efficiency components of piping, of the covering of channels and of the lining of dams have been lost. The community support elements have been lost.

That brings me to this bill. As I said at the outset, the coalition’s National Plan for Water Security announced on 25 January 2007—21 months or almost two years ago—comprised the two major pillars of institutional reform and the $10 billion rural recovery plan. This particular bill implements some of the missing elements of the institutional reform package. In particular, the Water Amendment Bill aims to amend the Water Act 2007 by giving effect to the intergovernmental Agreement on Murray-Darling Basin Reform, which was signed by the Commonwealth and the premiers on the 3 July 2008 meeting of the Council of Australian Governments. This agreement should have been signed shortly after the January 2007 announcement, only the Victorian government held out, unfortunately—and it did so, I posit, for the most base of electoral reasons. This was an agreement which should have been reached, which could have been reached and which was delayed simply to ensure that there was no national agreement on water prior to the federal election. Conveniently, with no additional funds, Victoria signed on. The posited $1 billion of additional funds was a mirage. It is money to which they were entitled and which they were going to receive in any event and which was presented—I see the Minister for Agriculture, Fisheries and Forestry smile—in such a way as to imply that it was new. It was not new. It was false.

Having said that, the principles which were put in place were largely based on the coalition’s National Plan for Water Security reform, and this bill largely picks up four of those principles in action. Firstly, it transfers the powers of the Murray-Darling Basin Commission to the new Murray-Darling Basin Authority. This provides, as we always intended, one independent body to manage both the planning and the ongoing affairs of the Murray-Darling Basin. Secondly, it enables the Murray-Darling Basin Authority, through the Basin Plan, to specify three tiers of water allocation and emergency management guidelines so as to balance critical human water needs and irrigators’ needs. Thirdly, it strengthens the role of the ACCC by giving it jurisdiction to monitor water
transactions carried out under the act and in accordance with the provisions of the act. Fourthly, it gives the Commonwealth a greater share of the risks relating to future reductions in water allocations if unforeseen events are to occur which were previously the responsibility of states and individual contractors. These are not objectionable principles. These are the principles which we laid down, and we are pleased that they are finally being brought before the House as part of an overdue intergovernmental agreement.

Against that background—having laid out these principles, having laid out the plan, having laid out the revolution—I want to make some comments about the coalition’s record on not just Murray-Darling Basin reform but the once-in-a-century water revolution which is now being given most of the missing elements. The coalition has a very clear and profound record on tackling the issues faced by the basin. We are proud of that record. As I said earlier, on 25 January 2007 Malcolm Turnbull and John Howard announced the coalition’s National Plan for Water Security. The $10 billion plan agreed to fund, in more detail than I have set out previously, a series of elements: (1) a nationwide investment in Australia’s irrigation infrastructure to line and pipe major delivery channels; (2) a nationwide program to improve on-farm irrigation technology and metering; (3) the sharing of water savings on a fifty-fifty basis between irrigators and the Commonwealth government, leading to greater water security and increased environmental flows; (4) addressing once and for all water overallocation in the Murray-Darling Basin; (5) a new set of governance arrangements for the Murray-Darling Basin; (6) a sustainable cap on surface and groundwater use in the Murray-Darling Basin in many different areas; (7) expanding the role of the Bureau of Meteorology to provide the water data necessary for good decisions by governments and industry; (8) a task force to explore future land and water development in Northern Australia; and (9) completion of the restoration of the Great Artesian Basin. This was not a minor proposal. This was the most significant change in water policy at federal or state level since Federation.

We know that less than a month later, on 23 February 2007, the coalition sought a reference of additional powers to ensure a single, accountable and comprehensive management arrangement for the Murray-Darling Basin. It was agreed to by New South Wales, Queensland, South Australia and the Australian Capital Territory, but not Victoria—again, for reasons which were not explicable by reference to any substantive point but simply a desire to ensure that there was no agreement prior to the federal election. The consequence has been that real water reform has been delayed for 21 months, close to two years.

Given that background, in August 2007 the coalition government passed the Water Act 2007, which implemented as best as possible the coalition’s National Plan for Water Security. Existing constitutional powers enabled the coalition to implement a large part of the national plan without the need for a referral of additional power by states and territories. We vowed to complete the rest of the plan as soon as we could get Victorian support after the election, knowing that their opposition would melt away. That is what has happened—the opposition has melted away. In the circumstances, the additional funding which should be available for piping and lining of channels and for river and storage operations, the $3.55 billion which had been earmarked, has largely been left to lie fallow. That money is earning interest; it is not digging out dams, not doing the things which can be done.
Only a week and a half ago I visited the town of Bourke. I spoke with farmers there and I spoke with people in western New South Wales who are involved with agriculture. They said that, in their small area alone, they could save eight billion litres of water were they given some small assistance in local irrigation and water efficiency projects. That is the sort of thing which was intended. That is the sort of thing which has not occurred. By comparison, with the greatest respect to the other side, we have seen a dragging of the chain on real water reform.

At the federal level, the ALP supported the coalition’s water plan but they were fundamentally complicit in the Victorian Labor government refusing to sign the agreement prior to the election. It suited their purposes to delay national water reform. A single word in the ear of Victorian premiers, either Premier Bracks or Premier Brumby, could have ensured that this plan was passed and water reform was not delayed. In addition, Senator Wong could have had a functioning basin authority working on the Basin Plan from March this year, thanks to the Water Act 2007. This was not put in place and we will not see an effective Basin Plan or an effective basin authority for some time yet. We have one or two staffers in place at this time.

What we see ultimately is a comparison between a three-point water rural recovery water plan as opposed to an ad hoc buyout of farmers. We proposed a water efficiency revolution based on the $6 billion of total water efficiency funding for infrastructure. Unfortunately, this has largely been abandoned—an investment in water efficient infrastructure of pipes, covering of channels and lining of dams, which should be a national priority.

We should also be seeing the cleaning up of our coasts and the recycling of the almost 1,800 gigalitres from 140 ocean outfalls, water which should be made available for industry and agriculture. The second thing is the planned and limited buyback, not an ad hoc buyout such as Toorale Station, primarily after water efficiencies, to allow for sharing between farmers and the environment. Thirdly, the community support program: the Rudd government has abandoned the $1.5 billion structural adjustment component of our original water plan—not acceptable, not good enough. So we see that the $50 million emergency assistance package which we had previously proposed for the people of the Lower Lakes and Coorong region has been ignored. These people need assistance, support in a time of drought, because they have suffered at the bottom of the Murray-Darling system.

In relation to the specific items in this bill, I want to make these points. We support urgent and long-term action for the Murray-Darling Basin. We believe that we need to get this legislation right, however. The coalition will not oppose this bill and supports an inquiry in the Senate. We will be constructive. We will seek to hasten rather than to delay because for too long we have seen an approach which is too little, too slow, rather than too much, too fast. Our approach in opposition will not be the same as the ALP’s. Therefore, in this House, we will not oppose the bill but we will seek to amend the bill to ensure that there are provisions to support the coalition’s $50 million Lower Lakes and Coorong communities package.

After the report of the Senate inquiry into the bill is presented in the other place, the coalition will consider the following amendments because we have concerns with principles contained within the act that, for the most part, do not go far enough. Firstly, we want to ensure that there is a guaranteed community impact statement for water purchases by the Commonwealth from each subregion of the basin. Secondly, we want to
ensure that there is a structural adjustment assessment program for communities affected by water purchases. Thirdly, we want to set time frames for on-farm infrastructure to be delivered—not simply be delayed. Fourthly, we want to establish a fully transparent disclosure process so any water purchases undertaken by the Commonwealth are disclosed in real time with regards to price, volume, security and location. Fifthly, we want to prevent new and additional extractions from the basin for non-basin purposes, such as the north-south pipeline—a project which we believe is a serious error. In addition, we will also consider as possible amendments, following the Senate inquiry, strengthening the powers of the Murray-Darling Basin Authority so as to remove the veto of the ministerial council and bringing forward an interim Basin Plan.

We will be guided in all of these whilst recognising that we do not want to prevent the intergovernmental agreement from coming into force. We do not want to delay it. So as not to be misrepresented I make it absolutely clear to the government and to this House that we will work to a fast timetable on this bill. We do not seek to oppose the bill, but we are serious about improving it.

The coalition is listening to the people of the Murray and to people throughout Australia. In particular we want to help right now the communities of Lake Alexandrina and Lake Albert, of the Lower Lakes and the Coorong area, who are suffering and have been ignored in relation to accessing community support. That is why we are proposing an amendment that will provide $50 million in emergency assistance to the people of the Murray Lower Lakes and the Coorong. Our amendment will: (1) require that the federal government provide $50 million to help local residents, farmers and tourist operators to deal with the ongoing record low levels of water in the region; (2) provide urgent and real assistance to help the community to deal with this unfolding environmental crisis in South Australia; (3) help with practical measures such as carting water for domestic and stock use, building a boat lift, providing rent relief for small businesses, and providing retraining and skills development; and (4) support a rescue plan for the Murray turtles and wildlife and provide assistance to the schoolchildren who are trying to save them. We are calling this the Briggs and Secker amendment. I move:

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

“while not declining to give the Bill a second reading, in respect of the Lower Lakes and Coorong area of South Australia the House acknowledges the dire situation faced by the local people, local businesses, local communities and wildlife due to the devastation of the area’s economy, and calls on the Government to support the Opposition in its commitment to the provision of $50 million for immediate and practical assistance to provide support

(a) to the local community, small business, tourism operators, the fishing industry and farmers, and

(b) to protect wildlife and flora in the region”.

I conclude by making the point that we do not intend to oppose the bill in this House and we will support it in the other house. This amendment supports the devastated communities of the Murray Lower Lakes and the Coorong. We support the concept of a Senate inquiry and we await the findings of that Senate inquiry. We have a series of amendments that we will seek to make which will be consistent with the actions and provisions of the intergovernmental agreement. We want this bill to go through. It is imperfect and it does not go as far as the Turnbull reforms, but it at least enshrines some of the key principles on institutional reform.

Ultimately, the coalition believe in real and urgent reform of the Murray-Darling
Basin. We want to see action that provides immediate and long-term assistance for the Murray, but we must get this right. Above all else, the government should get on with the business of real water savings through the urgent delivery of water efficiency infrastructure: the piping of water, the covering of channels and the lining of dams. Whilst we are not opposed to institutional reforms—indeed, we are the generators of those reforms—above all else this bill is no substitute for the real rural recovery plan needed in infrastructure, in allocation and in support for communities in place of merely a buyout of our farms and the destruction of our food security.

The DEPUTY SPEAKER (Hon. BC Scott)—Is the amendment seconded?

Mr Secker—I second the amendment and reserve my right to speak at a later time in the debate.

Mr BUTLER (Port Adelaide) (4.43 pm)—I rise to speak in support of the Water Amendment Bill 2008. There is no place in the country more acutely aware of the impact of drought, climate change and overallocation in the Murray-Darling Basin than my home state of South Australia. For this reason I am very pleased to see the introduction of this bill. The Australian community have been crying out for genuine and decisive action to help improve conditions in the river and in particular our Lower Lakes system. They waited for 11 long years under the Howard government. Despite many pronouncements, nothing really changed.

The river system cannot survive unless we act decisively. The Rudd government, in collaboration with the basin states, has formulated a plan to deliver the much-needed reforms. Reform is long overdue. I am pleased to be part of a federal government that understands the issues and will deliver genuine reform in the Murray-Darling Basin in particular.

The Water Amendment Bill ushers in a new era of cooperation and collaboration between basin states in the interests of genuine basin-wide water reform. We have not sought to override the legitimate interests of the states in our approach; instead, we have engaged them in cooperative and constructive reform. It is clear that the road ahead will continue to be tough, but we made a commitment to the Australian community, who backed the election of the Rudd government, that we would act decisively to bring about water reform, and that is precisely what this bill does.

This bill amends the Water Act 2007 to give effect to the intergovernmental Agreement on Murray-Darling Basin Reform. The agreement between the Prime Minister and the ministers in each of the basin states—New South Wales, Victoria, South Australia and Queensland, as well as the ACT—was signed at COAG in July this year. Basin states have agreed to propose legislation in their respective parliaments which will provide for the referral of certain powers to the Commonwealth parliament. It is pleasing to see the early efforts of the states, particularly New South Wales and my own state of South Australia, to meet their commitment under the agreement. I will speak briefly later about a proposed government amendment to the bill in recognition of the New South Wales legislation.

The intergovernmental agreement covers three main areas: firstly, the transfer of current powers and functions of the Murray-Darling Basin Commission to the Murray-Darling Basin Authority; secondly, the strengthening of the role of the Australian Competition and Consumer Commission by extending the application of the water market rules and water charge rules; and, thirdly,
enabling the development of a Basin Plan to provide arrangements for meeting critical human water needs.

The Water Amendment Bill represents a historic agreement for the long-term reform of water management in the Murray-Darling Basin. It introduces a new era of cooperative arrangements between the Commonwealth and the states, and it provides the opportunity for governments, industry and the community to work together on water sustainability and security. The arrangements given effect by this bill will drive improvements to the management of the basin and are in the national interest. It reflects a clear commitment to significant reform by ensuring we have the correct structural mechanisms in place to facilitate future decisions that are made in the interests of the basin. The bill will bring together the Murray-Darling Basin Authority and the Murray-Darling Basin Commission into one body—the Murray-Darling Basin Authority. It will be expert, independent and responsible for the oversight of water resource management across the basin. The authority will also have enforcement powers to ensure that basin water resources are managed in a sustainable way. One of the key mechanisms to secure basin-wide reform will be the development of a whole-of-basin plan by the authority under a clear mechanism of accountability to the Commonwealth minister.

Basin states will have a clear role in the preparation of a Basin Plan through a new Murray-Darling Basin Ministerial Council and the Basin Officials Committee. The basin states will also have a major role in putting the Basin Plan into effect, while final approval of the plan will rest with the Commonwealth. The states will also retain a decision-making role through the new ministerial council in relation to specific functions that will be moved from the Murray-Darling Basin Commission into the new authority. Significantly, the Basin Plan will take account of future climate change and address the legacy of past overallocation. In stark contrast to the opposition on this issue, this government does not deny the science on climate change in this area. Taking the realities of climate change into account, the Basin Plan will be the mechanism for setting out future arrangements to secure the critical human water needs of communities reliant on the Murray-Darling Basin.

The whole-of-basin plan will also include an environmental-watering plan to coordinate management of environmental flows throughout the basin. It will also formulate a sustainable diversion limit for the use of surface and groundwater in the basin to ensure future health and prosperity in the basin and to safeguard the water needs of the communities that depend on it. In South Australia this will be very welcome action. It will also be very welcome to the South Australian community to see that the Commonwealth minister, in approving the Basin Plan and the future cap on water diversions, will at long last be accountable to the people of Australia through this parliament.

We also understand that an effectively functioning water market will be essential to help the irrigation industry manage future reductions in water availability. Therefore, the government has proposed that the role of the Australian Competition and Consumer Commission be strengthened to help improve the functioning of the water market in the basin. This will be achieved through monitoring and enforcing compliance with water charge rules and water market rules. Specifically, the bill strengthens the role of the ACCC by providing for the water charge rules and the water market rules to apply to all water service providers and transactions. This means that all users will be assured of a uniform approach to regulation, irrespective of the structure of their water service provid-
ers. The bill also extends the reach of the water charge rules to enable the ACCC to determine or accredit determination arrangements for all regulated water charges. This will promote a uniform approach to the regulation of rural water charges to the benefit of water providers and users.

The bill will implement governance arrangements that, in the long term, will improve the use and management of the basin’s water resources and will protect and enhance the basin’s social, environmental and economic values. The government is proposing amendments that relate to three distinct matters. The first matter involves clarifying the processes of the Murray-Darling Basin Authority when it is providing the proposed Basin Plan or a proposed amendment to the Basin Plan to ensure all consultation processes, including those with the ministerial council, have been completed. The second matter involves an amendment to recognise states applying the National Water Initiative risk assignment framework. This was agreed in the negotiations leading up to the agreement. As agreed, any state that enacts legislation to adopt the National Water Initiative risk assignment framework will be recognised in the bill. On 24 September 2008, the New South Wales parliament passed amendments to its Water Management Act 2000 to adopt the National Water Initiative risk assignment framework, as modified by the Murray-Darling Basin intergovernmental agreement. The government has therefore proposed an amendment to the Water Amendment Bill to recognise that New South Wales has applied that risk assignment framework.

The third matter involves amendments to schedule 2, item 93, of the bill to clarify that water access rights and interests held by the Commonwealth for the purposes of the Living Murray initiative are not part of the Commonwealth Environmental Water Holder holdings and therefore do not fall under the management of the CEWH. In its original form the bill only separated Murray-Darling Basin Authority rights and interests from those holdings. The Department of the Environment, Water, Heritage and the Arts also holds some water access rights and interests for the purposes of the Living Murray initiative. The proposed amendment will separate these rights and interests from those of the CEWH.

This bill departs from years of the Howard government passing the buck and blaming the states. There will be no more shifting of responsibility for the future of the Murray-Darling Basin, because the Rudd government is serious about delivering basin-wide reform. We are serious about reform, unlike the opposition, who we see still cynically courting votes by trying to have a bet each way on the river. In South Australia the opposition give one message, yet upstream they give another. In Victoria, they tell their constituents that the Lower Lakes cannot be saved and the government should stop purchasing water entitlements. Then, in South Australia, they say that the government should purchase more water and that the Lower Lakes can be saved. I am still unsure what they actually believe.

I commend this bill to the parliament as a genuine and comprehensive plan for the future of the Murray-Darling Basin. The Rudd government’s plan will address the fundamental problems in the basin, and we will address them collaboratively and thoroughly with the first Basin Plan, due to commence in 2011.

In closing, while our bill seeks to improve management in the longer term, it comes on top of our short- to medium-term strategies to reduce the stress on the Murray-Darling Basin. Our $12.9 billion Water for the Future program has four priorities: tackling climate
change, supporting healthy rivers, using water wisely and securing our water supplies. In July this year, the government announced investments close to $3.7 billion for significant water projects in South Australia, New South Wales, Victoria, Queensland and the Australian Capital Territory. These projects are aimed at improving irrigation efficiency, raising the productivity of water use and making water savings that will be returned to the rivers of the Murray-Darling Basin.

We have, for the first time in history, commenced a buyback of water entitlements from willing sellers in the water market to reduce the overallocation that prevails under historic caps and agreements over water in the basin. While it will not end the drought in the basin, when it does rain more water will be retained in the river system and important habitats and wetlands will receive a greater share of water. These medium- and long-term strategies are part of this government’s clear and decisive plan of action. Our plan will address the historic overallocation of the river system and secure the future of the basin and of the many communities reliant on it for social and economic survival.

Mrs Hull (Riverina) (4.55 pm)—I rise today to speak on the Water Amendment Bill 2008. From the outset I would like to speak about the concerns that I have for the future of the Riverina and particularly for the future of irrigation, especially with the Labor government’s decisions on water acquisitions that the member for Port Adelaide just spoke about. Whilst we may have buybacks and, as the previous member has just indicated, when it does rain there will be water for wetlands and habitat, we have obviously forgotten about food for the people. I would like to bring back into the debate the issue of the people.

It is true that irrigation has brought life to many communities across Australia. John Oxley, over 100 years ago, when he arrived in the Murrumbidgee irrigation area, said that this was the ‘worst godforsaken place’ he had ever seen and there was absolutely no chance that anything could come of this horrid place. He said that he could not imagine anywhere worse to be. It was a dry and dusty bowl with absolutely no potential for any future. Of course, years later came the advent of irrigation and the Snowy hydro system, which fulfilled two purposes: (1) to generate electricity and (2) to drought-proof the area and ensure that there were irrigation waters available for the production of food. Then we had the building of the MIA system, and years later we had the development of the area of Coleambally by the New South Wales state government. In fact, they celebrated their 40th anniversary of being a township just a few months ago. So it has been a significant concern of my electorate to be very involved and cognisant of water—the benefits of water, the efficient use of water, the cost of water and, more importantly, the reliance of communities on water.

Over the years we have been able to achieve enormous outcomes and efficiencies. My concern, as I pointed out to the minister just recently in a meeting when she visited Wagga Wagga to address a dinner—the minister was kind enough to allocate me a short time beforehand—was the fact that there needs to be recognition of how much we have progressed and how much we have achieved. From where I stand, it seems that everyone thinks we are coming from ground zero in irrigation areas. Everybody thinks that nothing has been done, that water has flown out over the paddocks and fields in quantities of flood irrigation and that it is still happening—everything is inundated with water and there have been no efficiencies gained. The perception is that this is a government starting from ground zero; this is a government that has to take harsh measures
because nobody else has done anything about being efficient, conservative and understanding of the balance of needs between the environment and irrigators.

I stand in this House today to say that is simply not true. As a matter of fact, we have made extraordinary gains in efficiencies in water delivery and water technology. It is important for the House to understand that irrigators do not waste water. They cannot afford to waste water.

I might point out to the House that the irrigators in my electorate have had no allocation now for well over three or four years so there have been enormous efficiencies. We talk about water here as if it is all surface water in my electorate. We do not hear about the groundwater preservation that has taken place and the cuts that have been made to entitlements of the groundwater users, who produce myriad crops and food resources from groundwater. We never hear anything about the understanding of catchments; the understanding of how groundwater has been used, has been allocated and has been withdrawn; and the savage cuts that have been applied to the many people who are reliant on those areas—quite correctly reliant. They have done nothing wrong. We talk, we listen and we hear about these irrigators who are out there wasting this water—achieving no gains; achieving no efficiencies—as though they are some sort of criminal on the black market. That is simply not true. They are doing this within the legal framework that has been provided to them over the years of successive governments in many states. I can specifically talk about New South Wales. These irrigators have done nothing wrong. In fact they are at one with the environment—they are at one with water use.

We talk about the crops grown, such as rice, and people say off the top of their heads, in ignorance, ‘We should never grow rice in Australia. It is a dry and arid continent and we should not be growing the most water-thirsty crop.’ I do not mind if somebody has come into my electorate, understood rice from paddy to plate and then comes away and makes some comment—so long as they are speaking from a base of knowledge. I disagree with and vehemently oppose people who come into this place and speak about something as if they had knowledge when in fact they speak from ignorance. I abhor that type of behaviour. If you want to talk about rice and whether or not we should grow rice in Australia then come to my electorate. I invite everybody to come to my electorate to see how rice is grown, and you will leave with a different point of view. You will leave saying, ‘Why aren’t we growing rice in more areas in Australia?’

Rice is a crop that only grows when there is water available. Rice does not need watering every day; unlike stock, which need water every day just to stay alive. Rice is a crop that feeds 40 million people a day. Rice is a crop that is part of one of the four food companies left in Australia. Rice is a crop that does not export its jobs; a crop that adds value in a regional town, Leeton; a crop that has every one of its products leaving the port of Melbourne, and is the largest exporter from the port of Melbourne, branded with an Australian brand name; a crop that promotes and generates Australian jobs. Not one bin of rice goes out of this country; it is branded. Rice is a crop that may use a sheet of water as a warmth blanket to generate the first process of growth, but from there on it has a totally waterless value-adding process—it does not use water in one part of that process. Rice is a crop that invests in an environmental champions program; a crop that is so highly regulated that not just anyone can go and put a crop of rice in. You have to have the right conditions. You have to have impervious clay liners. You have to have entire
reticulation schemes. You have to be approved to grow rice and you have to have the right soil conditions to grow rice. You tell me how many other crops in Australia are regulated like that.

Yet I hear people come into this House and speak about rice when they would not have even seen rice growing. I have seen people come into this House and speak about not buying Australian grown rice but rather buying imported rice. They would be shocked and disturbed to know that the countries they are buying it from have the worst environmental conditions and are the worst environmental bandits. They are supporting that environmental vandalism. I find that entirely unacceptable. I make my offer again: if people want to make comments about crops like rice then they are welcome to come out into my electorate. I will personally take people around and show them the truth of the matter. Then they will have knowledge, not ignorance. Then I am quite happy for them to have their views, because I know they will not have any adverse views about crops like rice. I object to people believing that there is a requirement for this kind of legislation to overcome those environmental bandits like irrigators.

Just recently, on 1 September 2008, there was an article in the Australian from the Chairman of the Coleambally Irrigation Area in my electorate. I think what it showed was the desperation about and the exasperation with the non-consultative process that is currently taking place. That non-consultative process meant that the chairman of Coleambally irrigation offered up a whole community, a town, for sale. He said, ‘Buy our town. If you want 500 gigalitres, we will give you 600 gigalitres. That is what our allocation is—not that we can get it, because there is no rain so you cannot get 600 gigalitres.’ There is a furphy here—all of these applications that may be received for the government to purchase entitlements are actually yielding no water because there is no water to give. But 600 gigs have been offered for sale by the Coleambally irrigation community.

What that article did was to create a lot of heat, but the one very valuable role that it played was that, for once, it brought people back into the equation. You will hear time and time again in this water debate in this House about habitat, environment, wetlands and river processes. You will hear a lot about frogs and a whole host of things that should survive in a great environment. But you will hear little about the people. You will hear little about a social impact study on the people affected and the communities affected. The reason you will hear little—in fact you will hear nothing—about a social impact study on the effects of buying out licences in an uncontrolled manner is that there is no such social impact study. There is not one in place and there will not be one, and that is the crime of the process that is being undertaken now.

I go back to this article in the Australian to see whether or not there was real sincerity in this water buyback. That is what Mr Black was looking at. According to that article, Mr Black said:

I’m just trying to see how serious the Government is in its water purchase program …

Of course the government would not take it up. Mr Black said: ‘Give us 3.5 billion. We will give the town people a billion for their businesses and everything and we will give the irrigators and the land and water entitlement holders the rest. Then at least you could have your 600 gigalitres in one fell swoop and they could go away and start their lives. That way you would not be killing them by stealth—a death of a thousand cuts with no concern, no care and no responsibility taken for what happens after that.’
We had a public meeting in Coleambally. There are only 800 people in Coleambally and there were probably 600 people at that public meeting. The meeting place was absolutely filled to capacity. One thing the meeting did was galvanise those people into standing together, because they knew that they could not afford to be divided on this—that united they will stand and divided they will fall. They determined to fight for their township. I guess the telling part of that public meeting was when the young female captain of Coleambally Central School spoke at the meeting and said that 38 students had left the school that year as a result of the shortage of water. But when the 38 students left that meant that the school lost three teachers. That meant that the remaining students lost access to elective subjects and subjects that were vital for them to gain their HSC. The captain talked about her aspirations and what it meant to the students to be left in the lurch, as they have been with teachers having to vacate because of the drop in the number of students at the school. The students are personally affected by the lack of subjects that are available to study.

These are powerful, real issues for the future of our nation, and I am not sure that anyone is taking the time to understand this. I am also concerned about the government’s proposal to buy out small irrigators on 15 hectares or less. It is just total destruction. Many of these 15-hectare farms are citrus groves or stone fruit orchards, or belong to someone who has been contributing financially to the community. It would be different if there were some sort of organised and structurally balanced plan, but there is not.

The water plan was started off by the former Deputy Prime Minister John Anderson—and I congratulate him for that—and the state stood in his way year on year. Then when Malcolm Turnbull, the current Leader of the Opposition, took on this portfolio he understood how this worked. When the New South Wales state government offered a buy-back, they just offered a general buy-back; it did not have to be for efficiencies. When we offered our tender it had to arise from efficiencies that had been gained. It had to be surplus water gained through efficiencies. It projected that we were working as a team—not to have less irrigation but to have more effective irrigation and more effective crop production. This is the type of attitude that we need to put in place now.

I look at some of the issues involved with this bill, and I note that item 3 of this bill is to strengthen the role of the ACCC by giving them jurisdiction to monitor water transactions carried out under the act. Might I say that that fills me with fear. It fills me with uncertainty, as it does the irrigation companies that I represent, because I do not trust that the ACCC have any idea what they are talking about. I speak specifically about termination fees. Termination fees are payable to an irrigation infrastructure operator when a customer cancels their service—that means they are going to exit the system—and is required because all of the other people in that system have to meet the additional cost of the fixed infrastructure charges, the delivery charges and all of the maintenance. A larger burden falls on a smaller number of people so we have to have a termination fee. The fees provide compensation or reimbursement towards the future fixed costs that are avoided by these people who choose to have an early exit from a scheme. Thus the termination fee avoids any third-party impacts from water trade.

The methodology endorsed by the ACCC allows our operators to impose a maximum fee of 15 times their annual fixed charges. But this has resulted in a perverse outcome. It means that inefficient regions that have not invested any capital, effort or intelligence and who have failed to institute cost and in-
frastructure reforms over the last decade, have high fixed charges and therefore have high termination fees—fees of over $900 a megalitre. Efficient regions that have taken the hard decisions in recent years will have lower fixed costs and therefore lower termination fees—as low as $180 a megalitre. The problem is that the efficient regions will become the target. Because they have been efficient they are the target because they have cheaper termination fees, so everyone wants to come and buy out of that area. They are the ones at risk now. This process of applying a maximum fee of 15 times the annual fixed charges has seen perverse economic outcomes. To strengthen the powers of the ACCC to do even more damage and involve themselves in something they have no idea about is an absolutely frightful thought. (Time expired)

Mr GEORGANAS (Hindmarsh) (5.15 pm)—I too rise to support this bill, the Water Amendment Bill 2008. People throughout the Murray-Darling Basin have been experiencing tremendous pain for years due to the dying river system. We know that low inflows of water into the system have obviously been reducing the economic activity of farms and the resultant income for their workers, for local food processing and production businesses and for dependant communities right along the system’s water courses. The drying of channels both above and below ground has been causing what water that is coming into the system to be soaked up before it can even be used. The lack of inflows has brought about the loss of economic assets in permanent plantings across multiple regions along the Murray-Darling, and 100-plus-year-old gums and reserves of native vegetation have been stressed beyond their ability to cope.

We have seen graphic images of the fluorescent yellow-orange acidification of soil, creating what looks like a toxic wasteland in many parts of the river—it looks like mud, but this mud has pH readings of 1.7—the resultant loss of habitat and life, and the threatened expansion of acidification along the river and in the Lower Lakes. We have seen desperate public meetings, public rallies and a government at the national level hell-bent on doing all it can to remedy this situation. We have seen the $12.9 billion Water for the Future program being rolled out—including the $3 billion water licence buy-back program. Obviously the outcome of this measure will be, as the program’s name suggests, restoring the balance—that is, the proportional and actual decrease in the total Murray-Darling Basin volume of water potentially used for non-environmental pursuits. And we have also seen the development of an agreement between governments on what will be the future governance of the Murray-Darling Basin water supply.

It is this agreement that we today seek to honour, for all that is regrettable and with all that is commendable, in debating and ultimately passing the bill before us at this time—the Water Amendment Bill 2008, as I said. I believe all stakeholders support the intention that underlies this bill: that the Murray-Darling Basin’s water resource be responsibly managed by one authority system wide which will be accountable through one minister to one government alone—that is, the Commonwealth. For the first time in this continent’s history, there will be clear management of the overall system. As I said, this is what people have been calling for for years. The Australian public has also asked that tiers of governments, rival governments, stop boasting of their provincialism and get down to working for a sustainable future for the river and for both the people and the biodiversity reliant upon it.

Residents throughout South Australia, my home state, have been demanding improvement for a very long time so that the interre-
lated interests of the River Murray and the population be simultaneously, adequately and sustainably accommodated. And so, on the basis of this Water Amendment Bill 2008 being agreed to, we look forward to the development and implementation of the overall Murray-Darling Basin water allocation plan. Looking well into the future, it is anticipated that the basin, and those reliant upon it, will not again be comfortable with the historic average of water abundance. It is expected that the long-term average annual yield will continue to decrease well into the future. This is the reality that scientists give us reason to expect. And it is necessarily going to be this new reality that the Murray-Darling plan is going to have to work within.

It seems to be a very commonly held belief these days that the Murray-Darling system is overallocated: too many licences exist for drawing too much water out of the rivers. That seems to be an almost universally held view at the moment, irrespective of whom you talk to or where they come from. People are expecting a notable decrease in the overall volume of Murray water being used for economic purposes. In Adelaide a couple of months ago, a rally was held on the steps of state parliament. There were people from two great regions of the South Australian state: people from the Riverland and people from the Lower Lakes. Their expressed concern was the lack of available water. Those from the Lower Lakes were arguing that too much is being drawn out of the river for upstream agricultural purposes. I gather that those from the Riverland were arguing the same for people even further up the river. I am not aware if this was evident to those attending the rally, but half the crowd was largely rationalising their immense problem—that of the drying and potential acidification of the Lower Lakes and the complete ecological destruction of a world-renowned wetland—on upstream users, of whom the Riverland contingent could have been seen to be representative.

This is the dynamic that the water plan will need to address with incredible finesse: the decrease in average inflows, the decreasing proportion of what water there is being made available for irrigation, and the ongoing economic stressors weighing down upon regional communities along the river. There are currently tremendous stressors. People are screaming for change and an improvement in life reliant on the basin’s rivers. The river system stakeholders that may not be facing a more challenging future are the environment and the domestic water consumers. The increase in the proportion of available water that will be reserved for and allocated to the environment will make the river system itself the biggest winner in the years ahead—that is, those of its elements that survive this current drought. And this is a necessity. If we were to let the river system itself deteriorate for sectional interests, all interests would become increasingly compromised.

This amendment bill makes provision for critical human water needs. Adelaide and other towns reliant on the Murray for their supply of water will continue as required. I note in the wash-up of the Senate inquiry that the opposition are unhappy with the city of Adelaide extracting water from the River Murray. They clearly plan for 100-plus gigalitres of water to be harvested over the course of a few wettish months, if we get them, each year and stored for the rest of the year for domestic and industrial use, with another 100 gigalitres on top of that stored elsewhere as a contingency. I expect that treated waste water and Labor’s desalination plant will provide the other 100-plus gigalitres per year that Adelaide uses. That is one heck of a lot of additional storage capacity.
It is a brave political move by the opposition to plan to flood Clarendon in the Adelaide Hills to build a new reservoir, with perhaps another one at Bridgewater and probably a couple more elsewhere, maybe in Lobethal or Coromandel Valley. It is brave to tell the population that they are going to mix their drinking water stored at Happy Valley with road run-off. It would be extremely brave of them to tell the residents and councillors of Mitcham that Brownhill Creek Reserve is going to be closed off and flooded. I look forward to reading their detailed policy statement on how they are going to do all of this in due course. In the meantime, the Liberal Party have an opportunity to support this legislation, which is clearly necessary and a highly substantial leap forward in the management of water in this country.

It was under the leadership of former Prime Minister Paul Keating that the first great step forward was made in Australia’s water management within the Murray-Darling Basin. That was the 1994 COAG agreement to separate land titles and water licences, freeing up water licences to be traded as goods for use in the marketplace, where they could do most good. Fourteen years later we are taking the step of the establishment of a basin-wide plan under the authority of a single minister. I note that the bill will enable the Australian Competition and Consumer Commission to better monitor the trading of water within the water market.

I look forward to a time when trade will not be restricted between regions as it is today and when this resource will be able to be applied commercially, where it can deliver the greatest amount towards our nation’s agricultural production. This bill points the way toward better water management, maintenance of the water supply in the preservation of the environment, better systems for the allocation of water within sectors and the most sustainable and productive working river that southern and eastern Australia can enjoy, which we would all benefit from. I commend the bill to the House.

Mr JOHN COBB (Calare) (5.25 pm)—My first comment regarding the Water Amendment Bill 2008 is that the amendments in the bill seem to be quite ponderous in their length, in fact longer than the original bill—and I do not mention that because of the amount of paper being used. The National Plan for Water Security, the plan that the coalition government put forward for the Murray-Darling Basin, was the first time anything as all-embracing had been done in the world, as the Leader of the Opposition mentioned just after question time. In the course of working out the plan and putting together the legislation, which came into effect on 3 March this year, there was consultation with industry, the states and all the people involved. That consultation involved the community as well as irrigators and various industries, including the dairy and horticulture industries, and it was very intense and thorough. I recall the last meeting held on it, which I personally was not at, that the then water minister, Malcolm Turnbull, held in Sydney. A lot was done to make sure that the Water Bill 2007 encompassed what was needed by all parties as much as possible in something as far reaching as it was. The difference between that bill and this amendment bill is that as far as I can see virtually no-one has been consulted as to what is in the legislation. For the amount of pages and input that is involved—and, more to the point, despite the importance of the bill—it does not seem to me that anyone except the states has been involved. The more I look at it the more I think this is really a water amendment bill put forward by the states rather than the Commonwealth.

After some return of water to the new commission by the states, the states can look at the water plan and return it. At the end of
the day the minister has the ability to decide what is in the plan, although this bill does not quite specify that in so many words. But it seems to me that in every other respect the states pretty much have the same powers as they do currently in the National Water Commission. The commission is a conglomeration of all the states where the schedules involving the direction and method of water-sharing plans and the like, with the exception of the water-sharing agreement between the states, can be changed simply by unanimous agreement, which any one state can veto. The states retaining those powers means that the powers of the Commonwealth are very limited.

In talking to this bill we have to look at the whole point of the National Plan for Water Security as we first put it up. It was to invest in, not buy, the Murray-Darling Basin. A plan for the long-term sustainable use of water and for the people and the environment in the Murray-Darling Basin could have started from 3 March. It seems to me, looking at this now and what has been done so far, that there is no plan. There has been no attempt to put one together, even though the authority could have been up and going. That would not have affected its ability to join with the commission, as this amendment bill envisages. I have no problem with putting the commission together with the authority, but they could have been working on a plan by 10 March. They could have had people ready to take up positions to start on it and to do the serious work.

In actual fact there is very little I can see that this amendment bill will do which could not have already been in process. As is quite obvious, the main plan that the minister, Senator Wong, has is simply to buy water—buying people’s lives, buying towns’ ability to act as cohesive social parts of Australian life by buying the water. Of course, after six years of drought, there are going to be a lot of people in bad situations economically, physically and mentally. There are going to be people who will sell water—plenty of them, for all the wrong reasons. Senator Wong is very much focused on spending nearly $4 billion. The $3.1 billion seems to have been extended by the priorities of the Queensland government, which includes another $350 million, I think, for which a tender is currently up, and there is another $80 million for the South Australian government. We are starting to approach about $3.6 billion, not $3.1 billion, to be used for the purchase of water.

At this point you have got to look at what really matters and what the big issues of this century will be—food security and water security. It is all very well for the Prime Minister to stand by the side of the Murray River and say, ‘Go with me on carbon trading and I’ll fill this river,’ which he did not actually say, but it is certainly what he intimated. This is to carry out a hoax on the Australian people. It is to prey on the fact that a lot of people do not actually understand what carbon trading means. They certainly do not understand what is happening in the Murray-Darling Basin. He tried to use the current drought to excuse his haste. Perhaps in the light of recent economic events that might slow down somewhat. I hope for the sake of Australia—industry and people, and the working families of Australia, very much the working families of Australia—that we might slow down now and have a bit of a look at how that is done.

We wanted to invest in the Murray-Darling Basin, not to buy it. Yes, of course, we were going to spend up to around $1½ billion buying water where we had to. But that was going to be the hard way to do it. The fact that it is the best way to deal with the sustainability and the use of water in eastern Australia is not the point; it was the correct thing to do. The easy way, the nasty
The way to try to impress the cities of Australia with action in dealing with the water problems in the basin is to simply say, ‘We’re fixing it; we’re buying it.’ To go down this track without having socioeconomic studies is wrong. To do what happened in the Bourke shire in my own electorate—to go and buy the main productive station in that shire, irrespective of the effect it had on the ratepayers of that shire, the fact that they will all have to pay four per cent more in rates to make up for the fact that the Commonwealth is going to hand over to New South Wales for a national park, so it will not pay rates—will mean it will become a burden on the community rather than a bonus.

We wanted—yes, very much—to do the more complicated, hard thing, but the right thing: invest in the Murray-Darling Basin; invest in the efficiencies and share the savings with those within it. In other words, not cut the production, but maintain it—I would think even increase it, but do it sustainably—so that, be it the environment, be it the roughly one million people that live within it, be it the whole of Australia who profit from the best fresh food in the world that is grown there, we would arrive at the end of the day with a sustainable situation, with a healthy basin, with a good industry.

Irrigation is a good industry. Only an hour or so ago I was talking to the bill which brings to an end the Dairy Industry Adjustment Package. That brings to an end eight years of a program designed to help the dairy industry adjust to deregulation. In the course of that debate I mentioned the fact that it is now one of the most efficient industries in the world. It has become one of our star trading agricultural commodities. It has learned to do it well. It is one of the most efficient dairy industries in the world. That is pretty true of most of our irrigation industries and the way they deal with it in the basin, but it does not mean that they cannot be a lot better. It does not mean that within the basin there are not some very old methods of irrigation as well as the best. But we wanted to make the whole basin world’s best practice in terms of efficiency and use of water and production. And, given that we are the country in the world with probably the best reputation for providing clean, green food, we are going to be needed by the world.

We are buying properties as well as water without conducting socioeconomic studies on the effect upon the communities before we do so. As the department admitted at the last Senate estimates committee hearings, we also had about $1.5 billion to help areas restructure where efficiencies or gains were to be found or where we had no choice because the plan told us we had to buy there rather than just buy ad hoc, as Minister Wong and Kevin Rudd are currently doing. We wanted to go in there with a restructuring package if that money had had an effect. That has been wiped. I also believe that on-farm water is something that the minister cannot get her head around and does not want to.

Going through the states in this also worries me. We provide for their priorities rather than for the priorities to make efficiencies and savings in the Murray-Darling Basin. The industry has forgotten more about irrigation than state governments are ever likely to know. The most efficient and best run irrigation systems are those in New South Wales which are run by private companies in various guises. The most inefficient tend to be run by the state governments, be they in Queensland, New South Wales or Victoria. There are enormous gains to be made, but unfortunately no-one has waited.

As I am sure the shadow minister for climate change, environment and water, the member for Flinders, mentioned earlier, there are certain aspects of this amendment bill
that we believe we have to put to the Australian people and to the parliament for amendment. Earlier I mentioned the ad hoc buying, but I did not mention that the buying is happening through closed, secret tenders. You have to remember that we are not just talking about any old buyer; we are talking about the Commonwealth government coming in with $3.6 billion to buy water when up to this time the most that had ever been spent in one year was around $100 million. How in heaven’s name are they going to find the water to buy? But it really means they are the overwhelming force in the purchase of water and in the operation of the water market.

It being the case that the money is taxpayer money and it being the case that we are talking about people who have been stressed out over a long period of time, we have to have a totally open water market. It is essential in every facet of the irrigation industry. I have spoken to all the opposition members right around the basin and I have yet to find somebody who has not said that it is ridiculous, dishonest and totally amoral to have a water market where people do not know the value within it. I think Senator Wong has admitted that there has been a lack of transparency, but I am not talking about suddenly just telling at the end of a tender what everyone paid, be it $50 million, $500 million or $1 billion. I mean a market where every poor devil who has to sell water can look up his section of his particular valley—be it the Lachlan Valley, the Macquarie, the Macintyre, the Goulburn or the Murray—and see where the last sale of water in his section of the river was, what security of water it was, what the price was and how much water was sold. It does not have to say who owned it, but heaven! I think they have the right, with somebody coming in with a hammer like this, to know what the actual, true value of their water is.

There are two things we know about water: they are not making any more of it and it is not getting any cheaper. It can only get dearer. We are talking about the lifeblood of a lot of people and a nation. This is the food bowl of Australia. They come in with a secret tender so people do not know what is being paid—I do not mean at the end of tender but while a tender is going on. Every time someone signs up, that should be up there on the board just like it is in the stock exchange. We have a right to know, sellers have a right to know and other buyers have a right to know what the value of water is. That is different from what has happened in the past. Never before has someone come in and said, ‘I don’t care what’s happened before; I’m taking it all.’ If they are going to take it, they should damn well have to pay for it. They should have to pay top dollar for it and say what it is they are buying, how much and what security. It is not just the lives of individual irrigators involved here; it is communities and towns.

The current economic situation has made one thing very plain: times are going to get tougher. Of course they are; you do not need me to say that. Instead of simply going in with $3.6 billion, why would you not go in and say: ‘Let’s do what the original intent of the National Plan for Water Security was. Let’s go and, instead of spending $3.6 billion on buying, let’s invest it in the industry.’ Believe it or not, we are in a drought and, believe it or not, one day we will all get our water. When that happens, we will have the ability and the need to not lose the jobs which buying all this water will lose and to not kill off all the communities that buying $3.6 billion of water will kill off but to invest in them. Instead of taking jobs out of the Murray-Darling Basin, put some in there. Make an investment in the water industry to make it sustainable, to fix the rivers up
where they are fixable and to deal with the overallocation.

I am very proud to be the shadow minister for agriculture, fisheries and forestry. It may have escaped the notice of some on the other side of the House that nobody uses more water or is more reliant on it than agriculturalists, whether they are irrigators or not. Apart from the towns that live off them, the only people in the Murray-Darling Basin being targeted by the current non-plan—the buying—of the Rudd government are farmers. If the current Minister for Agriculture, Fisheries and Forestry will not stand up for farming, I certainly will. Nobody knows better than me that it is one of the best industries in Australia and it produces the best, the cleanest and the greenest food in the world. But in a few years time, after $3.6 billion worth of water is taken out of that industry, it will no longer have the opportunity to service not only Australia but the rest of the world with that food. If they are going to help states like Victoria steal water out of the basin, they are going to make it a lot worse. (Time expired)

Ms RISHWORTH (Kingston) (5.45 pm)—I rise today to speak in favour of the Water Amendment Bill 2008. This is one of the most important pieces of legislation most of us are likely to see. This bill is particularly critical for my own state of South Australia. After years of inaction and neglect it is the Rudd Labor government that is putting this historic, landmark law into place. This bill provides the legislative framework for the unprecedented agreement reached at the Council of Australian Governments in July this year. The importance of this agreement cannot be overestimated as it marks many firsts for the Murray-Darling Basin. For the first time ever, this bill will ensure that the Murray-Darling Basin is managed in the national interest and not for sectional interests.

The Murray-Darling Basin is the most significant combination of water systems in Australia and includes three of the largest rivers in Australia—the River Murray, the Darling River and the Murrumbidgee River—and covers over one million square kilometres. Ten per cent of our nation’s population live in the basin and millions of residents in the Adelaide metropolitan area rely on the Murray River for drinking water. In addition, the basin accounts for 40 per cent of the value of Australia’s agricultural output. This data highlights the huge significance of this water system to our country. Considering the importance of the basin it is extremely disappointing that previous governments have failed to take the necessary steps to protect this vital river system.

As a representative of South Australia I know only too well the dire situation that is now facing the Murray-Darling system. As the state at the end of the line, we are now seeing the result of years of overallocation of water and inaction by previous governments. The crisis has been severely exacerbated by an acute drought and climate change. The dire state of the Murray-Darling system has many significant impacts for South Australia, including for our irrigators in the Riverland and elsewhere that rely on the Murray. This also goes for the communities of the Lower Lakes, Lake Albert and Lake Alexandrina, and the Coorong, which are at the end of the river. The impact is also pronounced for the city of Adelaide. Residents rely heavily on the River Murray for water for critical human needs. They rely on it for drinking water.

The bill before the parliament today and the agreement struck through the COAG process will for the first time in our history establish a single body which will have the responsibility for oversight of the Murray-Darling Basin. The new body will be called the Murray-Darling Basin Authority and will
bring the existing Murray-Darling Basin Commission and the Murray-Darling Basin Authority into one. This independent authority will be responsible for developing a basin-wide plan and will report to the Commonwealth minister for approval. The government has appointed Mr Robert Freeman as the first chief executive officer. He previously headed up the Department of Water, Land, Biodiversity and Conservation in my home state of South Australia and has extensive experience in handling the Murray-Darling Basin.

The new Murray-Darling Basin Authority will be charged with administering the basin in the national interest. One of its first tasks will be to set a scientifically based cap for the basin on how much water can be extracted from the system—both surface and groundwater. After 100 years of overallocation of water from the system this will be the first time that this has occurred—a move that finally recognises that the whole system is connected and does not start and end at state borders.

Of critical interest to South Australians is the part of the bill that enables the Basin Plan to provide arrangements to provide for critical human needs, protecting drinking water for communities along the river. Earlier in this debate the member for Riverina reminded us not to forget the people in this debate. There can be fewer greater calls on us as a community than to provide safe, clean and affordable drinking water for everyone, for all people in our communities. In the southern suburbs of Adelaide the most significant holding of drinking water is at the Happy Valley Reservoir, which has a capacity of 11,600 megalitres.

I recently visited the Happy Valley Reservoir with the Prime Minister and we talked to a number of people working there. These employees estimated that over the last year 90 per cent of the reservoir water has been extracted from the Murray River, illustrating the significant reliance that Adelaide has on the Murray during periods of extreme drought. Protecting the one million-plus people who rely on drinking water from the Murray River should be and is the government’s priority. The previous government left Adelaide high and dry when they failed to implement a plan that addressed the important issue of an adequate supply of drinking water. However, securing Adelaide’s drinking water is not the priority of the Liberal opposition, and the member for Murray in her press release dated 27 March criticised the Rudd government for making human critical needs a priority, saying:

There is further worry when Mr Rudd declared that human consumption of the Murray system water is to take precedence over all other water uses. Does this mean that when Adelaide squeaks, irrigation systems shudder?

This statement shows a reckless disregard for the city of Adelaide and other communities that rely on the Murray for drinking water.

The bill before us today and the funding associated with the changes are part of the Rudd government’s wider water plan, Water for the Future, the $12.9 billion plan to secure the water supply for all Australians. The Water for the Future plan addresses four key priority areas: taking action on climate change, using water wisely, securing water supplies and supporting healthy rivers. To help immediately, the Rudd Labor government, for the first time in the nation’s history, is spending $3.1 billion to purchase water entitlements from willing sellers, returning water to the system and increasing environmental flows, giving our rivers a greater share now and when it rains. At the beginning of this year, the Rudd Labor government moved swiftly to purchase $15 million of water entitlements along the basin. We have heard some concern about this measure
within this debate. However, there has been extremely strong support expressed for our government’s decision to buy back water to help the Murray-Darling system. This was expressed at the many functions and forums I go to within my electorate and, most importantly, at the community cabinet which was held in my electorate at Hallett Cove.

Residents in my electorate also have welcomed the landmark announcement to assist the New South Wales government to purchase Toorale Station, including entitlements of up to 14 billion litres of water. The buying back of water entitlements will deliver significant boosts to environmental flows in the Darling River. The action taken by the Rudd government is in stark contrast to the divided and incoherent policy positions of the opposition when it comes to buying back water entitlements for the Murray-Darling Basin, and I think we have heard that in this debate.

The opposition, over the last few months, have had many positions when it comes to buying back water. Let us just have a quick look at some of these positions. Position 1 of the opposition was proposed by the member for Sturt on Adelaide radio. He suggested that the government should spend more money on buying back water. The second position was announced in a press release by the member for Calare, who stated that water buybacks were ‘meaningless’. The member for Wide Bay, in a press release, advocated position 3, which was a scare tactic statement that shoppers would pay more if the government was to buy back water. Position 4 was advocated by the previous Leader of the Opposition, who went further than anyone in suggesting that we should compulsorily acquire water entitlements. Finally, the shadow minister for the environment suggested in a doorstop interview on 29 April, which I assume is position 5, that buybacks would not work.

These many positions show just how divided the Liberals are. It seems that there is one message coming from the opposition downstream and another from the opposition upstream. This haphazard approach from the opposition demonstrates exactly why this legislation is so necessary. This unseemly back and forth illustrates what has been wrong with the previous system. Every group, every state, every landholder and every community has their own interests at stake and, naturally, they would like to see their interests protected. But that has meant that things have not been happening in the national interest. The overall interests of the basin have not been paramount. We need to move beyond this approach of everyone looking out for their own interests at the expense of the long-term health and vitality of the river system. That is why the Rudd Labor government is getting on with the job of increasing the amount of water in the system. While the opposition squabbles over whether they even support water buybacks, we are actually doing what is necessary—sitting down with other governments and sorting this out once and for all.

Those living along the River Murray system are suffering with the drought that is ravaging the area. However, it must be recognised that those communities at the end of the Murray-Darling system are doing it tough. Those communities around the Lower Lakes in South Australia have relied on the water in the lakes not only for irrigation but also for domestic use. The sites are, of course, also of immense environmental significance. The Rudd government has announced significant money to help these communities by providing $120 million for an integrated network of pipes to service the township communities and irrigators currently reliant on the Lower Lakes. In addition, the government has provided an extra $200 million to the South Australian gov-
ernment to be invested in a long-term response to the environmental problems facing the Lower Lakes and the Coorong.

It is the Rudd Labor government that is acting now when it comes to the Murray-Darling Basin for the short term, for the medium term and for the long term. We are not going to rely just on quick fixes—no more passing the buck; no more saying it is up to someone else to sort this out. The Rudd government is providing national leadership. We are not trying to play politics with this issue, running around telling each constituency a different answer, a different solution, and telling each community that they are No. 1. We are saying the Murray-Darling Basin is No. 1. Protecting the entire basin for the future is No. 1. It will be cold comfort to particular communities if they get a disproportionate share of water in the short term, only to find the river system is degraded beyond repair. What will it profit anyone to have ample water now if the whole river system is a disaster? It will be a short-term, shallow victory from which we all suffer in the long term.

More than anything else, we need rain. We need vast amounts of rain to fall throughout the country and to flow down our rivers, but we cannot make it rain. I should probably qualify that statement: most of us believe that we cannot make it rain. Perhaps an exception is the Leader of the Opposition, who, as the previous shadow minister for the environment, thought he could make it rain by spending $10 million on scientifically dubious Russian cloud-seeding machines against departmental advice. However, the Rudd Labor government is focused on what we can do, and what we can do is put in place the long-term water infrastructure that is required. What we can do is put the right framework in place. That is what we are doing—establishing a national authority with the responsibility of administering the basin in the national interest. We are investing billions of dollars to do what needs to be done—buying back water entitlements, improving water harvesting and making water use more efficient both in the basin and outside of the basin.

We are also investing in alternatives which can help alleviate the pressure on the Murray-Darling system. The Rudd Labor government has invested $1.5 billion in infrastructure which will use water more wisely and efficiently from other sources. This includes water recycling, desalination, stormwater harvesting and grey water reuse. Projects to use water more efficiently have already started in my electorate of Kingston. In April this year, the Minister for Climate Change and Water, Senator Penny Wong, announced formal funding of $34 million for the Water Proofing the South project, a large-scale water recycling project run by the City of Onkaparinga. These projects will enable high-quality recycled water to be used in industry, gardens and playing fields rather than mains water.

In addition, the Rudd government has announced a further $3.5 million to help 120 McLaren Vale irrigators to move from mains water to recycled water. This project aims to substitute 780 million litres of mains water with recycled water. The funds will provide grants for irrigators to cover the costs of connection to recycled water and also the water licence fee. Using recycled water from the southern suburbs of Adelaide is not only important to reduce our reliance on the Murray-Darling system but will also improve the health of the Gulf of St Vincent, which suffers significantly from the discharge of high-nutrient water.

These types of projects are possible because of this government’s significant commitment to invest in water infrastructure. The Rudd Labor government has committed $1...
billion for the National Urban Water and Desalination Plan, $250 million for the National Water Security Plan for Towns and Cities and $250 million for the National Rainwater and Greywater Initiative. The bill before us today also provides for a more uniform approach to regulation by extending the ACCC’s regulatory role, which will improve the functioning of the water market in the Murray-Darling Basin.

The need to provide for future water needs is one of the most fundamental duties we have as a parliament. The Rudd Labor government is not prepared to sit back and let the river system deteriorate beyond salvation. We are not prepared to allow for the years of neglect and petty toing and froing to continue. This government is acting now. We are putting in place the framework needed to run the Murray-Darling Basin in the interests of all Australians. We are backing that up with massive investments to achieve better water conservation and environmental flows. Let us not miss this opportunity. It is the Rudd government that is making the most significant change in water management since Federation and also laying the groundwork for the future health of our great river system. Therefore, I commend the bill to the House.

Mr BRUCE SCOTT (Maranoa) (6.02 pm)—I rise to speak on the Water Amendment Bill 2008. I come to this debate representing the seat of Maranoa in Queensland which covers almost the entirety of the Murray-Darling Basin that is in Queensland. The only exception to that is a small area around the city of Toowoomba which is represented by the member for Groom.

Listening to the previous speaker and to the speeches of others from the other side of the House, you would wonder whether anything had happened over the last 10, 15 or 20 years in relation to the Murray-Darling Basin. There has been a great deal happen in relation to water entitlements and efficiency measures, and I want to commend the actions of so many farmers who have invested heavily in water efficiency measures. No farmer wants to waste water. They know it is one of the most valuable resources they have, particularly if they are involved in irrigation.

My life has involved being in western Queensland, where water is a critical issue. In the last 10 years we have seen a drying up of many parts of the basin of the Darling and the Murray. It has been part of a long cycle of drought. Anyone who understands or who has taken the time to look back through the records of rainfall patterns dating back to the late 1800s or read any of the history in the diaries of the early explorers who went into many parts of what we now loosely call the Murray-Darling Basin would know that there have been many times throughout history that the Darling and, at times, the Murray riverbed have been dry. The Murray has not constantly throughout history had water flowing through it. There are stretches of the Darling River system that the early explorers can tell us about, and their diaries are worth reading because they provide us with invaluable knowledge of what happened long before this parliament and of course the Federation of the Commonwealth of Australia were established. It is important to draw on that knowledge of the experience of the early explorers and of the settlement that has taken place since European settlement in Australia in many parts of the Murray and the Darling system.

I talk deliberately of the Murray and the Darling systems because they are two totally different ecological systems. The Murray system that I like to refer to, from the Lachlan River in the south, largely gets its rainfall and its water from either melting snow or a Mediterranean type of winter rainfall pattern.
North of that, the Darling River system travels through some of the most arid lands in New South Wales. Once you get south of Bourke and down through Louth and Tilpa you are on the edge of desert. North of that, largely in my own electorate of Maranoa, the water can come from an area with an average rainfall of eight to 10 inches per year, in the old measurement scale, up to catchment areas with up to 25 to 30 inches of rainfall on average. So the Darling system is totally different, albeit that the two systems connect below Menindee Lakes. We talk, though, of the Murray-Darling Basin. I think it is time for it to be recognised as the Darling system so as to avoid confusion when people in the cities read the newspapers or see the headlines at night on the news and so they can gain an understanding, as I am sure many Australians want to, about the Murray system and its importance to Australia both ecologically and as a food bowl, as well as the importance of the Darling system as a totally different ecological system, albeit that they have a common point many kilometres south of Menindee Lakes.

I want to put some facts into this debate and put them on the public record. We hear a great deal from the other side, much of it ill-informed. I often wonder about the people who are speaking here. They talk about their own electorate in Adelaide or somewhere in Melbourne. Sometimes we get speakers from the city of Sydney. I welcome their comments, but it is important that we look at the facts. On the Murray and the Darling, which make up this basin, let us have a look at each state’s usage of water from the system as a percentage of the total average annual run-off in that state. In New South Wales, for instance, there is something like 11,295 gigalitres of run-off available on average each year. South Australia has an average annual run-off in this system of 132 gigalitres and uses six per cent of the total run-off. Queensland has 3,104 gigalitres per year on average over a long period of time and uses five per cent of the run-off of water into the systems. The ACT, where we are now, uses less than one per cent. It is obviously a very small area. In fact, it has an average total usage of 0.3 per cent.

It is important to get those facts on the record in order to have some idea, when we talk about Queensland being some bogey and an overallocated state, that five per cent of the average run-off in Queensland is used for domestic purposes and irrigation. By comparison with Queensland, which uses 584 gigalitres in total per year on average, the Menindee Lakes lose 700 gigalitres per year to evaporation through very inefficient storage of water for Broken Hill. It is not all for Broken Hill, but I lay that on the public record here to put a few facts, rather than myths, on the table about the way Queensland and successive Queensland governments have allocated water for farmers and for town and domestic use along the river systems in Queensland.

I want to talk about the catchment management authorities that we have in Queensland in my electorate and to commend to this government those catchment management authorities, the people involved in them, the knowledge that they have, the research that they have done and the understanding that they have of the local ecology. It is an invaluable resource. I say to the minister and the Prime Minister: do not sit in Canberra, turn on your computer, look up some science and say, ‘We know all about this.’ Go out to these catchment management authorities. Draw on their knowledge. Draw on the knowledge of the local councils and
the councillors, who are there for the well-being of their own community. Draw on the knowledge of the local farmers, because they have a vested interest in the sustainability of the river systems.

I will mention the Food and Fibre people in Goondiwindi on the border between New South Wales and Queensland. Funded by locals, they indeed have a wonderful knowledge, and I urge the minister to consult with them. Smartrivers at St George is, once again, funded by local farmers because they are interested in the sustainability of their operations and, of course, of the river systems there. There is the Condamine Alliance up near Dalby and, of course, we have the Murray-Darling Basin local government bodies, one in Roma and one in Toowoomba in my own electorate. So I say to the minister and the government: do not sit at a computer here in Canberra. Go out and meet these people and draw on their knowledge or bring them to Canberra and sit down with them, because I can assure you that they have valuable knowledge and a vested interest in the sustainability, including the ecological sustainability, of the river systems in their area.

I want to touch on buybacks. We have recently seen the federal government buy Toorale Station at Bourke. We heard the previous speaker talking about the amount of water that it will provide for the environment in that area. But it was not an open and transparent process; it was not at open auction. They went in the night before and bought from a private company. I know Senate estimates will want to tease out the information as to what was bought, who bought it, who inspected the property and what sort of compensation will be made available to the local community of Bourke because of the loss of 100 jobs directly through the purchase of that property and the shutting down of what was a very valuable producer of both food and fibre, not to mention, of course, the value to the local economy of Bourke. It was not a transparent purchase but one done behind closed doors the night before the property went to public auction.

I want to talk about an investment in water efficiency. I was talking to a farmer in my electorate recently about how he has, as many have, invested in water efficiency. They have gone to the trouble of laser levelling their property and making sure that any run-off on the property is caught at the other end so that you do not see any residue that might have otherwise ended up in the river system. It is all recycled and put back through the property. Once these properties have their fields laser levelled, if it is a flood irrigation system the water will run evenly down the property rather than lie in pools and waste water and overwater in some cases. There has been a huge investment in water efficiency by farmers.

I was talking to a farmer who has moved from flood irrigation and some spray irrigation to microspray irrigation. He has gone from using water for a summer crop or a cotton crop to using microspray for growing vegetables. And by that investment in water efficiency he has gone from using seven megalitres per hectare to grow a cotton crop, a grain crop or a pastoral crop to using 0.7 megalitres per hectare to grow vegetables. That is the extent to which farmers understand the importance of water efficiency. Just think: even if we take that as one megalitre per hectare, there are seven megalitres per hectare being saved. That could be used for environmental flows or it could be shared between the environment and further expansion of irrigation in that area based on that efficiency model. So, quite to the contrary that farmers are not out there investing in efficiency, that model quite clearly shows that if the government were prepared to invest in water efficiency they would deliver
water to the environment and for farmers in a more efficient manner. They should have been doing things like that, rather than going in on the night before a property went up for auction and, in the dark of night, signing a secret agreement with the state of New South Wales to buy Toorale Station at Bourke.

I want to touch on the issue of food security. We talk about environmental flows; we hear it all the time from the other side, and farmers, communities and local governments are committed to that end. But what about food security? The World Food Organisation, based in Rome, has said that within the next 20 years the world has to double its food production or we are going to see large populations go without and starve. Food security, I believe, ranks alongside energy and water security. I want to see more debate in this House about the need for this nation to ensure that in the long term we are addressing the issue of food security.

It is our farmers who are going to provide the basis for that food security in Australia. Their knowledge and expertise will be invaluable in providing the clean, green food that this nation has so often taken for granted. We have seen recently the costs of groceries going up in Australia as a result of greater global demand on commodities. Whether that will be sustained in the long term, I am not quite sure. But I know that Australians for generations have had some of the cheapest—the most affordable—and cleanest food in the world. It is important that we look at that into the future.

I spoke last night in the adjournment about the Premier of South Australia accusing a very hardworking farming family near Eulo on the Paroo River of being linked to a terrorist because the farmer was alleged by a scientist—one of these experts sitting in the leafy suburbs of Sydney—to have put more water investment on his property than he was allowed to. The Department of Water Resources in Queensland, as I said in my speech last night, has been out there and they commended this farmer for the way that he is using water. He is not in breach of any moratorium. It infuriates me when we get these statements and people start finger pointing at others out of ignorance and with no knowledge. So often, it is by people who have never even taken the time to go out to the Murray-Darling river system. If they do, they go to a spot on the river where they can get a great snapshot for the front page of the local paper or maybe the national paper or the national television. I am happy to take any member from either side of this House out into the back of my electorate. We will spend a few days there and I will show you some wonderful farmers. I will show you some science that is being done at a local level with knowledge input from communities. It is important that we speak more from understanding rather than politically finger point in ignorance of what some farmers or communities are doing, because it is ignorant and it is an embarrassment for me to hear some of these people talk in the manner that they have—particularly the Premier of South Australia and a scientist from Sydney.

The lower Balonne River farmers fund what they call Smartrivers. In Queensland, as opposed to other parts of Australia, the storages are owned privately. To give you an example of what they do in the lower Balonne River system, their allocations are event based allocations. They are based on the amount of water and the time of year; it is not just that there is water flowing so that they can harvest. This year, out of those privately owned storages, the federal government was able to buy 10,000 megalitres of water and send that down to the Narran Lakes to ensure the survival of the second hatchings of an endangered bird species. If it were not for those storages owned by those.
farmers, that second hatching of birds would have perished. Mr Acting Deputy Speaker, my time to speak in this debate is about to expire. I will be supporting the position put by our side of the House, but I wanted to put some very important issues on the record.

(Time expired)

The DEPUTY SPEAKER (Hon. Peter Slipper)—Before I call the honourable member for Wills, I would like to remind all honourable members that the correct means of address for the occupant of the chair is Mr Deputy Speaker or Madam Deputy Speaker, unless of course Mr Speaker himself happens to be in the chair at the time.

Mr KELVIN THOMSON (Wills) (6.23 pm)—Thank you, Mr Deputy Speaker. It is hard to imagine a clearer example than the question of water policy to substantiate the proposition that the Liberal Party creates problems and engages in divide and conquer politics while the Labor Party brings people together to solve problems. The Water Amendment Bill 2008 before the House represents a historic agreement for the long-term reform of water management in the Murray-Darling Basin. It introduces a new set of cooperative arrangements between the Commonwealth and states so that governments, industry and community can tackle water scarcity and water security. The Murray-Darling Basin Authority created by this bill will have the autonomy to prepare a Basin Plan, the first ever single basin-wide water resource management plan. The Basin Plan will take account of future climate change and address the legacy of past overallocation. Labor wants to tackle the consequences of climate change and tackle the problems of overallocation of water from the Murray-Darling Basin to irrigators.

Contrast this constructive, forward-looking attitude to solving this nation’s serious water problems with the undermining efforts of the Liberal and National parties. About four weeks ago the Victorian Liberal Party horrified the business community by coming out against the Victorian north-south pipeline. This is a win-win pipeline which improves water supply both for regional communities and for Melbourne. The Liberals oppose it. And in his first week as opposition leader, Opposition Leader Turnbull allowed the member for McMillan to ask a question opposing the desalination plant at Wonthaggi. This plant is an important part of the planning for Melbourne to continue to have drinking water, given Melbourne’s rapidly increasing population and the change which has occurred to Melbourne’s climate by way of reduced rainfall.

It is the same with the Murray-Darling. The Australian and New South Wales governments spent $24 million to jointly acquire the Toorale property to restore flows in the Warrego River to the Murray-Darling Basin. This move was welcomed by farmers downstream of Toorale Station. It was welcomed by water experts. It was welcomed by environmentalists. But was it welcomed by the opposition? No. The National Party member for Calare and the member for Maranoa, who just spoke, said that the move would remove a productive property from the food chain. The member for Calare said that the economy of far western New South Wales had ‘taken a massive hit’.

There is a common theme here. When it comes to water issues, from Melbourne to the Macquarie Marshes the Liberal and National parties created this nation’s water problems through their overallocations and inaction. They have no solutions for this nation’s water problems and when Labor come up with a solution—whether it is a pipeline or a desalination plant or an irrigation property purchase—they run interference on our solutions. The attitude of the Liberal and National parties towards water problems is a
terrible shame. It has damaged the Murray-Darling and it still stands in the way of improving the situation. This is regrettable, even disgraceful, given just how serious the problems of the Murray-Darling are.

I have been pointing out these problems in the House for over seven years and during that time the health of the river system has continued to decline. The Murray-Darling Basin Commission advised me in August this year that average annual inflows to the River Murray system over the period 1891 to 2007 were over 11,000 gigalitres. In 2006-07, inflows to the River Murray system were approximately 1,000 gigalitres—only nine per cent of average annual inflows. It is worth noting that the Murray-Darling Basin Commission says:

Findings to date suggest that large scale drivers of south eastern Australian climate are already being affected by global warming, reducing rainfall and runoff in the southern Basin and Victoria.

It is important that members opposite wake up and realise what is going down here. We have members opposite who still do not believe that carbon emissions are causing changes in the world’s weather, or who think we do not have to worry about this till next century. The National Party member for Calare said in parliament:

We were not going to make long-term decisions based on a six- or seven-year drought.

He and other members opposite say that the only problem is that there is a drought on and we are not getting enough rain. Just what does he think climate change is? It is when your climate changes and you do not get the rain you used to get. I wish Bill Clinton, who famously said to the Republicans, ‘It’s the economy, stupid,’ was around to listen to the Murray-Darling debate. I am sure he would tell some of those opposite: ‘It’s climate change, stupid,’ or ‘It’s global warming, stupid,’ because they just don’t get it.

The present situation facing the Murray-Darling is very, very dire. Acid sulphate soils, referred to as the ‘cancer of the Murray’, are present in the Lower Lakes in South Australia, in northern Victoria, in south-western New South Wales and in southern Queensland. In Queensland it has been reported that 12,000 wetlands are at risk. The Coorong and the Macquarie Marshes have been trashed and turned into basket cases. I, and I am sure other MPs, have received desperate correspondence from Mr Bill Barton, a Hindmarsh Island farmer and real estate agent, and from the Marina, Hindmarsh Island, imploring us to take action to tackle the overallocation of water to upstream irrigators and to save the Lower Lakes and the Coorong. In August, thousands of people gathered at the mouth of the Murray at Goolwa to call for action to save the stricken Lower Lakes. We read articles about the Coorong headed ‘Death of a Ramsar site’ and ‘Death of the Coorong’, noting the catastrophic decline in numbers of birds and fish. We read that the level of the Lower Lakes has now fallen to 50 centimetres below sea level. If it continues to fall and the lake beds are exposed, they will become irreversibly acidic and toxic. There has been an 85 per cent reduction in shorebirds in the Coorong since 1985. It is a dramatic decline in just 20 years, and I commend the work of the Adelaide academic Dr David Paton, who has been drawing this unfolding debacle to our attention for years.

The Macquarie Marshes, another Ramsar listed wetland, has gone the same way with declines in wetland vegetation and decreases in the number and diversity of wetland birds. The Humane Society International reports that the wetland vegetation of the southern Macquarie Marshes is almost completely dead and that of the northern region of the marshes is barely surviving. I commend the work of the New South Wales academic Pro-
Professor Richard Kingsford who, like Dr Paton, has been drawing this unfolding debacle to our attention for years.

But while the Murray-Darling has deteriorated the Liberal Party, through front groups like the Institute of Public Affairs and the Australian Environment Foundation, has tried to undermine efforts to save it. The Institute of Public Affairs employs senior Liberal Party personnel like John Roskam and Mike Nahan. Its board contains former Liberal Party ministers, Alan Stockdale and Rod Kemp, son of the Institute’s founder, Charles Kemp.

In June 2004 it was revealed that Australia’s largest irrigation company, Murray Irrigation Ltd, had contributed $40,000 to the Institute of Public Affairs. The director of the IPA’s environment unit—quaintly named because it is actually an anti-environment unit—Jennifer Marohasy, is reported to have played a critical role in persuading a government committee to overturn recommendations to increase the volume of water released into the Murray River. In June 2006 Bill Hetherington, who had been chairman of Murray Irrigation Ltd from 1995 to 2005—that is, the period when Murray Irrigation Ltd was a major funder of the IPA—was appointed to the IPA’s board of management. So the Institute of Public Affairs, a Liberal Party front, was getting corporate dollars to run junk science about the Murray River claiming it was all right and did not need action by way of environmental flows. They should hang their heads in shame at their role in this debacle.

But Jennifer Marohasy continues to undermine efforts to save the Murray. She is opposing the Victorian state government agency, the Victorian Environment Assessment Council, recommendation that 100,000 hectares of river red gum forests along the Murray be converted from state forest to national park. For the record, I support the establishment of the Barmah, Gunbower and other national parks recommended by the Victorian Environment Assessment Council and I commend the Victorian National Parks Association on its efforts to secure a very significant nature conservation outcome for the Murray River.

I also want to congratulate Dr Arlene Buchan from the Australian Conservation Foundation and Amy Hankinson from the Inland Rivers Network for the great work they have done to try to save the Murray-Darling. I have no doubt that, if more attention had been paid to what they have been saying over the years, this mighty river system would be in much better shape rather than reliant on the life support it is now on. The Lower Lakes and the Coorong would be in much better shape, the Macquarie Marshes would be in much better shape and Adelaide, which depends on the Murray River for its drinking water, would be in much better shape.

Members opposite have sat on their hands and allowed this tragedy to happen before our eyes. The purpose of the Water Amendment Bill 2008 is to amend the Water Act 2007 to give effect to the intergovernmental agreement on Murray-Darling Basin reform signed by the Prime Minister and the first ministers of each of New South Wales, Victoria, South Australia, Queensland and the Australian Capital Territory at the July 2008 meeting of the Council of Australian Governments. The reform intergovernmental agreement has also resulted in the negotiation of a revised Murray-Darling Basin agreement, which will come into effect at the same time as this bill commences.

The bill will enable water resources in the Murray-Darling Basin to be managed in the national interest, optimising environmental, economic and social outcomes. The bill
complements the Commonwealth government’s $12.9 billion Water for the Future plan announced by the Minister for Climate Change and Water in April. It relies on the Commonwealth’s constitutional powers and a referral of powers to the Commonwealth by New South Wales, Victoria, South Australia and Queensland to enact certain measures which include transfer of the current powers and functions of the Murray-Darling Basin to the new Murray-Darling Basin Authority, strengthening of the role of the Australian Competition and Consumer Commission and enabling the Basin Plan to provide for critical human water needs.

This bill delivers on a Labor election commitment to bring the Murray-Darling Basin Authority and the Murray-Darling Basin Commission together into a single body known as the Murray-Darling Basin Authority. It will be an expert agency with functions and powers, including enforcement powers, that will ensure sustainable and integrated management of basin water resources. It will establish arrangements for securing critical human water needs for people dependent on the River Murray. Murray-Darling Basin regions will benefit from improved strategic water planning and management arrangements that will reflect the interests of the basin as a whole.

The coalition has never embraced a holistic solution to the crisis in the Murray-Darling Basin. For example, the member for Farrer said to the parliament in 2003:

I would like to see our own agriculture department detach itself from the environmental debate somewhat and conduct some critical analysis of exactly what these proposals mean—referring to conclusions of the Wentworth Group of Concerned Scientists—to agriculture and what threats they pose to agriculture.

Of course under the policies championed by the member for Farrer agriculture in the Murray-Darling has suffered greatly. We had the now Leader of the National Party answering a question from the member for Farrer in the parliament in 2003. He said:

The Labor Party policy is essentially to take 1,500 gigalitres off irrigators in country towns and just flush it down the river—who knows where, who knows when and who knows why? …

What an appalling ignorance he displayed of the significance of environmental flows. This is the kind of attitude which has brought the Murray to its knees. The former Leader of the National Party, Mark Vaile, in February 2007 said:

The member for Grayndler says that the Murray needs a drink but he does not acknowledge that there is a drought on. In one of the comments he made in this speech he said: ‘Labor firmly believes the overallocation of water licences is a primary source of the water crisis.’ The primary source of the water crisis is that there is a drought on! I do not know whether you had noticed, but there is a drought on!

This is the kind of attitude which has brought the Murray to its knees. We had the member for Calare in parliament in September saying:

We had a plan that was going to be sustainable. … We were not going to make long-term decisions based on a six- or seven-year drought—and that is what it is. There have been droughts this long before and there will be droughts again.

The member for Calare said on ABC radio Central West in June this year that rain ‘is the only way we’re going to get out of the present dry situation for the rivers’. This is the kind of attitude which has brought the Murray to its knees. This is the kind of policy which has given us salinity, algal blooms, declining water birds, dying river red gums, and a Murray mouth which is on life support.
Mind you, the coalition is not above speaking with a forked tongue, saying different things to different constituencies. We had the member for Sturt saying on Adelaide radio in March that there should have been a billion dollars being spent on returning environmental flows in the Murray-Darling Basin. But as soon as we spend a dollar on it, the member for Calare attacks us.

Science is telling us quite clearly that climate change along with overallocations is putting significant stress on our rivers and the aquifers, and this is no more apparent than in the current condition of the Coorong and the Lower Lakes. Decades of regulation and overextraction of water from the river have reduced freshwater flows. This has been exacerbated by global warming, and as result the ecological character of these internationally significant wetlands is seriously threatened. All but one indicator of ecosystem health is negative and getting worse, including those of native plants, turtles, fish, frogs, birds and everything else that relies on the unique ecosystem for its feeding and breeding habitat.

The situation in the lakes will deteriorate further if prompt intervention is not undertaken, for without sufficient water allocation we will not have ecosystem recovery from the current adverse effects. This sort of change will take years or decades to recover from. Extensive ecological changes have already occurred that have prompted Dr Kerri Muller, an expert on the lakes and Coorong, to warn of an Aral Sea of the south eventuating if urgent remedial action is not taken.

The Australian Conservation Foundation has put forward a proposal identifying six properties that could be purchased by the Commonwealth, New South Wales or Queensland governments which are strategically important to the Darling and Murray rivers. These properties could provide at least 300 gigalitres in the short term to address the immediate crisis in the Lower Lakes and Coorong, and over 400 gigalitres could be recovered each year on average for the Darling and Murray rivers for years to come.

This targeted water purchase approach and release would be timely as there would be minimal losses incurred in moving the water through the river system now due to lower evaporation rates over winter and less seepage due to recent floods. Purchasing the full water entitlements from a property, or purchasing the whole property including its entitlements, will have double benefits by helping a seller exit the industry—or their business, if desired—and also enabling the removal of banks and channels that are funneling water away from the rivers.

The unfolding ecological crisis in the Ramsar listed lower Murray lakes and Coorong needs to be addressed as a matter of urgency to avoid consigning these environmental treasures to the graveyard. The Australian government is buying water entitlements from willing sellers in the water market—and the member for Maranoa was objecting to this process, but that is what it is—in order that overallocation is addressed and so that rivers and wetlands will receive more water when it is available.

Unlike the coalition, the Labor government has its policy house in order, and this bill represents another step in addressing the policy challenge of securing a sustainable water supply in the face of a changing climate and the pressures of economic development. The Australian people want action to save the Murray-Darling Basin. The Commonwealth is responding with practical measures to relieve the stress on the rivers and confront, through cooperation with governments, industry and the community, the
challenges of water scarcity and water security that will deliver a sustainable future.

The Murray-Darling Basin has suffered significantly after years of neglect and mismanagement, and as a result is under enormous strain that is adversely affecting communities, industries and the natural environment. This bill heralds an era of national leadership whereby cooperation and collaboration between Murray-Darling Basin governments is the order of the day, and where basin-wide water resource management and reforms to the governance arrangements of the river system will secure its long-term future.

It is absolutely critical that this problem is tackled with a real sense of urgency. We have had decades of neglect and inaction. We have had people pretending that the problem did not exist, that the River Murray was okay. We have had people saying it is someone else’s fault to fix and people in one state blaming people in other states and saying, ‘Everyone else needs to lift their game.’ The truth is we need cooperation, we need national leadership and we need to understand just what a priceless asset the Murray-Darling Basin is for this country—its agriculture, its industry and its environment. All of these things are of inestimable value to us as a nation and as a community and we need to put our shoulder to the wheel to save the Murray-Darling Basin. I commend the government on bringing this bill before the parliament.

Mr SECKER (Barker) (6.42 pm)—It seems as if all the speakers from the government are singing from the same hymn sheet, because they have all repeated the fallacy that this bill, the Water Amendment Bill 2008, allows the government to create a Basin Plan. It needs to be pointed out that this is false, because you as a government have been able to formulate a Basin Plan since the legislation was formed on 3 March this year. So there has been nothing stopping the government from forming a Basin Plan. In fact, they have had seven months of inaction. I believe this is one of the great problems of this government—the inaction and the half-measures of the proposed Murray-Darling Basin Authority.

There is no doubt there is a need for a single authority with all the powers referred to that authority and no veto by the state governments. Unfortunately, we have no longer got that single authority. The state governments will still have the ability to veto actions of this authority, so it is not really much different from what we have now with the Murray-Darling Basin Commission.

The River Murray flows 500 kilometres or so through my electorate of Barker. I represent all of the Murray River in South Australia. I represent all of Lake Albert, I represent about half of Lake Alexandrina—because the border goes through the lake—and I represent all of the Coorong. This river supports agriculture, tourism, leisure, commercial fishing and irrigated produce which is consumed by both Australians and people overseas.

In speaking to the Water Amendment Bill 2008, I note that South Australia is mentioned 164 times in the bill and I think 12 times in the explanatory memorandum. It is indeed a critical bill for the state of South Australia and certainly for the electorate of Barker. I might add that I live within walking distance of the Murray River, so I do have a very important interest in the whole Murray River, not just because I represent it.

Whether you see the Murray-Darling Basin as Australia’s food basket or perhaps the nation’s agricultural heartland, the Murray-Darling Basin has long been a vital part of the agricultural landscape. But the river systems are in crisis, threatening the environ-
mental health of the region and in turn those industries that rely on the flourishing river system. In recent years, one of the worst droughts in memory has compounded long-standing water availability issues, resulting in water inflows over the past two years at an all-time low—it was certainly lessening even before that—and now we have devastating environmental problems. Whether the severe drought over the Murray-Darling Basin is as bad as the Federation drought over 100 years ago is arguable. What is not arguable is that extraction from the Murray is much greater now and under present climatic conditions is not sustainable at previous rates of extraction. Hence we have the low allocations for irrigators. For example, in South Australia all the allocations are at 11 per cent which is simply not enough to keep many of the crops such as the orchards, the vines, the almond trees and so on alive.

The Murray in normal times is responsible for about 40 per cent of our food production. Hence we now have the problem of food security facing us. Of late, some commentators question the future of agriculture in the region. I am not one of them. I know that farmers and growers are an incredibly adaptable group of people whose ability to use less water is going up exponentially. However, there is a limit at which technology and improved infrastructure can no longer sustain food production in the face of lack of water flows. We could, of course, import food but that is not a desirable path for Australia to take in both economic terms and environmental terms.

Sadly, the water crisis has pitted state against state and irrigators against environmentalists. Irrigators will continue to come under pressure from environmental groups who will want the environment saved possibly at the expense of our food security, possibly at the expense of our wealth production and possibly at the expense of our job security and local communities.

It has taken much too long for the Rudd Labor government to take action. Their response to date in the meagre purchase of a few water licences does not necessarily guarantee water. They fail to understand that a licence only means an allocation when there is some water in storage. Although entitlement is expressed in megalitres, entitlement is not water; it is a share of the available water resource. So, if there is no water resource, buying up entitlement simply results in zero deliverable water to the holder of the entitlement.

Minister Wong’s department spent $50 million of taxpayers’ money on water buy-back—$50 million for about 10 swimming pools of water. Most of what they have bought is general security water. As a result, no water was returned to the Murray-Darling and smart farmers have pocketed $50 million for air space in empty storage dams. So there is nothing for the environment at a cost to taxpayers of $50 million. In any case, the price offered for water was much too low. All they got was water from those irrigators who have no money left, no income due to low or no allocation and the bank banging on their door. These people now have lost a large part of their ability to earn an income as any future crops they grow will rely only on rainfall.

Water really cannot be used twice—that is, for irrigation and, secondly, for environmental flows. That might seem an obvious statement. Keeping water levels up certainly does have environmental benefits and we can see what happens when we have lower water levels as we have below Lock 1. Below Lock 1, we are seeing the effects of low river levels, where cracks appearing in the soils nearby are large enough for cows to break their legs in and make it downright danger-
ous to ride a motorbike on. Access to water for irrigation is extremely limited, let alone the cost of buying the water if you can get to it. Acid sulfate soils in the Lower Lakes due to exposure as a result of low levels has become a huge problem.

Concerningly, section 86(4) of this bill defines conveyance water as:

… water in the River Murray System required to deliver water to meet critical human water needs as far downstream as Wellington in South Australia.

I have lived in the area long enough to know that the Murray does not end at Wellington. There is a whole community of South Australians living downstream from there who are reliant on the river and the Lower Lakes for domestic water, stock and food production. Clearly they do not count when it comes to this bill. Their critical human needs are not factored in. We know that the Minister for Climate Change and Water, Senator Wong, waved the white flag in August of this year in relation to the Lower Lakes environmental flows, and now she has turned her back on the good people of the area.

The competing demands on the river between states, growers, environmentalists and residents call for a national response and not every man looking after himself at the expense of others. The pain must be shared and the approach must be for the whole river. There simply is not the water in government controlled storage areas to allow that replenishment to happen at levels we would all like so that we can irrigate at past levels.

I do not blame Australians upstream for South Australia’s woes. Pitting farmers against growers does not help us one bit. This does not mean that we should not argue for our fair share of the water available. Cooperation between states is critical to the success of any strategy to save the Murray-Darling Basin. I wholeheartedly believe that a whole-of-nation approach is essential. This bill certainly goes part way to doing that but it falls short in ensuring cooperation.

Schedule 1 of this bill relies in part on referrals of power from the referring states. This means it will be enacted and commence only after the referring states have passed legislation through their parliaments referring the necessary powers to the Commonwealth. That legislation has commenced. We are not seeing a start-up date until 2011. So we have a plan to have a plan in 2011.

I fear that the states will not willingly relinquish their control. We saw the concessions asked by, and given to, Victoria in approving the massive diversion of 110 billion litres, or 110 gigalitres, of water from the Murray-Darling Basin to Melbourne via a pipeline from the Goulburn River. The state of South Australia made a very similar mistake some years ago when they saved about 42 gigalitres, or 42 billion litres, from the Loxton rehabilitation scheme. What did they do? They onsold to the Barossa and the Clare the water that was saved from those infrastructure upgrades. It was good luck for those areas—and the Barossa is in my electorate—but the fact is that that water should never have been onsold. Savings for the river should remain as savings for the river; they should not be used by governments, as the state government did in South Australia and as the Victorian government is doing with its 110 gigalitre north-south pipeline.

This pipeline is not a very cheap way of delivering water. We are talking about $10,000 a megalitre to deliver the water to Melbourne. The present normal rate of a megalitre is about $2,400, so we are talking about four times the cost.

Mr Shorten—Mr Deputy Speaker, I rise on a point of order. The amendment refers to the Coorong yet the member for Barker
seems unduly fascinated by the Brumby project.

The DEPUTY SPEAKER (Mr S Georganas)—There is no point of order. The member for Barker will continue.

Mr SECKER—Despite my pleading for the Rudd government to consider Riverland communities in South Australia, the Minister for the Environment, Heritage and the Arts, Peter Garrett, gave the go-ahead to the Labor Party in Victoria for this pipeline at a cost of 110 billion litres that will never reach South Australia. Of course, that water would reach—if it could—the Coorong, Lake Alexandrina and Lake Albert. What will the other states demand and receive in return for signing on?

I believe we already had a workable long-term solution with John Howard’s $10 billion plan to upgrade our infrastructure and buy back water from overallocated areas. It was a balanced plan that would have guaranteed our food security with about the same amount of land under production—not necessarily in exactly the same places—with far more efficient irrigation and delivery to farms without all the losses from seepage and evaporation.

For the record, I think the $10 million was only the starting point. I worked with a few of my colleagues to get that plan up with the support of Malcolm Turnbull and ultimately the cabinet and John Howard. The bottom line was that, under that plan, food production would have remained stable but Australia would extract nearly 3,000 gigalitres—about four times what South Australia extracts each year—less each year.

I criticised the stymieing of that plan by Labor. I am, furthermore, disappointed at the time Labor has taken to bring this bill forward. It is very interesting that we did not hear much from state Premier Mike Rann criticising Victoria for stymieing the plan. He was very quick to sign up to the agreement with New South Wales, the ACT and Queensland but ‘We’re not really going to bash Victoria around the ears for not signing the plan’.

While governments can plan for the future so it cannot happen again, we nonetheless have to deal with the reality of the present conditions. We need to alleviate the problems they cause as best we can through government support programs but we cannot make it rain; therefore, I support this bill. I am pleased to note the bill includes the Menindee Lakes at all times and includes regulated reaches of the Goulburn, Campaspe, Loddon and Murrumbidgee river systems, which are part of the basin.

I have already mentioned my concerns for the people of the Lower Lakes. This bill seems to disregard their critical human water needs. They are facing the building of a weir at Wellington, which will offer no relief and is more about protecting Adelaide’s water supply. If citizens of the Lower Lakes are excluded from bills such as this one, they will certainly never win against a million voters.

On a per capita basis, Adelaide is a relatively large water user of the Murray. This must not be allowed to continue. We must plan to wean Adelaide off the Murray-Darling system. It is essential that Adelaide is not totally reliant on the Murray River system. I believe we can do that with things like recycling water. We can make sure that the run-off from the stormwater goes to the Adelaide Airport aquifer or the Port Adelaide aquifer and then we can recycle it. Unfortunately, in South Australia we have a Premier who refuses to look at recycling, even though it is used successfully all around the world. It has been said that each bit of water in London, for example, goes through seven kidneys before its final use. There is no rea-
son why we cannot do that sort of thing in Australia and quite healthily.

Domestic water restrictions in Adelaide and elsewhere in South Australia were a very blunt but largely political instrument. Their imposition reflected a failure of the Rann state government to properly plan for future needs and a failure of the pricing system to supply critical needs at a reasonable rate and increasing cost for excessive wants. The only positive was the raising of awareness to conserve a finite resource.

When Tom Playford was the Premier of South Australia, as part of his long-term planning he bought three sites for future reservoirs. When Don Dunstan got into government he sold that land. That showed the lack of long-term thinking by the Dunstan Labor government. They refused to look at the long-term future. The Rann Labor government in South Australia is no better. It has done almost nothing in respect of investigating new and emerging innovative approaches and techniques for urban water schemes compatible with increasing demands, reducing supplies, increasing flood risks, needs for environmental protection, opportunities for greater efficiency through system decentralisation and competition to achieve a recycling volume of 110 gigalitres per annum.

I recently had constituents in my Riverland electorate office ask me when the Rudd government was going to divulge the real details of the buyback plan it announced last month for irrigators with fewer than 15 hectares. The trouble is that, with South Australian allocations on 11 per cent this year and some water already used or sold, it is unlikely to provide any substantial relief to the Lower Lakes in the short term. Nonetheless, Riverland communities need access to the money on offer now and the opportunity to adjust quickly. There is little or no market for their properties, and they wish to stay in their homes. Most would use grants to retire debt. Those that do retire from irrigation should be recognised for their willingness to be part of the solution but, unfortunately, they have no details as yet. Given the scale of the problem, these people deserve to be offered payments significantly above market value. Time is no longer on the side of the river or the community, but they are still waiting on detail from the minister.

I support the amendment moved by the member for Flinders, which was seconded by me, to include a $50 million rescue package for the Lower Lakes. This is $50 million spent to help people dependent on the Murray Lower Lakes, who I believe are entirely worthy of inclusion in this bill. It would assist them with water carting, turtle rescue and business compensation and would help farmers to make adjustments for the future. We have a Prime Minister in this place talking about an unimaginable place called the ‘Coorong Lakes’—which does not exist. It is ‘the Coorong’. They are not lakes. They are hypersaline, so they are not lakes. The best they could be called are ‘lagoons’. In the Prime Minister’s rush to say he has been there he talked about the ‘Coorong Lakes’ when there is no such place. There is the Coorong, there is the Lower Lakes—Lake Alexandrina and Lake Albert—but there is no such thing as the ‘Coorong Lakes’. That shows his absolute ignorance about what is happening down there. He had a 10-minute visit to get a picture opportunity, and that is his whole experience with the Coorong and the Lower Lakes. He talked to a few people—whoopy-doo! He has not achieved anything for the people of the Lower Lakes. We believe that the money should be spent to help those people who, through no fault of their own, no longer have the ability to even have a shower with clean water. You imagine sending your kids off to
school in that sort of situation. I support the bill.

Mr TREVOR (Flynn) (7.02 pm)—I rise to support the Water Amendment Bill 2008. The purpose of this bill, of course, is to amend the Water Act 2007 to give effect to the Agreement on Murray-Darling Basin Reform, the IGA, signed by the Prime Minister, Kevin Rudd, and first ministers of each of the basin states—New South Wales, Victoria, South Australia, Queensland and the Australian Capital Territory—at the 3 July 2008 meeting of the Council of Australian Governments. I take this opportunity to commend my government, the Rudd Labor government, on showing outstanding leadership on this issue.

The reform IGA has also resulted in the negotiation of a revised Murray-Darling Basin agreement which will come into effect at the same time as this bill commences. The bill will enable water resources in the Murray-Darling Basin to be managed in the national interest, optimising environmental, economic and social outcomes. This bill relies on the Commonwealth’s constitutional powers and the referral of powers to the Commonwealth by New South Wales, Victoria, South Australia and Queensland to enact certain measures. These include the transfer of the current powers and functions of the Murray-Darling Basin Commission, as set out in the former Murray-Darling Basin agreement to the new Murray-Darling Basin Authority.

The Water Amendment Bill 2008 will also strengthen the role of the Australian Competition and Consumer Commission by extending the application of the water market rules and water charge rules to cover, respectively, all bodies that charge regulated water charges and all irrigation infrastructure operators and by providing for any state or territory to opt in such that the water market and water charge rules apply to water resources outside the Murray-Darling Basin. This will enable the Basin Plan to provide for critical human water needs.

How important the Murray-Darling Basin is to Australia for social, cultural, economic and environmental reasons is shown by the statistical profile which can be found at the Australian Bureau of Statistics. According to the ABS, the basin covers some 1.05 million square kilometres or 14 per cent of Australia’s land area. Australia’s three longest rivers, the Darling, the Murray and the Murraybidgee are found in the Murray-Darling Basin. The 2005-06 ABS census found that 84 per cent of the land in the Murray-Darling Basin is owned by businesses engaged in agriculture. However, alarmingly, in 2005-06 temperatures recorded in the Murray-Darling Basin were up to two degrees Celsius hotter than average. Almost two-fifths of Australia’s farmers resided in the Murray-Darling Basin, totalling 61,033 farms in 2005-06. In 2005-06 this area contained some 65 per cent of Australia’s irrigated land.

The bill complements the Commonwealth government’s $12.9 billion Water for the Future plan announced by the Minister for Climate Change and Water on 29 April 2008. This $12.9 billion worth of funding under Water for the Future is not specially addressed in the bill. However, this funding supports governance and water resource management reforms and includes establishing the Murray-Darling Basin Authority, improving water information, sustainable rural water use and infrastructure programs, and purchasing water to improve the health of the rivers and wetlands in the Murray-Darling Basin.

I pay tribute to the Burnett Catchment Care Association in my electorate of Flynn who since 1995 have toiled to improve agriculture and catchment health across 33,000
square kilometres of the Burnett and associated river systems—the Kolan, Elliott, Isis and Gregory. These river systems border the Murray-Darling Basin catchment area to the north, in southern Queensland. I acknowledge the contribution of the chairman, Councillor Paul Lobegeier, and his committee for their purpose and passion. It would not be correct to say that the basin begins in Flynn, as it really begins across the length of the top and eastern borders, where a number of rivers spring and then drain down. However, you could say that the northernmost tip of the basin lies in the Flynn electorate, near the localities of Tambo and Chinchilla, the latter being in the member for Maranoa’s, Bruce Scott’s, electorate, which borders the electorate of Flynn.

The Burnett Catchment Care Association’s Better Burnett team, led by Dean Power, are achieving outstanding on-ground results. In this last financial year their support has covered over 42,000 hectares of grazing country improved by on-ground activities. This hard work not only benefits those grazing families involved but also improves biodiversity and water quality for the in-stream habitat of the Burnett as well as the vitally important receiving waters for the Great Barrier Reef lagoon—not to mention, of course, considerable farm-level improvement in partnership with leaders in the cane and horticultural industries. Better Burnett activities put real, local, on-ground progress to state and national recovery plans. Perhaps the most noteworthy work that the Burnett Catchment Care Association has diligently undertaken is the management since 1999 of aquatic weeds in their river systems.

In October 2008, Senator the Hon. Penny Wong, Minister for Climate Change and Water, announced a $6.3 million dollar contribution out of our Water for the Future funds for the stormwater project that is being undertaken in conjunction with Salisbury City Council. This project will enable the delivery by 2012 of six billion litres of water, reducing the take on the River Murray by five billion litres and enabling the injection into the aquifers, which are used for storage of 1.3 billion litres worth of environmental contribution. This project just shows how communities can show leadership when it comes to water reuse, water recycling and water conservation.

Another initiative of the Rudd Labor government’s commitment to and leadership in helping manage Murray-Darling Basin water resources, which Senator the Hon. Penny Wong, Minister for Climate Change and Water, announced last week, is the provision of $6 million to the eWater Cooperative Research Centre for a new hydrological modelling tool to help manage the surface water and groundwater of the Murray-Darling Basin. This project will accelerate the development and trial of a new computer model, known as RiverManager, to help make water allocation and use over coming decades more sustainable. RiverManager will clearly be an important tool to assist the Murray-Darling Basin Authority to implement the proposed Basin Plan, including a new limit on water use. It will help the authority evaluate the costs, benefits and trade-offs of different water management options in the basin.

This bill will give effect to a key outcome of the reform IGA, bringing the Murray-Darling Basin Authority and the Murray-Darling Basin Commission together as a single entity, to be known as the Murray-Darling Basin Authority. This means the authority will have some additional functions, powers and duties conferred by the revised agreement and bill. These functions were previously undertaken by the Murray-Darling Basin Commission. The authority will implement decisions made by a new ministerial council and the basin officials
committee, both to be established by the revised agreement, relating to matters such as state water shares and natural resource management programs. The authority will also prepare a corporate plan annually for approval by the ministerial council in relation to these functions.

The new ministerial council will be established by the revised agreement and will have an advisory role in the preparation of the Basin Plan by the authority. The authority will provide the proposed Basin Plan back to the authority once for reappraisal if it disagrees about certain matters. When the Basin Plan is first made, the authority must also advise the council on the socioeconomic implications of any reductions in the sustainable diversion limits in the proposed Basin Plan.

The current act provides for a Basin Plan for the water resources of the Murray-Darling Basin. The bill expands the mandatory content of the Basin Plan to include arrangements for critical human water needs for those communities dependent on the waters of the River Murray system, excluding communities dependent on the waters of the Edward-Wakool system downstream of Stevens Weir, near Deniliquin in New South Wales. The Basin Plan will specify the volume of water required to meet critical human water needs in South Australia, New South Wales and Victoria, the conveyance of water in the River Murray system required to deliver critical human needs, the conditions under which special water-sharing arrangements are implemented and the process that will apply in times of low water availability.

The amendments provide for a uniform approach to regulation by extending the Australian Competition and Consumer Commission’s regulatory role within the Murray-Darling Basin. The water market rules and the water charge rules provided for in the act will apply to all water service providers that charge regulated water charges and their transactions, not just those entities and transactions within the scope of the Commonwealth’s constitutional powers. The water charge rules will be able to provide that the ACCC determines or approves all regulated water charges in the basin, other than charges relating to urban water supply activities beyond the point at which the water has been removed from a basin water resource.

The establishment of the Murray-Darling Basin Authority means that for the first time water planning in the basin will be undertaken by an independent, expert based body. The new authority will develop and oversee the implementation of the Basin Plan and will assume responsibility for the current tasks of the Murray-Darling Basin Commission and implement the decisions made by the new Murray-Darling Basin Ministerial Council and the Basin Officials Committee. Central to the Basin Plan will be sustainable diversion limits on water use in the basin to ensure the long-term future health and prosperity of the Murray-Darling Basin and to safeguard the water needs of the communities that rely on its water resources.

The Rudd Labor government is committed to restoring the health of our rivers by investing in more efficient water use and delivery, by locating new sources of water and by purchasing back water entitlements from willing sellers to return water to the environment, rivers, lakes and wetlands. The health of the Murray-Darling Basin is in decline and the environment which relies on water flowing through the basin’s rivers and tributaries is under enormous strain due to the overuse of water resources for irrigation and other uses. The situation is more than likely going to worsen as rainfall declines due to climate change. Without enough water the basin’s delicate system will continue to deteriorate, threatening many species of birds, fish, frogs
and flora that need the Murray and Darling rivers to survive. Without proper management of the system the viability of agriculture, cities, towns and communities will also deteriorate. It is essential that immediate action is taken to address these problems.

Under Water for the Future, overallocation for consumptive uses and declining river health are urgent priorities and these are to be addressed immediately by the Restoring the Balance in the Murray-Darling Basin program. The goal of Restoring the Balance in the Murray-Darling Basin is to acquire water entitlements from willing sellers and use the water allocated to them for the environment. This will improve the health of the basin’s rivers, wetlands and floodplains. The Australian government’s initial $50 million water buyback in the 2007-08 financial year will secure entitlements to approximately 35 billion litres of water for the Murray-Darling Basin rivers.

Robert Freeman was appointed as Chief Executive Officer of the Murray-Darling Basin Authority. Mr Freeman commenced in September this year and he will act as chief executive and chairman for three months or until amendments to the Water Act that separate the roles of chairperson and chief executive come into effect. The Murray-Darling Basin Commission will continue to operate as normal until transition to the new authority. The authority will then assume the current functions of the commission.

It is vitally important that government balances the needs of the Murray-Darling Basin for farmers, communities, water consumption and the health of the river system itself. I commend this bill to the House, and I commend the Rudd Labor government for its leadership on this issue.

Ms Marino (Forrest) (7.20 pm)—I rise to speak on the Water Amendment Bill 2008. The Water Act 2007, which this bill seeks to amend, is landmark legislation in the history of this House. For the first time the Commonwealth has sought to have a national approach to the management of one of the most important watercourses and physical resources in Australia, the Murray-Darling Basin. Malcolm Turnbull in 2006 recognised the importance of improving water efficiency and security in the Murray-Darling Basin and, in conjunction with the then Prime Minister, on 25 January 2007 introduced the National Plan for Water Security. The Water Act 2007 was introduced by Malcolm Turnbull, the then Minister for the Environment and Water Resources, later that year. We now see a partial uptake of the Turnbull reforms. For 21 months in opposition and now in government Labor has opposed or delayed real reforms.

There are, however, many other unsung heroes of the water industry, many of whom live in Western Australia. In 1994 the Council of Australian Governments agreed that irrigation schemes should be under local management. As a result of this policy, New South Wales and Western Australia transferred the ownership of government owned irrigation schemes to local ownership. Harvey Water in my electorate of Forrest was converted from government to local ownership in 1996. Harvey Water is a two-tier cooperative mutual structure and has specialised membership rules covering the day-to-day operations, asset maintenance and renewals and management of long-term sinking funds. Harvey Water adopted the earliest formal water-trading rules in Australia. These rules became the blueprint for subsequent trading rules. The first trade of temporary water occurred in January 1997, 12 years before these proposed water market rules will come into existence.

Harvey Water has also engaged in water saving. Harvey Water has proposed a simple and sensible means by which the daily water
supply for over 100,000 Western Australians can be permanently met by saving irrigation water that is lost in the delivery process between the dams and the farms. The proposal saves water they already have and reduces the need to develop new higher cost sources. The Harvey Pipe Project involves piping the irrigation area at a cost of over $70 million to lay about 200 kilometres of pipes starting from the Harvey and Logue Brook dams. Stage 1 of the Harvey Pipe Project involving the 60-kilometre piping of the Harvey South irrigation subdistrict was completed on time and on budget during 2005-06.

Harvey Water is an irrigation co-op owned by over 750 grower members between Waroona and Dardanup who produce food—dairy, beef, fruit and vegetables—and wine for urban dwellers. Their role and responsibility is to use water efficiently and to support their irrigators to be profitable so that they can continue in business. The irrigation industry supplied by Harvey Water produces food valued at over $100 million per year for Western Australians and for export. As urban people are affected by rising energy costs, so too are farmers. Since they cannot dictate the price at which they sell their products, unlike a lot of other businesses, any drop in the cost of production will help them survive.

The water saved and traded in the Integrated Water Supply System will meet the daily water needs of many people at a cost very competitive with other new sources. There is no doubt that there is always room for improvement in water use efficiency in food production by farmers, and this project specifically provides a great opportunity to achieve more water savings on-farm. The Harvey Piping Project will deliver water to farmers under energy cost free, gravity head pressure available 24 hours a day, seven days a week, 365 days of the year. There will be enough free gravity pressure to also drive any known on-farm irrigation system, such as sprinklers or trickle systems, which are much more efficient at delivering water to plants than surface irrigation methods. If farmers do not have to operate pumps and engines to water their plants, this will be a major cost saving which will become more and more valuable in the years ahead. Not only will they be able to produce food more cheaply but also they will be able to save more water on-farm in doing so.

There will also be benefits to the environment, as there will be less water applied with sprinkler and trickle type systems, so the ground water level will not rise as much. Nor will there be as much water and nutrients moving off the paddocks into downstream waters potentially causing problems, because the majority of these will be applied directly to the plants and will be used by them. No power will be used to move the water, so there will be no greenhouse emissions during the operation of the system. In fact, since the water will be used to grow plants, the area will effectively become more like a carbon sink itself. The Harvey Pipe Project has received excellent recognition as being an innovative but simple means of saving water and providing multiple benefits across society. It certainly deserves the strong support it is getting nationally, at the state level and locally as well as the various awards that it has received.

Another locally owned irrigation scheme in Western Australia, the Ord Irrigation Cooperative, adopted the first land and water management plan in Australia. The Ord Land and Water Management Plan was put together by local irrigators and the Kununurra community. It was, and is still today, a voluntary arrangement. The Ord plan predated the compulsory New South Wales Land and Water Management Plans by over five years. Gascoyne Water Cooperative has the highest and most productive use of irrigation water in Australia. The locally owned irrigation
schemes in Western Australia have reason to be proud of their track record, all with little or no government funds or assistance. Locally owned irrigation schemes, such as Murray Irrigation, Coleambally Irrigation and Western Murray Irrigation, have actively worked to improve efficiencies in the water market. To this end, MDB grower owned schemes, together with the locally owned schemes in other states, have established and funded an online water entitlement register known as the National Irrigation Corporations Water Entitlement Register or NICWER. In WA, NICWER is the only water entitlement register in existence. The register also provides online access to 30 per cent of the entitlement in the Murray-Darling Basin. This is a major self-funded initiative of locally owned schemes and is indicative of their strong commitment to improving water market efficiencies and providing a service to their members.

On the other hand, one of the greatest problems in the Murray-Darling Basin is the failure of basin state governments to process both volumetric and permanent water trades in a timely and efficient manner. Members of the House with an interest in the water industry would all receive the Waterexchange’s weekly Water Market Report. The Waterexchange processes approximately 70 to 80 per cent of the volumetric trades in the Murray-Darling Basin, and each week it provides a snapshot of prices, volumes and approval times. The Water Market Report shows the problems associated with the state government processing of trades in the system. Large local grower owned schemes can process approvals for internal and external volumetric trades within 24 to 48 hours. State authorities processing similar volumes of trades take between 21 and 54 days. New South Wales and South Australia are hampered by a lack of human and IT resources and, to some extent, by bureaucratic red tape.

State Water in New South Wales and DLWBC in South Australia struggle with their workload and the problems associated with underfunding.

A different and greater problem has arisen since the commencement of the current season, with the Victorian government owned Goulburn-Murray Water. Goulburn-Murray Water is the largest irrigation scheme in Australia. Goulburn-Murray Water is currently refusing almost all interstate trades from the date that Prime Minister Rudd announced the intention to purchase water for South Australia. I understand that, to date, Goulburn-Murray Water’s tally of refused volumetric trades since the start of September may be approximately 400. Goulburn-Murray Water’s behaviour has led to the almost collapse of volumetric trade in the Murray-Darling Basin this season. New South Wales and South Australia are struggling to deal with the consequences of Goulburn-Murray Water’s actions.

If the aim is to have an efficient, well-run, water-trading market, the principles must be consistent and fair. It is unacceptable that there is one rule for locally owned irrigation schemes and another for government owned schemes. Government owned schemes should not be above the law and should be accountable for their actions. I would like to address four key issues in this bill: the constitution of the Basin Officials Committee, priority for critical human needs and for conveyance water, the application of the water market rules and the water charge rules, and the impact of the transformation arrangements.

One of the greatest problems in the Murray-Darling Basin is the continued exclusion of the locally owned irrigation schemes from the Murray-Darling Basin decision-making process. New South Wales and South Australian locally owned and con-
trolled irrigation schemes account for approximately 50 to 60 per cent of water entitlements in the Murray-Darling Basin. To date, all senior managers have been excluded from the perversely named Water CEOs Group. The refusal to include local irrigation scheme input is even more absurd when you consider that Murray Irrigation Ltd is the second-largest irrigation scheme in Australia. This situation needs to be urgently reviewed so that balanced input can be made to the decision-making process.

I welcome the clear prioritising of water for critical human needs, although I note this needs to be more clearly defined. I have recently returned from a fact-finding tour to the Clyde River in Tasmania. The Tasmanian government has, for the last two seasons, turned off the water to the town of Bothwell and the surrounding areas immediately after Christmas. These actions by the Tasmanian government were undertaken based on a flawed water management plan. The impact of the plan was that it was unlikely that water would be denied for critical human needs on a regular basis. The Tasmanian government, after some weeks, turned to the federal government to approve the release of water for the town under the Environment Protection and Biodiversity Conservation Act. In 2007, Minister Turnbull approved the release. In 2008, Minister Garrett refused, leaving the town’s people without water. It is therefore with relief that, in the Murray-Darling Basin, at least priority is given to water for human critical needs.

The government must ensure that the water market rules will only commence when state government authorities and corporations are bound by the water market rules and the water charge rules. The current situation is that the rules are only imposed upon locally owned irrigation schemes. This has created distortions in the market and damaged local irrigation communities. It has encouraged the behaviour of Goulburn-Murray Water and allows that behaviour to go unchecked. The rules should not commence until they apply consistently to everyone. Otherwise, the market will continue to suffer.

Locally owned irrigation schemes in the Murray-Darling Basin have accepted that water entitlements will be transferred to and from their communities, and the members have amended their scheme rules to facilitate trading. However, what was not considered is that there can be no justification for the transformation of water entitlements that continue to be used within the irrigation schemes. Internal transformation, as it is called, involves moving grower owned water entitlements within locally owned irrigation schemes to the state register. The consequences of this policy have not been thought through, and the consequences will be profound.

An irrigator who transformed to the New South Wales state register would be connected to irrigation corporation infrastructure but would not be on the corporation’s billing or metering system and would no longer be subject to the corporation’s land and water management plans. There would also be issues with the management of drainage. Drainage infrastructure is, under normal circumstances, owned by the irrigation corporation. On transformation, the irrigators would no longer have a right to access the drainage infrastructure and, more importantly, if they did they would not be bound by the irrigation corporation’s requirements to comply with environmental obligations.

In general, State Water, unlike the irrigation corporations, does not have remote computerised meter-reading equipment. In simple terms, in New South Wales, State Water and the Department of Water and Energy would potentially need to change the electronic water meters to manual meters and
then send their meter-reading people into the irrigation district, which would be 20 to 30 kilometres away. The meter reader would need to read perhaps just a handful of meters, and DWE would be required to give approvals for transfers with no knowledge of the potential infrastructure or environmental impacts of those decisions. There is no obligation under the New South Wales Water Act on State Water or DWE to accept irrigators who have transformed their entitlements, as the cost would in many cases be prohibitive. These irrigators would no longer be on the irrigation corporation register, yet potentially they would be without state register services. New South Wales does not have the resources at this point to service its existing customer base. In some cases growers did not get a bill for three years due to problems with the state meter-reading and billing system.

The irrigation corporation members originally transformed their entitlements from state entitlements to the bulk licence as part of an incorporation of the corporations. Why would they transform them back again? Pioneer Valley Water Board irrigators in Queensland have voluntarily leased their individual entitlements to Pioneer Valley Water Cooperative as the first stage of getting them off the Queensland state register. If an irrigator were dissatisfied with the state government approval process and the state register, possibly because of the long delays in the trading approval process, would they be allowed to transfer onto another register and approval process? They had done this in the first instance when the corporation was established, and this would seem fair, and the policy would then be consistent and unbiased.

The Water Amendment Bill 2008 is a major step forward in the management of the Murray-Darling Basin. However, the government must seek to be inclusive of those 50 to 60 per cent of Murray-Darling Basin irrigators that are not members of government-owned schemes. For too long policy makers have sought to exclude them from the decision-making process and taken the opportunity to disadvantage grower owned schemes in the marketplace. The government needs to use this opportunity to ensure that all irrigators are treated fairly and consistently. On that basis, I support the amendments and recommendations proposed by the shadow minister.

Mr CRAIG THOMSON (Dobell) (7.37 pm)—I rise to support the Water Amendment Bill 2008. The bill is to amend the Water Act 2007 and give effect to the intergovernmental Agreement on Murray-Darling Basin Reform, signed by the Prime Minister and the first ministers of each of the basin states—New South Wales, Victoria, South Australia, Queensland—and of the Australian Capital Territory on 3 July 2008 at a meeting of the Council of Australian Governments. In particular, this bill enables the Murray-Darling Basin Authority and the Murray-Darling Basin Commission to be brought together as a single entity known as the Murray-Darling Basin Authority. This will ensure that the Basin Plan process can address the provision of water for critical human needs. The bill also strengthens the role of the ACCC.

Costings for the measures under the Water for the Future program were agreed by the Commonwealth government in April 2008, to an overall amount of $12.9 billion over 10 years. The Murray-Darling Basin Authority will retain the fees and charges, if any, that it collects for cost recovery purposes. Further, the bill sets out additional responsibilities of the Commonwealth in relation to the reductions in water availability. These costs, when they are determined, will be mitigated by the Water for the Future program. Total funding for Water for the Future for the four years from 2008-09 to 2011-12 is $6.5 billion.
The Water Amendment Bill 2008 implements the intergovernmental Agreement on Murray-Darling Basin Reform, which was signed by the Prime Minister and the first ministers on 3 July 2008, as I have already said. The bill relies on the Commonwealth’s constitutional powers and a referral of powers to the Commonwealth by New South Wales, Victoria, Queensland and South Australia to enact certain measures. Let us have a look at some of these measures in a little bit more detail. Firstly, there is the transfer of the current powers and functions of the Murray-Darling Basin Commission, as set out in the former Murray-Darling Basin Agreement, to the new Murray-Darling Basin Authority. There is the strengthening of the role of the Australian Competition and Consumer Commission by extending the application of the water market rules and the water charges rules. Finally, there is the enabling of the Basin Plan to provide for critical human water needs.

The intergovernmental agreement and the bill were prepared by a working group of Commonwealth and basin state officials. Stakeholders were extensively consulted on the development of the agreement, including during two briefing sessions held in each of the basin states. Further consultation with key national stakeholders was held prior to the finalisation of the agreement. Stakeholders were not specifically consulted on the development of the bill, as the bill simply implements the policies and reforms agreed through the agreement.

The bill addresses the long-term management of the basin’s water resources and the approaches and mechanisms required to ensure that it is sustainably managed in the future. It will take time for the Murray-Darling Basin Authority to develop and consult on the Basin Plan and for governments, irrigators and communities to adapt to the limits established in the plan. The Basin Plan will be the first of its kind, covering the basin as a whole and addressing its water resources in a single integrated fashion. The plan will commence in early 2011. The Basin Plan will be based on the best available science, taking into account anticipated climate change impacts on water availability and the watering requirements of the basin’s environmental assets. The plan will also need to consider socioeconomic impacts.

This bill goes to the heart of what is one of the most important basic needs that we have as a civilisation—that is, water. Water is a critical need and must be managed effectively, efficiently and sustainably. On the New South Wales Central Coast, where my electorate of Dobell is, we came quite close to experiencing a major water crisis, the worst in modern history in our region. At one stage our dams were nearly down to 10 per cent in their water supply. Thankfully, due to above-average rainfall recently and the community becoming far more water wise and water conservative, the situation has greatly improved. While it has improved, though, the levels are still only a little over 31 per cent, and the health of the Central Coast and its water supply is still in a great deal of danger. There are over 300,000 people who rely on the water supply on the Central Coast, and when your levels get close to 10 per cent you are very close to running out of water. Thousands of householders have taken offers from local councils, the state government and the federal government for rebates which allow them to fit a rainwater tank at little cost, or in some cases even no cost at all. Just because the drought on the Central Coast has eased somewhat, that does not mean we have forgotten how bad the conditions became not all that long ago, nor can we be complacent when our water supply is only 31 per cent. This is obviously a serious and critical situation.
The Rudd government, in the lead-up to the 2007 election, committed $80 million towards a major pipeline to drought-proof the Central Coast region for the future. This money will be used to cover the cost of what is known as the ‘missing link’ pipeline, joining the Central Coast’s major storage dam, Mangrove Creek Dam, which is not in a catchment area, to a smaller dam, the Mardi Dam near Wyong, which is in the catchment area and which, being smaller and in the catchment area, fills to overflowing. During times of rainfall and when the creeks and rivers are flowing, the pipeline will pump the extra water from the smaller dam to the larger structure, which will be used more for what it was originally intended for—longer term storage of water.

Water resources and how we must manage these resources sustainably and effectively are always very much in the minds of the good people of the Central Coast. They have learnt to be naturally conservative, and even when restrictions have been eased consumers still refrain from watering their gardens or washing the family car despite it now being legal to do so. So when it comes to the subject of sustainable management of water resources in the important region of the Murray-Darling Basin, the people of the Central Coast have no trouble relating to the issues and challenges facing their fellow Australians in that region. They have no trouble in having sympathy and understanding the extent of the problems, because we had a small taste of that on the Central Coast. Luckily for us on the Central Coast, with the Rudd government’s commitments the Central Coast water supply is close to being drought-proofed.

These challenges in terms of how we deal with sustainable water management are problems that are being faced by the Rudd government broadly. Our plan, Water for the Future, is the first ever nationwide plan that addresses both rural and urban water. It is a 10-year, $12.9 billion plan to secure the water supply for all Australians.

The plan is to address four key priority areas: taking action on climate change, using water wisely, securing water supplies and supporting healthy rivers. The plan includes $3.1 billion to purchase water in the Murray-Darling Basin to improve river health; $5.8 billion for irrigation infrastructure projects and to help basin communities make an early adjustment to a new cap; and a $1.5 billion investment in improving water security for our cities and towns, made up of a $1 billion Urban Water and Desalination Plan, a $250 million National Water Security Plan for Towns and Cities and a $250 million National Rainwater and Greywater Initiative.

While we have a definite plan to secure the nation’s water supply and management, we find that the opposition are again hopelessly divided on water. They demonstrate a complete lack of understanding and a complete lack of responsibility when it comes to making the hard choices needed to deal with the challenges in the Murray-Darling Basin. They failed in relation the Central Coast. My predecessor—and perhaps this is one of the reasons why he is no longer in this place—chose to try and be political with the water supply of the Central Coast, famously one day saying that he would sink the missing link. This missing link was something that the Labor Party committed to, to make sure that our area was drought-proofed. The situation in the Murray-Darling Basin means that there are no easy options, only hard decisions. The opposition need to stop playing the same political games that got the River Murray and the Lower Lakes into the mess that they are in at the moment.

Those on that side of the House spent 12 years in government doing nothing, and they are so cynical as to walk both banks of the
stream when it comes to the River Murray. When they did discover the River Murray it was in the shadow of an election. Suddenly they realised that people actually care about the environment and care about what is happening to the river systems in Australia. In a desperate attempt at the last minute—at one minute to midnight—well after the damage had been done and after that tired old government had been here for 11½ years, they tried to cobble together an agreement.

When downstream in South Australia, the opposition give one message; when they are upstream, they give another. Upstream, in Victoria, they tell their constituents that the Lower Lakes cannot be saved and that the government should stop purchasing water entitlements. Then, in South Australia, they say that the government should purchase more water and that the Lower Lakes can be saved. They cannot continue to walk both sides of the stream. They reason they do that is that they do not believe that climate change is an issue. On climate change they are hopelessly divided, and that has been the problem and why in their 11½ years in government they were unable to deal with these important issues along with other issues relating to the environment.

The task of the new Murray-Darling Basin Authority will be a very ambitious one, given the time frame for the plan to be completed and the level of consultation required before the plan can be submitted for approval by the Commonwealth minister. As specified under the current Water Act 2007, existing state water resource plans will be respected until their expiry, providing certainty and time for irrigators and communities to adapt to the new arrangements. Once these have expired, the Basin Plan will be binding on the state water resource plans that follow.

Let me remind the House that this government does not support compulsory acquisition of water entitlements. We are committed to the purchase of water entitlements from willing sellers, through the market, at market prices. This is the most fair and equitable way of obtaining more water for the environment. Any move away from this market based approach towards compulsory acquisition of entitlements would be wrong. Such a move would also completely undermine the existing, hard-won level of cooperation in the implementation of water reforms and environmental water recovery processes that currently exist across governments, irrigators and local communities. It was this co-operation that led to the inter-governmental Agreement on Murray-Darling Basin Reform.

Purchasing water entitlements from willing sellers allows irrigators to make their own business decisions. Irrigators can choose to sell part or all of their entitlements, allowing them to either leave the industry or reinvest the proceeds into their businesses. It is their choice as to the quantity of water entitlements needed to sustain their business. There is a further strong argument against compulsory acquisition: such a move would not provide any immediate significant additional water for the environment, given that there is so little water currently held in the Murray-Darling Basin storages. State shares of the water in the River Murray system are protected under the revised Murray-Darling Basin Agreement. Under that revised agreement, state shares can only be amended with the unanimous agreement of the ministerial council.

This bill defines critical human water needs as the need for a minimum amount of water, which can only reasonably be provided from basin water resources, required to meet: core human consumption requirements in urban and rural areas and those non-human consumption requirements that a fail-
ure to meet would cause prohibitively high social, economic or national security costs.

In order to provide greater transparency and certainty for communities reliant on water from the River Murray system in times of drought, the bill establishes a three-tiered system for sharing water. Tier 1 refers to periods of normal water availability, where the normal state water-sharing arrangements apply. Tier 2 refers to periods of low water availability. In this situation, the Basin Plan will provide arrangements to ensure that there is sufficient water available to meet critical human needs. Tier 3 refers to periods of extreme and unprecedented circumstances in which there is an extreme risk of failure in the ability to supply water for critical human needs. In this situation, the ministerial council will determine the sharing of the available water and contingency measures. Under these new arrangements, the Basin Plan will be required to establish trigger points at which water-sharing arrangements will move from one tier to another. States will continue to be responsible for determining the allocation of water for critical human needs within their state.

The bill also affects the operation of the ACCC. The Water Act 2007 establishes a role for the ACCC within the basin, advising on the development and enforcement of the water market and water charge rules. The Water Amendment Bill provides for a more uniform approach to regulation by extending the ACCC’s regulatory role by enabling the water market rules and the water charge rules to apply to all water service providers that charge regulated water charges and their transactions, not just those entities and transactions within the scope of the Commonwealth’s constitutional powers. The bill also enables the ACCC to determine or approve all regulated water charges in the basin, other than charges relating to urban water. It also enables the expansion of the ACCC’s regulatory role across the Murray-Darling Basin states as well as outside of the Murray-Darling Basin if an individual jurisdiction opts to be included.

Through the intergovernmental agreement, the Commonwealth agreed to take on and bring forward to an earlier date some basin state responsibilities for reductions in available water. This was agreed under the National Water Initiative. As part of the 2004 National Water Initiative governments agreed to a framework for sharing risks relating to reductions in water allocations. Under this framework governments are responsible for reductions attributable to changes in the government’s policy and, from 1 January 2015, responsible for reductions resulting from improvements in knowledge which is to be shared, with entitlement holders responsible for the first three per cent of the reduction and the Commonwealth and state governments jointly responsible for reductions exceeding three per cent of the relevant diversion limit. In the intergovernmental agreement the Commonwealth agreed to take responsibility for a basin state’s portion of responsibility for reductions in the long-term average sustainable diversion limit resulting from improvements in knowledge where the basin state enacts legislation adopting the National Water Initiative risk-sharing framework as modified by the agreement. The Commonwealth also agreed that it would commence this responsibility from the date on which the relevant transitional or interim water resource plan ceases to have effect. These changes are implemented in the Water Amendment Bill.

These changes will not affect the responsibilities of entitlement holders set out under the National Water Initiative relating to seasonal or long-term changes in climate or periodic natural events such as bushfires and drought, or the first three per cent of a reduction resulting from new knowledge. How-
ever, they will bring forward the rights of the entitlement holders in respect of new knowledge where the entitlement holder is in an area subject to an interim or transitional plan that ends before the beginning of 2015. Basin states will continue to be responsible for reductions attributable to changes in a state’s own government policies. The practice for referral legislation is that each of the four basin state parliaments must have passed referral legislation and this legislation must have received royal assent and have commenced before the Commonwealth passes the Water Amendment Bill.

The Water Amendment Bill 2008 is a balance of the competing interests of each of the parties to the agreement, and any amendment of the bill may lead to the agreement failing. The government considers that the intergovernmental agreement and the bill will give the government the capacity to meet its major objectives while leaving the day-to-day management of irrigation entitlements with the states. Amending the bill would have the effect of either potentially impacting on the validity of the referral or potentially jeopardising the referral altogether as the basin states may withdraw their reference.

On 23 September this year, the South Australian government introduced referral legislation into the House of Assembly. The second reading debate is scheduled for 14 October, with consideration by the Legislative Council on 28 October. On 23 September the New South Wales government introduced referral legislation into the Legislative Assembly. On 24 September the legislation was passed by the Legislative Assembly and the Legislative Council. The New South Wales legislation received royal assent on 25 September 2008. The Queensland and Victorian parliaments introduced referring legislation on 7 October. We understand that consideration of these bills will take place over the next few weeks. The Queensland parliament is scheduled to consider the bill in the sitting week commencing 10 November and it is expected that the Victorian Legislative Council will also consider the bill in the next few weeks.

This is an important piece of legislation. It is legislation that demonstrates this government’s commitment to the Murray-Darling Basin, but it goes broader than that. This is legislation that shows the commitment of this government to making sure that we continue to work to make our river systems healthy. It is a commitment by the government to show that environmental issues are front and centre of what the government do, that they are given proper priority and that we are taking practical steps to make sure that these issues are addressed. This is important legislation that should be passed unamended and I commend it to the House.

Mr HAASE (Kalgoorlie) (7.57 pm)—It gives me a great deal of pleasure to rise this evening to speak in this debate, if not to follow the member for Dobell who makes these breathtaking, all-embracing statements about how the current opposition when in government did nothing for 12 years. I thoroughly refute that for the nonsense it is. I will not go into detail on his speech because I think it was primarily sycophantic. So I rise to speak on the Water Amendment Bill 2008.

The Murray-Darling Basin is suffering a severe and extended drought. The five years to January 2007 were the driest on record in the basin. Basin inflows in 2006 were 40 per cent of the previous record low. The CSIRO has estimated that by 2020 average annual inflows could decline by about 15 per cent more. In 2007 the coalition, under John Howard and Malcolm Turnbull, developed a $10 billion National Plan for Water Security. While focusing on the Murray-Darling Basin, this $10 billion plan allowed for nationwide investment in Australia’s irrigation in-
Structure and a nationwide program to improve on-farm irrigation technology, and in November 2007 the coalition made an election promise of $50 million to promote development in Northern Australia, including development of the Ord irrigation area.

Drought is not the only problem facing the Murray-Darling Basin, but it has underscored the problem of making the best use of our national water resources. Water in the basin is overallocated. The rainfall is highly variable. We cannot predict when it will rain, of course, and it may take many years, even decades, for the Murray-Darling Basin to have a secure water supply. The Murray-Darling Basin accounts for most, but by no means all, of the irrigated agricultural production in Australia. Northern Australia, in particular the Ord River irrigation area around Kununurra in Western Australia, can contribute to a solution to the Murray-Darling crisis.

The Ord irrigation area has a consistent water supply, arable soil, a favourable climate and enormous potential for expansion. Lake Argyle has a full capacity of 10,765 gigalitres, about 21 times the volume of Sydney Harbour, and a rainfall average of more than 800 millimetres a year, well above the 430 millimetres average for the area of the Murray-Darling Basin. Lake Argyle's flood storage capacity in 2001 was 19,000 gigalitres. Today, at the height of the northern dry season, Lake Argyle has 9,102 gigalitres remaining in it. By contrast on 31 August, at the end of winter, there were 5,840 gigalitres, about 11 times the volume of Sydney Harbour, available in the larger storages of the entire Murray-Darling Basin.

There are about 1.5 million hectares of irrigated agriculture in the Murray-Darling Basin. There are 15,000 hectares of irrigation in the Ord. At present the Ord has more than 50 per cent more water than the Murray-Darling but just one per cent of the irrigated area. Expansion of the Ord River scheme offers vast potential to increase the area of irrigated agriculture in Australia, boosting the supply of food, fibre and timber products for the Australian and export markets and as a side benefit providing economic and social benefits to the east Kimberley region.

Lake Argyle is the source for a hydro-power scheme with a 30-megawatt capacity supplying power to an estimated 40,000 homes annually as well as the Argyle Diamond Mine. Ord irrigation uses water released for this hydropower scheme. At present the hydro releases exceed irrigation and environmental requirements by about two gigalitres per day. I will say that again in case anyone has missed the significance of that statement. The present hydro releases exceed irrigation and environmental requirements by about two gigalitres per day. That is going straight out to sea. It is about the same as the daily water requirement for Sydney and Perth combined.

I draw your attention to the looming world food crisis. The world population is growing but crop yields are affected by drought, rising energy costs, alternative land use and other issues which have generated an increasing demand for food. Prices for basic foods are escalating around the world. In April the President of the World Bank warned that 33 nations are at risk of social unrest due to rising food prices. The Food and Agriculture Organisation of the United Nations says that world cereal stocks will be at their lowest this year since 1982. Corn, rice and wheat are among some of the staples reaching record prices. This growing food crisis is aggravated by a trend of increasing land use for biofuels such as corn.

Expansion of agriculture in the Ord can help to meet the food crisis both in Australia and internationally. The Ord offers flexibility
because its arable land and consistent water supply mean farmers can grow a large range of food, fibre and timber crops. These favourable conditions mean farmers are able to adapt and change crops annually in response to national and world markets. For example, last year sugar cane accounted for 31 per cent of all crops grown in the Ord River irrigation area; this year there is none. This flexibility provides market insulation for farmers contributing to the economic security of the wider community.

The Ord River irrigation area is suitable to grow many crops which are currently in high demand worldwide, including established crops such as maize and rice as well as new crops such as chia. Many in the House will not be aware of this product but it was known as the favourite energy source and health food of the Aztecs—a little while ago. The Ord can grow crops that are in demand because cropping land elsewhere has been given over to biofuels. It can also grow bio-fuel crops freeing up land elsewhere for food crops. The Ord offers an excellent opportunity to pursue the potential of GM technology with crops such as cotton as well as rice and other grains. Research and field trials show very good results for GM cotton. The transfer of part of current Australian cotton production to the Ord would free up water for further south in the Murray-Darling Basin.

GM cotton trials carried out by the cooperative research centre at Kununurra have produced high yields with low pesticide applications and comparatively low water use. GM cotton crops in Kununurra trials have achieved yields above the Australian average and more than twice the world average bales per hectare. According to trial data from Kununurra, GM cotton uses less water than other crops such as citrus, maize, mango, and leucaena pasture. Based on trial results, the hypothetical gross margins of growing GM cotton at Kununurra have been estimated at up to five times the margins offered by other crops. Other new research can benefit the Ord. Recent research into cold treatment protocols for Japan may open up citrus exports from the Ord to Asia.

The Ord agricultural industry has the knowledge, skills, experience, and resources in place for successful expansion. It has a guaranteed water supply and crop flexibility, which assures high yields and provides market insulation. The water storage of Lake Argyle offers enormous opportunity for agricultural expansion. The Ord at present is experiencing a land squeeze, with an increasing area being given over to forestry and less to food and fibre crops. The Ord is also suffering because it cannot develop economies of scale. The sugar cane industry was destroyed last year when the mill owner gave up waiting for the Ord expansion to go ahead and pulled out. Growers of other crops say they need to be able to expand or they will lose market share as the markets develop.

Chia, the new crop for the Ord, is one crop with the potential of a growing international market. However, growers say if they cannot expand to meet this growing market they will lose out to other countries. This is an exciting new export crop with huge potential for Australia that we do not want to lose.

Kununurra is a town that has grown up around the development of the Ord and now has around 6,000 people, with about 7,300 in the overall region. Expansion of Ord scheme will drive regional development. It will expand the productive capacity of the region. Agricultural expansion will drive the regional economy and regional development. It will attract new residents and families and create wealth for new families. They will be able to start small and develop with cash crops, develop their own land and gradually
build up the farms and involve the whole family in value-adding.

Stage 2 of the Ord overcomes problems of the past associated with the lack of economy of scale—for example, with sugar cane. Jobs in construction and the expansion of agriculture would create up to 700 permanent jobs and increase the value of annual production almost immediately to $227 million. In 2006-07 the dollar value of production was about $48 million from agriculture, and $39 million was expected from timber.

Expansion of the Ord scheme will drive the development of Kununurra, including the development of the Kununurra airport, which needs to be extended to provide for economic airfreight into South-East Asia and to south-eastern Australia for consumption. There is also a necessity for the expansion of the port of Wyndham, which will in turn attract more trade. As the region grows on the back of this development, it will attract more people to the region, putting more kids into the Kununurra District High School. We need that economy of scale. We need to get past that critical mass.

When the Ord River scheme was developed 40 years ago, it was co-funded by the Western Australian and federal governments. It was recognised at the time by the late Sir Charles Court as being a great opportunity, and during those 40 years it has suffered a great deal. It has suffered drawbacks primarily through petulance and a lack of knowledge of how to grow products in the Ord River area. That lack of experience is now gone. The research is there. The future is looking great. If only the federal government had the confidence to put some funds into it.

The Ord expansion is a priority for the new Western Australian government and is being championed by WA Minister for Regional Development Brendon Grylls in no small way. He has committed $200 million of funding over four years. Mr Grylls says this funding for the Ord is not negotiable. He has made the Ord expansion a priority for the new WA government. It is certainly time that the Rudd government saw the opportunities in the Ord, not just for the immediate region but for all Australians. The federal government has had an opportunity to share this vision and contribute to the expansion of the Ord and the many benefits that will follow.

The Murray-Darling strategy developed by the Howard government could have assisted with advancing the prosperity of Australia with Ord stage 2. My question is: will this amendment bill that we debate this evening do the same? Will the Rudd government open their eyes and recognise what is in fact a great future for all Australians to be found in the development of the Ord River area? My question is: will this bill provide hope for residents of the Kununurra region that they will see some of the money that was originally put aside in the product that was developed by Mr Turnbull and Mr Howard when we were in government? Will this strategy that has been developed now provide the same opportunities to give some hope and some heart to the current population of Kununurra? Will it provide assistance for those who are in high land price areas in parts of the Murray-Darling Basin to go to the East Kimberley region of Western Australia and take up and develop land to make a future for themselves, their families and all of Australia?

Mr ZAPPIA (Makin) (8.12 pm)—I rise to speak in support of the Water Amendment Bill 2008, which amends the Water Act 2007 and gives effect to the intergovernmental Agreement on Murray-Darling Basin Reform, which was signed by the Prime Minister and the first ministers of each of the basin states—that is, the states of New South Wales, Victoria, South Australia and Queensland—and the Australian Capital Territory.
on 3 July at a meeting of the Council of Australian Governments. In particular, the bill brings the Murray-Darling Basin Authority and the Murray-Darling Basin Commission together as a single institution, to be known as the Murray-Darling Basin Authority. It establishes a Commonwealth-state water management partnership. It strengthens the role of the Australian Competition and Consumer Commission in regulating the water market and water-charging rules within the basin and provides arrangements for critical human water needs.

We face two of the most significant and challenging events that we have faced in decades and, for some of us, possibly that we will face in our lifetimes. I am referring to the great challenge of climate change and the collapse of the financial markets across the world, both with consequences far beyond what is immediately apparent—both, however, with many common characteristics. The collapse of the financial markets and the collapse of the environment that we had become so dependent on are both largely caused by human greed. We are living beyond our means financially and beyond what the current environment can sustain, pushed along by an out-of-control capitalist economy.

Governments around the world have effectively handed over control of the economy and control of the environment to the global multinationals, leaving the democratically elected governments with the responsibility of managing the social consequences and the economic catastrophes such as those we are presently experiencing. What is equally the case is that, in respect of both the environment and the financial markets, those consequences were both predictable and foreseen by many, yet governments for too long ignored the warnings and sidestepped their responsibilities because they placed short-term political survival ahead of good governance.

The mismanagement of the River Murray draws together the consequences of government inaction, human greed and climate change. Thousands of native trees, horticultural trees and large areas of wetlands are now dead. One has only to look at the Lower Lakes in South Australia to see the devastating effects it has had down there—and might I say I certainly welcome the Rudd government’s commitment of $326 million for the Lower Lakes.

The river’s productive capability has plummeted, threatening both Australia’s export capacity and food security. Hundreds of small businesses along the Murray are struggling to survive, with many already having closed their doors, and farmers are being forced off the land, leaving the work they know and understand. Family breakdowns and even suicide are occurring far too often among rural communities and certainly in communities along the Murray.

Let me address the issues of government inaction, greed and climate change separately. I will begin with climate change. Climate change has caused a noticeable change in rainfall patterns across Australia, with the Murray-Darling Basin catchment area experiencing a marked decline in rainfall in recent years. In particular, in the last two years for which figures are available, inflows have been about 50 per cent of the previous lowest on record. Winter inflows this year were about 670 gigalitres or the fifth lowest winter inflows on record. I quote an article written by Asa Wahlquist in the Australian on 11 October relating to the drought we are experiencing:

The long drought affecting southern Australia is officially the worst on record.

Bureau of Meteorology head of climate analysis David Jones said the 12-year drought that was devastating southwest Western Australian, southeast South Australia, Victoria and northern Tas-
mania was ‘very severe and without historical precedent’.

... ... ...

Inflows into the Murray system have been critically low, with new records continuing to be set. Inflows in the two years to the end of August were just half the previous record low, set in 1943 to 1945. Storages in the Murray-Darling are now at 28 per cent.

The next part of the quote is very interesting because it is so significant:

The Australian Alps, in north-eastern Victoria and southern NSW, have recorded their lowest three-year rainfall on record. This area is critical to the Murray River. It covers less than 1.5 per cent of the catchment, but on average provides 39 per cent of the water flowing down the Murray River.

These figures do not simply reflect normal cycles in weather patterns but, based on available scientific evidence, are more likely to reflect what we can expect in future. The quantities of water captured and stored in the Murray-Darling Basin in recent decades and which we have come to rely on will simply not be there in the future if present rainfall forecasts are correct.

Let me turn to the impact of overdevelopment and the demise of the Murray-Darling system. In recent decades we have seen the expansion by tens of thousands of acres of the agricultural area under irrigation in the Murray-Darling Basin. The expansion was essentially driven by wealthy capitalists and cashed-up managed investment funds schemes that invested in cotton, rice and huge vineyard plantations. Their interest was driven by profits or tax minimisation with little regard to the environment or the economic impact on smaller landowners. To compound the matter further, they set up their own water catchment schemes, interfering with the water inflows into the Murray-Darling system and depriving farmers further down the river of the water they have come to depend on to survive.

In 2005-06, 7,720 gigalitres of water was used in the Murray-Darling Basin for agricultural purposes. Of that, 36 per cent went to rice or cotton. Figures for the following year show that, in respect of cotton and rice, there has been a notable decrease in water allocated. In fact, for cotton production the water allocation has almost halved and with respect to rice it has gone down from 1,250 gigalitres in the year 2005-06 to 39 gigalitres in the year 2006-07. I did not have figures for the last year but I expect that decline would have continued in those two years. Those figures are interesting because the large investors created an oversupply of produce which, in turn, brought down prices and made it even more difficult for struggling small landowners to survive. In the end, those wealthy landowners became victims of their own greed, with properties like Toorale being placed on the market and questions being asked about the future of Cubbie Station.

I now turn to the action, negligence and incompetence of governments in recent decades. When it comes to inaction, negligence and incompetence and the Murray-Darling Basin, the Howard government stands condemned. In respect of the Murray River, I want to quote something said in this House in 1981 by the then member for Hawker, Ralph Jacobi:

What is done to one part of the river clearly affects conditions elsewhere, yet this elementary fact has been ignored by State and local authorities for more than 100 years. The rapid decline of the river in its lower reaches after 80 years of federation is testimony to the failure to understand the interactions of the river on a basin-wide basis.

He also said:

Much has been said about salinity, silting, pollution and other river problems, but it is extraor-
dinary and scandalous that so little research into the cause, nature and effects of these problems is undertaken. After 100 years of thoughtless exploitation, the viability of the River Murray system as a resource is in jeopardy. Honourable members will recall that recently it even ceased flowing to the sea. If present trends continue, it is only a matter of years—or even less if there is prolonged drought—before this river and its tributaries, which supply most of South Australia and many thousands of people in New South Wales and Victoria with domestic water, become not merely unpleasant, but quite undrinkable, and practically useless for irrigation.

That speech was made over 26 years ago and 26 years later you could reproduce those words because they are as true today as they were then. What is more damning is that nothing was done in the interim. In more recent years, when the water issues of the Murray-Darling Basin were becoming critical, the Howard government blamed the state governments. It was a typical tactic of the Howard government to shift the blame on to the states. The reality, however, is that the former federal government, the Howard government, had an equal responsibility in the management of the Murray, but the Howard government did not act because the Liberal and National Party members could not agree among themselves on responsible management strategy for the Murray and it was easy politics to blame the states. If we look at the comments of members on the opposite side from across Australia, we keep getting conflicting views about what is a sensible strategy to manage the Murray. Other speakers have made reference to that, and I certainly will not go on about it right here and now.

When the Murray became an election issue in the lead-up to the 2007 election, the Howard government found its new-found responsibility and quickly hatched a $10 billion election plan without even running it past Treasury. Like the global financial crisis, securing Australia’s water supplies transcends party politics and transcends state politics. Water is not a luxury and it is not an option; it is essential to life, to our food production, to our economy and to the environment.

Over recent months I have spoken to farmers along the Murray in South Australia, Victoria and New South Wales. My last conversation was only on Saturday night. I have been down to the Lower Lakes in South Australia and attended a rally there. I have listened to the pleas of literally hundreds of people who have raised their individual concerns about water security with me.

The $12.9 billion water plan put forward by the Minister for Climate Change and Water, Penny Wong, is a sensible long-term management plan for Australia’s water supplies and particularly for the Murray-Darling system. Securing the water needs of the Murray-Darling Basin and maintaining the productive capacity are dependent on essentially two things: firstly, reducing the amount of water being extracted—and we can do that by improving the efficiency of irrigation methods, bearing in mind that at the moment 1,500 gigalitres a year are lost through evaporation—and reducing the area under plantation; and, secondly, increasing the inflows into the Murray, which could be done by reducing the amount of water that is diverted from the Murray and prevented from reaching the Murray. Diverting water from other catchments into the Murray could also be considered. Lastly, we could always hope for more rain. Sadly, the available scientific data tells us that additional rainfall is unlikely and the situation may even worsen. That is the option we have no control over. However, we do have control over all the other options.

I want to discuss some of those matters and begin by addressing the question of reducing the amount of water being extracted.
The most effective method of achieving that objective is to install more efficient water distribution and irrigation systems. Open channel irrigation systems are totally inefficient and waste precious water. Of course, installing new pipelines and farm irrigation systems will not happen overnight, so buying back water allocations from willing sellers needs to occur as an interim measure. In the long term, however, we should endeavour to maintain as much of the Murray-Darling Basin food bowl as possible because of the basin’s food security and economic value.

We should also aim to reduce the reliance of urban communities and cities on the Murray. Desalination, water harvesting, damming and wetland projects in urban water run-off areas should all be considered. If you need a good example of what is possible in that regard, you only have to look at what has been achieved in the city of Salisbury over the past 30 years. Through the establishment of both dams and some 50 wetlands located throughout the city, Salisbury Council has developed a system capable of harvesting and reusing most of the rainwater that falls within the catchment area. Water that is not immediately required is stored in underground aquifers and extracted when required later on. This is often referred to as ‘stormwater harvesting’. The name itself is a misnomer because in times of heavy downpours much of that water does escape. That is the time when you cannot catch it all. The system in Salisbury currently enables that community to harvest, clean, store and reuse billions of litres of water each year.

I welcome Minister Penny Wong’s announcement only last week of an additional $6.5 million towards the Waterproofing Northern Adelaide project, which includes work in the cities of Tea Tree Gully, Salisbury and Playford. A joint entity has been established between those three cities to manage the water-harvesting work that is currently taking place.

The wetlands in Salisbury were complemented with an $8 million dam at Cobbler Creek and a series of smaller dams so that stormwater could be held back at times of heavy downpours and then gradually released into the wetlands. Fortunately, most of their annual rainfall comes down in the form of steady rain and the system is able to collect it.

Of course, evaporation and soakage losses in the shallow wetlands are quite considerable. That is why it is misleading to suggest that all of the water that runs through a catchment area—whether in Salisbury or elsewhere—could be reused through these systems. It may be collected, but it will never all be available for reuse. It is wrong to say that places like Adelaide could source all of their additional water requirements through constructing wetlands. As someone who has been associated with the city of Salisbury wetlands from their inception some 30 years ago, I find it amusing when I hear commentary from the new-found self-proclaimed experts, including some politicians, who have emerged in the past year when it comes to the topic of wetlands.

Assisting farmers to move off the land should be a measure of last resort. Our priority should be to assist them to remain on their farms and to remain viable. The Murray-Darling Basin accounts for about 40 per cent of Australia’s agricultural production and agricultural industry. The farming communities in the Murray-Darling Basin not only contribute to our export income but sustain millions of dollars of economic activity in each of the towns along the Murray. Many of these towns will simply die if more farmers leave the land. Where will those people go? They will go into the cities and coastal towns, which are already bursting at
the seams and in need of billions of dollars of infrastructure and with housing at unaffordable prices. It is not in the long-term national interest to abandon billions of dollars of agricultural infrastructure and country towns, nor is it in our interest to become dependent on imported food products, even if they are cheaper, when we have no control over how those products are grown and for how long we will continue to be supplied. That is why any assessment of diverting waters from other catchment areas should never be dismissed.

One objection I hear to water diversion schemes is the environmental impact to the coastline where the water is currently discharging into. I ask those people: what about the environmental damage to the Murray-Darling Basin if it dies, as we are seeing with the Lower Lakes? Furthermore, those who raise the environmental objections are generally the same people who advocate water-harvesting and reuse schemes. Urban water-harvesting schemes also prevent water from discharging into the coastline but with the net result being a healthier coastline because the highly polluted waters no longer enter those coastal waters.

I also have real concerns with the water-trading arrangements that have resulted in recent years. Smaller farmers who have no cash reserves and possibly have a mortgage to pay off simply cannot afford to pay for additional water to get them through while the water restrictions are in place. The risk of crop failure or a fall in market prices for their commodity makes borrowing additional money to grow their crop far too risky. I believe that all water buying and reallocation should be controlled by the new water authority and not simply left to market forces.

Debate interrupted.

ADJOURNMENT

The SPEAKER—Order! It being 8.30 pm, I propose the question:
That the House do now adjourn.

Mr John Griffin

Mr HOCKETY (North Sydney) (8.30 pm)—In this parliament we often acknowledge the passing of national and international leaders and of former parliamentarians. We acknowledge their contributions to building a better Australia and, hopefully, a better world. Tonight I rise to pay tribute to a person who deserves to be acknowledged in this place, the Australian parliament, for his efforts to make our community a better place.

John Griffin was a small business man in my electorate who owned and operated one of the better known furniture stores on the lower North Shore in Sydney. Running your own business in a competitive market is time consuming and hard enough, but John was the type of person who thought and acted a lot bigger than just for his own business. His shop, Penfold's Furniture, was located in the heart of Crows Nest, and for almost four decades John dedicated his life to making this important centre a strong and vibrant retail and commercial precinct. He did this as a local businessman and as President of the Crows Nest Chamber of Commerce for the past 20 years.

John was passionate about our area on the lower North Shore. He could speak more knowledgeably about the history of the North Sydney municipality and its growth than most. He often talked about Crows Nest’s role as the largest retail and commercial centre north of the Harbour Bridge before places like North Sydney and Chatswood came to rival and overtake its place. In the face of competition from other centres on the North Shore, Crows Nest faced a potentially grim future. John knew that if nothing were done then Crows Nest ran the risk of
sliding into history as a tired and run-down retail precinct that would have little to offer residents, businesses and shoppers. With the drive and determination that were to be his hallmark, John set about creating a new future for Crows Nest. He knew that to survive Crows Nest needed its own character and its own niche. The Crows Nest Mainstreet program which he, more than any other, convinced North Sydney Council to establish and support did just that. The area was transformed through streetscape works and the addition of outdoor dining. The business community came together and worked to ensure that their area had a future. Crows Nest became a model for many other retail centres that ran the same risk of decay around Australia. To this day, it is cited as an example of how a precinct such as this can save itself in the face of competition from other locations and the emergence of the giant shopping centres.

Of course, nothing stands still, and neither did John. He worked hard to ensure that Crows Nest remained vibrant and met changing times. As many of its traditional businesses faced financial difficulties, John was at the forefront of looking at new ways to keep the centre humming. To achieve all that he did, John firstly had to convince fellow shop owners and businesses that concerted action was necessary. He then had to convince council and others to get behind the revitalisation project. John achieved both of these, not through strident table-thumping but rather through persuasion and the passion of his commitment. John, the man, was a true gentleman. He succeeded through hard work and also by treating others with respect and understanding. He gave of his time without hesitation.

John’s interest in the community extended to state and national politics, and in this regard I am very grateful for the support that he gave me and others like John Spender and Jillian Skinner over many years. I have to say that there is not a campaign office that I have had that was not lent its furnishings from John’s store, and last year when he announced that he was winding down his business we just hoped it would not be before the federal election was called.

It is people like John Griffin who, to use that well-worn phrase, are the backbone of our community. After a life working for others, he faced his own challenge when he was diagnosed with cancer. He was an inspiration in facing this battle in the way that he kept his good humour and his work for the community right to almost the very end. He showed courage that all of us in the local community could admire. All of his friends, and particularly his family, have my sincere condolences, and the recognition of John in this place is appropriate. Tonight I say farewell to the person dubbed ‘Mr Crows Nest’, and to his wife, Sue, and his children, Robin, Ryan and Dani, and the many friends that John had in our local community I extend my deepest condolences.

**Fremantle Electorate: North Fremantle Amateur Football Club**

**Ms PARKE** (Fremantle) (8.35 pm)—I want to speak briefly about an event I attended in North Fremantle on 29 September. On that occasion I was invited to the clubrooms of the North Fremantle Amateur Football Club to help celebrate the official launch of a book by Baden Pratt entitled *Hell for Leather: the Forgotten Footballers of North Fremantle*. This book, to use the words of former Western Australian Premier Alan Carpenter, who contributed the foreword, is a story that simply had to be told. But it is much more than that. It is a book that captures the absolute folly of war and the sheer waste of young men’s lives—men who more than 90 years ago left behind their beloved football ground in North Fremantle...
to fight in the trenches and mud heaps of the Western Front. A large number of them never returned, and those who did were never the same.

But the war did not just kill the footballers; it also killed a football club, the original North Fremantle Football Club, which was devastated by the war. More than 40 members of the club volunteered for service, 11 were killed and another 20 or so were seriously wounded. *Hell for Leather,* which I think is a magnificent title, also looks at the impact of World War I on Fremantle at large—on the port, the hospital, and the wider community. It traces in thumbnail sketches the lives of many North Fremantle soldiers who were killed in the Great War—which is not an appropriate title for any war, in my opinion—and of the North Fremantle footballers who were killed in World War II and in Vietnam. The book is the result of an amazing community effort and has been a profound act of remembering those forgotten footballers.

The community’s commitment to remembering goes further. The North Fremantle Amateur Football Club has traced the grave-sites and memorials of those nine footballers killed on the Western Front in World War I. This month the club is sending 32 club members to Europe to visit the sites. Some of the young footballers going on the trip spoke movingly at the *Hell for Leather* book launch about their fellow club members who had been killed all those years ago. They plan to conduct special ceremonies at each of the sites and to place a club football jumper with the number and name of the fallen footballer on the grave or memorial. Of course, both the pilgrimage and the book coincide with the 90th anniversary of the end of World War I.

We are now seeing in Australia an increasing awareness, beyond the Anzacs in Gallipoli, of the Australian contribution in wartime and in peacekeeping. This awareness is extending to such events and places as the Kokoda Trail, Nui Dat, East Timor and Afghanistan, but it is also extending to arenas that have always been in the background but never really properly commemorated in Australia, like the Western Front and Palestine. This year has seen special Australian Anzac Day ceremonies taking place in Villers-Bretonneux in France and in Beersheba in Israel. In thinking about the journey which the members of the North Fremantle Amateur Football Club will undertake this month to visit gravesites, I was reminded of my own recent experience visiting Commonwealth war cemeteries in Gaza, Beersheba and, most recently, Cairo while I was working with the United Nations in the Middle East.

At the beginning of last year, a friend of mine who grew up in Fremantle told me in an email of his great sadness that his dad’s uncle, Victor Charles McIntosh, who served with the 10th Battalion, AIF, had died in Cairo on 13 January 1915 at the age of 21 and that no-one in the family had ever been able to visit the grave. Last year on 13 January, I visited Victor McIntosh’s grave in the Commonwealth war cemetery in Cairo, exactly 92 years to the day after Victor’s death. I took photos of the grave and the cemetery which I sent to the family.

The point is that, in remembering all those touched by war—the soldiers, the civilians, the dead, the wounded, the veterans and the families—and in visiting the memorials and the thousands of rows of crosses and tombstones in distant places, we remember the futility of war and the tragic waste of lives and we make a renewed commitment to the non-violent resolution of conflicts. I especially want to praise the author of *Hell for Leather,* Baden Pratt, for showing...
that each of the young men from North Fremantle who died on the Western Front or at Gallipoli was an individual loved by his family and his community, was an individual who loved his country and was an individual who loved his football. I also want to pay tribute to Paul Farrell, the President of the North Fremantle Amateur Football Club, and to all the club members, especially the young footballers, who are making this trip to the Western Front. I venture to say this is the most innovative and impressive contribution by any football club in Australia, professional or amateur, to the celebration of 150 years of Australian football this year and, more importantly, to marking the 90th anniversary of the end of WWI and the lives of these young men.

**Women in the Defence Force**

Mr LINDSAY (Herbert) (8.40 pm)—Tonight I want to recognise a celebration of women in the Australian Defence Force and I would like to acknowledge the contribution that the head of the National Operations Division of the Australian Defence Force and Australia’s first female general, Major General Elizabeth Cosson, has made to this celebration. Australian women today live in a world of opportunity and we have come a long way since George Hegel in the 1800s suggested:

> Women’s limited mental capacity equips them only for housework and child rearing. Women … are incapable of intellectual achievement.

It is important that today’s women realise that these opportunities to pave the foundation for the future and ensure the concept of women in positions of power and authority is reality.

Tonight I would like to reflect and share the journey of women in defence, as women have been giving over a century of service in uniform, in public service or indirectly in serving our nation. Firstly, women in the military can be traced back as far as 1899, when the first army nursing service was set up in NSW and army nurses sailed for South Africa to serve in the Boer War. More than 3,000 Australian Army nurses stepped forward to tend to injuries of wounded Anzacs at Gallipoli and in France. During World War II, 71 nurses died on active service. A shortage of males led to the formation of the women’s services during World War II. There were over 60,000 women in the three services. More recently, women have deployed to all Australian Defence Force operations—Cambodia, Rwanda, Somalia, East Timor, Bougainville, the gulf, the Solomon Islands, Iraq and Afghanistan. We cannot overlook those women who, although not directly engaged in the physical act of combat or near the battlefield, remain part of the process of war.

There are also those wives and husbands who were prepared to forsake careers to tend to the home fires in support of loved ones who deployed from home. They all faced the reality of war, with all its horror and its danger, with a clear vision of the future they were working to protect. The energy and value of these women who challenged the social conventions of their day to serve in the difficult and dangerous conditions of war have not gone unrecognised by those who follow.

Some went to seek the adventure, some were driven by patriotism and some went for humanitarian reasons, and there are those who wanted to contribute to a cause. There are even instances where women have served in conflict in order to be close to their husbands or to escape their husbands. Regardless of the reason or the type of service, whether in uniform or in a civilian capacity, women have made a significant contribution to our country during our involvement with war.
It is important to recognise the journey of women in the military. Since the 1970s, a number of significant changes have been driven by the senior leadership in defence: the marriage bar for women in military service was lifted in 1970; from 1974 women did not have to separate from the military because they were pregnant; and equal pay for equal work was awarded in 1978. 1979 was the year that female officer training was aligned with male colleagues undergoing training at Portsea, Victoria. This year was also the first year that females were provided training in military tactics and weapon handling and were provided employment opportunities beyond those traditionally held by women.

It was in the 1980s that we saw the greatest change for women in the ADF. By 1984, 23.5 per cent of positions were opened to women in competition with men. In the mid 1980s the Navy permitted women officers to complete full training courses on board HMAS Jervis Bay. In 1986 the Air Force had its first female pilots graduate. In 1988 the Navy appointed the first female commanding officer. By 1989, 43 per cent of positions were open to women in competition with males and today it is over 90 per cent.

As a previous Chief of the Australian Defence Force, Admiral Barrie, wrote:

Women have in many ways been at the very centre of the events that have shaped our military, its approach and its very character.

Women for the past 30 years have been afforded opportunities to compete with male colleagues based on shared experience, education and training.

Today there are over 7,000 women in the ADF, which represents 13.4 per cent of the total workforce, there are 3,800 women in our reserves, representing 16 per cent of the workforce, and in our Public Service women represent 38.5 per cent of the workforce.

Women now hold senior appointments and serve in key leadership roles on operations and in support roles in Australia. In 2006, for the first time in defence history, we had one star-ranked woman in each of the services. Today we have two in Navy, two in Army and one in the RAAF. Women in the senior leadership group represent 4.3 per cent of the workforce, compared to the Australian Public Service senior executive service, where women represent 23.7 per cent.

One of the biggest challenges facing defence is the shortage of the right people with the right skills. Defence cannot ignore 50 per cent of the Australian population—(Time expired)

Biodegradable Shopping Bags

Mr ZAPPIA (Makin) (8.45 pm)—The South Australian government has made a decision to phase out plastic grocery bags by May of next year. I raised this matter with one of the grocery retailers, who told me that they felt there was not a suitable alternative available for consumers when that happens. This was the Romeo Foodland Group, a family owned retail group that runs about 15 supermarkets in the Adelaide area. In discussions with them, we came to an agreement that they would trial a fully biodegradable bag for a two-week period. They did so with the specific purpose of seeing whether the bag would meet the objectives of shoppers and retailers. There was also the objective that if the bags were a suitable alternative then maybe more grocery stores would use them and, as the volume of bag sales increased, the price of the bags would come down to a level where supermarkets could continue to provide bags at no cost to their consumers.

We carried out the trial in the first two weeks of September. The bags certainly lived up to everything that was expected of them. Whilst the bags were made overseas, they do
comply with Australian standards with respect to 100 per cent biodegradable plastic bags. In the same trial we trialled a bag that meets European standards—that is, 73 per cent of the bag is expected to fully biodegrade within around 45 to 90 days. Both types of bags did that. The purpose of trialling the European bag was that perhaps Australian governments might adopt the same standards rather than impose the current standards that we have in Australia as far as biodegradable bag use goes.

Interestingly, consumers supported the use of the bags. That is not surprising because the bags are as user friendly as any of the current plastic bags. They pretty much look the same and they feel perhaps even better than the current bags. They stood up to the test of handling the volume of groceries that were put in them and caused no problems in that respect. Importantly, at the end of using them you can dispose of them very safely because they are biodegradable. You can put them in your own garden if that is what you want to do or in your waste bin because they will break down. They will break down in a way that does not cause any toxic effects, as plastic bags do. In fact, one of the concerns with plastic bags is that, even if they are practical for every other purpose, the reality is that most of them end up in landfill and they take hundreds and possibly even thousands of years to break down and when they do they release into the air toxins which are dangerous to humans. That issue was taken up with me separately only a day or so ago. The bags are totally safe and importantly, if they do get out there into our waterways, parks and reserves, they are not a risk to birdlife, marine life or other living creatures. They are made of cornstarch oil and a special polymer that they use to bind it together. They certainly lived up to expectations.

I raise this because I am aware that in Victoria at about the same time there was a trial taking place in some supermarkets where they were charging for the bags—I believe it might have been 10c per bag. At the end of their trial the volume of bags that were used had decreased significantly, and that is welcome. But my concern is really this: there was a similar trial in Ireland some years ago where exactly the same thing happened. The government brought in a charge on the bags. Initially the number of bags being used nose-dived but over a few months it steadily increased and now it is back to what it was before the charge was used. We need to find an alternative that is good for the environment, allows shoppers to continue to do what they want to do in the same way that they always have and, equally, does not cause additional cost to consumers. I am hoping that this trial will enable us to do that and I intend to forward the results of the trial to the next environment ministers meeting in November.
relation to providing infrastructure to north-western Sydney.

In 1999, the first state government announcement in relation to a north-western rail link was made and since that time there have been at least 10 subsequent announcements of rail lines that would be provided in north-western Sydney. Of course, today we know that there is no answer in relation to whether this important and critical project will go ahead and it is something that we do need to consider.

My electorate of Mitchell is one of the fastest-growing areas of Sydney. South-west and north-west of Sydney form the major growth corridors of Sydney. Our city of Sydney is bursting at the seams. Immigration and population growth all fall on the shoulders of the north-west and the south-west of our city. The demands of this increase in population are substantial, requiring greater government focus, thought, planning and preparation for the livability and the standards of living that people require in such rapid growth corridors. Indeed, the Hills District is also a major contributor to employment in greater metropolitan Sydney. We have a number of industrial and commercial precincts, such as the Norwest Business Park, the Castle Hill trading zone and major shopping centres such as Castle Towers and the new Rouse Hill Town Centre.

The Norwest Business Park, which is one of the major parks in Sydney, is home to over 400 companies, including Woolworths, Wyeth Pharmaceuticals, ResMed and many other innovative companies. Amway is headquartered nationally in my electorate. The Norwest Business Park employs around 25,000 people, and that number is expected to grow to about 45,000 over the next decade. The growth in this employment and in the amount of people travelling to and from work each day is already at a critical mass in the north-west of Sydney. It is one of the few places in Sydney at the moment where there is a massive demand for public transport but no supply. The bus companies in my electorate have tripled the number of bus services that they are providing going to and from the city, but still the demand far outstrips the supply.

There is a clear-cut and coherent case for better infrastructure within the north-west of Sydney. All of the benefits that flow from having better mass transit systems and reducing the number of cars on the road are backed up by the statistics. Mr Speaker, if you look at the census, you will find that of all the electorates in Australia they rank my electorate of Mitchell as the No. 1 electorate for two or more cars per dwelling; 70.2 per cent of the dwellings within Mitchell have two or more cars. Everybody in the Hills District knows this is the case. We are hugely car dependent. The reason we are car dependent is no mystery. It is deliberate failure by government policy. You have two or more cars per household in 70 per cent of the households in my electorate because there is no mass transit system. There is no choice; there is no option; there is no alternative.

The benefits in relation to this are clear cut. Last week, my electorate was concerned to hear that the government may not have a strong view about this project, the North-West Metro rail link. This was greatly disappointing to my community because this has social benefits, environmental benefits and congestion benefits for Sydney. Indeed, there is a very strong case that can be built that, with all of the property taxes, the rapid growth corridors that have been imposed on the north-west of Sydney, including the business corridors and the new Rouse Hill Town Centre—in fact, it is estimated that within the City of Baulkham Hills the growth will be from 165,000, which is the current population projection, to 238,000 by 2015, which is
massive growth—require a massive transit system. *(Time expired)*

**Eating Disorders**

Ms BURKE (Chisholm) (8.55 pm)—In the rush of government announcements to-day, there was one made by the Minister for Health and Ageing that might have gone unnoticed. But I want to draw it to the attention of the House and commend the minister for health for doing something about a group of individuals who often go unnoticed. The Rudd government has today announced it will invest $500,000 to help develop a comprehensive, coordinated national approach to eating disorders. I have spoken about eating disorders and body image often in this House. It is an area of great concern. It is the No. 1 issue of concern amongst our youth today. It is a frightening fact that many of our young people are more concerned about their body image than anything else. As a result of this, eating disorders have trebled in the last couple of years. Indeed, one in 100 adolescent girls develops anorexia and five in 100 develop bulimia. Anorexia nervosa has the highest mortality rate of any psychiatric illness, with approximately 15 to 20 per cent dying within 20 years.

Today we have announced this funding, which will go towards helping a coordinated approach. There are many people out there doing clinical trials in research, but in a very disjointed way. Currently, services for people with anorexia and bulimia are fragmented and disjointed. Research is scarce and the information available to people and their families is often inconsistent. This means that these vulnerable members of our community often struggle to get the care and advice they need. This funding will go a great way towards addressing that.

The Minister for Youth, Kate Ellis, has also announced that the newly formed Office for Youth will prioritise body image and that the Australian government will work with stakeholders, including young people, to develop a national approach to this urgent issue. A possible voluntary code of conduct for the media and fashion industries will be included in discussions with stakeholders. I congratulate the government on this announcement and say: well done.

I also put on the record tonight my appreciation for the Butterfly Foundation. The Butterfly Foundation is the largest national not-for-profit community organisation to support sufferers of eating disorders. I say a big thank you to Claire Vickery, the CEO and founder of Butterfly, for the great work she has been doing in advocating for intervention programs. Butterfly offers these within schools as well as providing national awareness campaigns and increased research. The announcement of the funding is very timely. The Butterfly Foundation has recently contracted Professor Robert Williams of the faculty of medicine at the University of Melbourne to do a research pilot into options for better research and care. I just want to read a short bit:

It may seem strange to begin a document scoping research with an analysis of the clinical care that is offered to those with eating disorders. However, as someone new to this subject, I found the nature and extent of clinical care available in Australia to those with eating disorders both strange and disconcerting. That is not to say that the individual clinicians in this field are either less talented or less nice than those in other fields; indeed, many of those I met were delightful and fully committed, and all spoke with me with great frankness and clarity. It is clear that there are positive developments in some areas; for instance, NSW Health now has two staff that are responsible for developing services for adults and adolescents respectively, and in Victoria a Centre for Excellence in Eating Disorders (CEED) has been established to support training for mental health clinicians.
However, the current situation in all States still leaves much to be desired. I also add, with regret, that this conclusion is not mine alone; every document analysing clinical care (for instance, the “Eating Disorder Service Mapping Project” of the Victorian Government, October 2006) has come to similar conclusions.

So it is quite demonstrated that there are not enough services available out there to these people with this debilitating disease, a disease that actually can lead to death and one that is often ignored and described as a silly phase during adolescents’ lives. The Butterfly Foundation has written:

The increasing incidence of eating disorders represents a national challenge to our society. It is not often recognised that anorexia and bulimia are the most serious conditions falling within “mental health” in our society, with a fatal outcome for approximately 20% of those affected. Eating disorders effect young people at the most crucial stage in their psychosocial development, as they head towards autonomy and towards becoming contributing members of society. Unlike other mental illnesses such as schizophrenia and bipolar disorder, eating disorders are a group from which a young person, under the right circumstances, can be expected to make a full recovery. Hence, it is an illness group worth making considerable investment in. However, due to the paucity of research and poor investment in clinical services, those circumstances that ensure recovery are poorly understood.

We have an illness group here that can actually benefit from research and from great clinical outcomes. I applaud the government, particularly the minister for health, for doing something positive about it.

The SPEAKER—Order! It being 9 pm, the debate is interrupted.

House adjourned at 9.00 pm

NOTICES

The following notices were given:

Mr Swan to present a Bill for an Act to amend the law relating to banking and insurance, and for related purposes. (Financial System Legislation Amendment (Financial Claims Scheme and Other Measures) Bill 2008)

Mr Hartsuyker to move:

That the House notes with concern, the failure of the GROCERYchoice website to provide meaningful information to consumers, in particular the:

1. failure of GROCERYchoice to provide meaningful information in a timely fashion;
2. failure of GROCERYchoice to enable a comparison of price and quality; and
3. inherent bias of GROCERYchoice against independent retailers.

Ms Parke to move:

That the House:

1. notes that the 24th October is United Nations Day, celebrating the entry into force of the United Nations Charter on 24 October 1945;
2. celebrates Australia’s key role in the formation of the United Nations and the drafting of the United Nations Charter;
3. recognises that Australia has been a consistent and long-term contributor to United Nations’ efforts to safeguard international peace and security and to promote human rights, for example, by being the 13th largest contributor to the United Nations’ budget; by contributing to many United Nations’ peacekeeping operations; and by firmly committing to increasing Australia’s development assistance and seeking real progress towards the Millennium Development Goals;
4. notes further the Australian Government’s commitment to the multilateral system as one of the three fundamental pillars of Australia’s foreign policy; that Australia is determined to work through the United Nations to enhance security and economic well-being worldwide; and to uphold the purposes and principles of the United Nations Charter;
5. notes that as the only truly global organisation, the United Nations plays a critical role in addressing the global challenges that no country can resolve on its own and that Australia is determined to play its part within the
United Nations to help address serious global challenges, including conflict prevention, international development, climate change, terrorism and the threat posed by weapons of mass destruction;

(6) notes also Australia’s commitment to, and support for, reform of the United Nations’ system in order to ensure that the organisation reflects today’s world and is able to function efficiently and effectively; and

(7) reaffirms the faith of the Australian people in the purposes and principles of the United Nations Charter.

Mr Adams to move:
That the House:

(1) recognises the difficulties farming communities in Tasmania are facing because of the prolonged drought;

(2) congratulates the Tasmanian State Government for its efforts in getting emergency water to the hardest hit areas;

(3) commits to the extension of support programs to allow those areas to assist rural areas in dealing with the mental trauma of drought; and

(4) continues to support the introduction of new schemes for water delivery and water recycling.

Ms Campbell to move:
That the House:

(1) recognises:
(a) that there are more than one billion of our fellow human beings suffering from the effects of extreme poverty; and
(b) the commitment of the Federal Government to increase foreign aid to 0.5% of Gross National Income (GNI) by 2015;

(2) acknowledges that this increase still falls short of the target of 0.7% of GNI as set out by the United Nations General Assembly in 1970;

(3) commends the efforts of the Micah Challenge in raising issues surrounding extreme poverty, particularly in Australia’s region of the world; and

(4) reaffirms the Government’s commitment to the Millennium Development Goals.

Mr Craig Thomson to move:
That the House:

(1) notes that:
(a) in our capital cities, most trips involve stop-start driving or short trips with around 50 per cent of trips being less than 5 kilometres;
(b) three hundred grams of greenhouse gas emissions are saved per kilometre for every vehicle that is taken off our roads, potentially totalling an average of more than four tonnes of emissions per vehicle every year; and
(c) in Australia it is estimated that in a single year, air pollution from motor vehicles causes between 900 and 2,000 early deaths and between 900 and 4,500 cases of bronchitis, cardiovascular and respiratory disease, costing between $1.5 and $3.8 billion; and

(2) supports:
(a) positive incentives such as the National Ride to Work Day to encourage people to take up cycling;
(b) riding to work as a way of getting fitter, having some fun, reducing traffic congestion and reducing greenhouse gas emissions; and
(c) policies, projects and initiatives that deliver increased options for active transport.
Tuesday, 14 October 2008

The DEPUTY SPEAKER (Mr AJ Schultz) took the chair at 4 pm.

CONSTITUENCY STATEMENTS

Flinders Electorate: Community Support and Security

Mr HUNT (Flinders) (4.00 pm)—I am pleased to rise to speak on two issues of community support and security within my electorate of Flinders. The first is in relation to the Crib Point bitumen plant. The proposal for this plant is a bad one. It seeks to bring, in violation of an election promise, an odorous bitumen plant right into the heart of Crib Point. It will do it in a way that will bring trucks—heavy movements—right through residential areas in the beautiful town of Crib Point. It will also lead to the reindustrialisation of a town which has become a residential community. For those three reasons I stand fully and squarely with the people of Crib Point in their opposition to this proposal for a bitumen plant. It is, in particular, in violation of a promise made by the state government of Victoria prior to the last election. It was an express, clear and absolute promise. The time is now coming for the state government, through the relevant minister, Mr Madden, to make it clear that they will uphold their promise to the people of Crib Point, to the people of Hastings and to the people of the Mornington Peninsula. It was an election promise that there would be no bitumen plant in Crib Point because it is a residential community, because it would have an impact on their quality of life, because it would have an impact on their road safety and because it would lead to the reindustrialisation of what is otherwise a beautiful residential town.

We are about to see the planning scheme amendments which are subject to an appeal call-in advisory committee report brought to the minister. This report should be made public. This report should advise that there will be no bitumen plant and the minister should conclude that there will be no bitumen plant. I say to the minister: release the details and guarantee the people of Crib Point that there will be no bitumen plant and reject the application for a bitumen plant.

The second area of community support and security to which I wish to turn is in relation to the many age pensioners in my community. We have fought hard over many years to ensure that there are benefits. We saw an increase of over 57 per cent in the rise of the age pension during the previous government, an almost 24 per cent real increase in that time. I am very proud of the fact that the constituents of Flinders, in representing the age pensioners, put the case directly to the former Prime Minister for the one-off bonus payments. Today’s announcement takes that further, but it is no substitute for a continued $30 a week increase in the base rate of the pension. That is what we advocate. We have put that on the table and we have circulated a petition. *(Time expired)*

Forde Electorate: Beenleigh Sports Club

Mr RAGUSE (Forde) (4.03 pm)—I would like to make a few comments today about an important community organisation. I would like to speak a bit about this group today because of perceptions that our communities have about clubs. As we know, very strong in the media at the moment is the issue of young people and so-called binge drinking. When we hear these stories they are generally related to activities that surround the clubbing experience, but a number of community organisations, and in particular the Beenleigh Sports Club, have said to

MAIN COMMITTEE
me that there is a real concern about the terminology and the perception that clubs are all the same. I am here today to say that that is not the truth. We do have nightclubs that have a whole range of issues that we as a government know about—and I am sure that the opposition shares with me some of the concerns we have about the excesses of some of their activities.

Today I want to talk about the Beenleigh Sports Club and put on the record that this is a community organisation, a sports club, that provides much of the entertainment that most clubs provide for our communities, but I want to particularly note that the Beenleigh Sports Club is a very responsible organisation in relation to their patron care and the role that they play in ensuring that their patrons do the right thing, whether we are talking about drinking or any of the gambling activities that might occur in the club. That is another issue, of course, but the reality is that sports clubs or community organisation based clubs are getting bad publicity through a number of areas of the media at the moment, and I would like to remind the House that this is something that we need to consider.

I will give you an idea of the work of the Beenleigh Sports Club and what they do for the community. They put about $100,000 back into the community. It is not a large club, but that is quite a significant amount of money going back to support the local schools, the Guide Dogs, the RSPCA and different organisations like Legacy. This is not unlike all of the other clubs—the social clubs, the RSLs and others—that provide this particular service to our communities. We need to understand that there are those nightclubs which bring a lot of disrepute to clubs where the term ‘club’ might be a very positive statement for our communities.

In closing, I would like to congratulate the Beenleigh Sports Club and its staff. It is a significant club, providing a lot to our community and working with our community to provide great resources and great activities for not only young people but also people of all ages. (Time expired)

Stirling Electorate: Friends of Trigg Bushland

Mr KEENAN (Stirling) (4.06 pm)—I rise today to acknowledge one of the many hardworking community groups within my electorate of Stirling. I would like to bring to the attention of the chamber the hard work, dedication and commitment shown by the Friends of Trigg Bushland. The Trigg bushland is a significant natural coastal reserve and a natural habitat for the endangered tuart trees. One of the projects conducted by the Friends of Trigg Bushland is the tuart mapping project. This project collects vital data that can be utilised in the ongoing conservation of this native species.

There are also a number of other native flora growing in the area, growing on dunes composed of white Quindalup sands formed in the last 6,000 years. As this dune system advanced, it buried the limestone and yellow sands of the 100,000-year-old Spearwood dune system. In some parts of the Trigg bushland the Spearwood sands still remain at the surface. The reserve itself is located on the coastal strip of my electorate in an area about one kilometre long, covering approximately 10 hectares. It is a class A reserve and in 1998 was recognised in Perth’s bushland, which subsequently became the Bush Forever plan, and it has now been designated as a reference site by the Perth regional biodiversity project.

The Friends of Trigg Bushland group was incorporated in 1990 at a public meeting after several years of informal operation and it is now recognised throughout my electorate of Stirling and in the wider community as one of the most active conservation groups in Western
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Australia. I would very much like to place on record my thanks for the efforts of the officeholders and committee members who give up their time voluntarily to ensure that the fragile bushland environment is preserved for current and future generations. In particular I acknowledge the hard work and commitment of present and past officeholders and committee members, Peter St Clair-Baker, Peter and Barbara Alcock, Phylis Robinson, Nina McLaren, Kristina Newton, Samantha Clarke and Peter Peacock. There are many more members of the community actively involved in the activities of the group, and I would also like to thank them for their personal time and the commitment they make to this valuable conservation project.

Spring is one of the busiest times of the year for the Friends of Trigg Bushland. The biggest job in spring is to tackle the scourge of weeds. After our wet winter, weeds are rampant. As well as conducting quarterly guided walks through different parts of the bushland—walks I have been very happy and privileged to attend in the past—the group collects seeds, removes weeds and rubbish and generally assists with bush regeneration. Local residents and families are encouraged to become involved with the Friends of Trigg Bushland. It is an area that I would recommend to anyone visiting my electorate of Stirling who would like to experience firsthand the unique and fragile bush environment that we are very lucky in Stirling to have on our doorstep.

Holt Electorate: Mr Noel Collins and Mr David Beards

Mr BYRNE (Holt—Parliamentary Secretary to the Prime Minister) (4.09 pm)—Today I rise to recognise two very special members of our local community, Noel Collins and David Beards. Noel and David were awarded the National Medal last Saturday at a ceremony hosted at the Narre Warren Country Fire Authority. The National Medal is a very special award established in 1975 and is one of the three elements of the Australian honours system. The National Medal recognises long and diligent service by members of organisations that help our community during tough times. Noel and David have served the local Narre Warren community tirelessly over the years. Both men were presented their medals by CFA board member Mr Peter Marke.

I would like to mention the role that Noel and David’s families have played in supporting and understanding their commitment to the Narre Warren CFA. Noel Collins joined the Narre Warren CFA in 1989 with his wife, Tina. Noel and Tina heard about the brigade through a letterbox drop recruitment drive. Noel and Tina showed great enthusiasm as active members and soon became valuable team members. Noel received the brigade’s Dorothy Balcombe Award in 1991. The award seeks to reward those who contribute to the brigade and represent volunteering at the Narre Warren Fire Brigade. Noel held the position of apparatus officer in 1992 as well as becoming a lieutenant in the same year. Noel completed training in the Australasian Inter-Service Incident Management System in 1994 and has since controlled many fire related incidents, including factory fires, house fires and HAZMAT events. He became a PAD instructor in 1996. This allows him to conduct hot fire training sessions at both the South Eastern Training Ground and Fiskville. In 1996 Noel became a workplace assessor and later a workplace trainer. He spends time in training and assessing CFA members in relevant firefighting competencies.

In the time remaining I would like to talk about David Beards. David joined the Bayswater Urban Fire Brigade in 1984 and received several firefighting and commitment awards during
his time there. He joined Narre Warren in 1993 after serving nine years with the Bayswater brigade. There were initial concerns about how David would settle into rural brigade life, but not for long as David was instrumental in having Narre Warren reclassified as an urban brigade in 1996. David was first elected as a lieutenant in 1995 and held that position for two years.

In 1994 David joined the CFA as a staff member in the IT department. He is now the manager of technical services within the CFA and thus has also served the CFA as an employee for over 14 years. In 1996 David became a workplace assessor and later in 1998 a workplace trainer. David spends time training and assessing CFA members in relevant firefighting competencies. He was again elected to the position of lieutenant in 2003 and has been the first lieutenant of Narre Warren since that time. During his time as an officer David has held the positions of community safety manager and training officer. He has represented the brigade at municipal fire prevention committee meetings for the City of Casey, as well as being the representative at Fire Brigade Association meetings. Both of these individuals certainly deserve the honour that was given to them last Saturday, as they have served their community with distinction and courage.  

**Swan Electorate: Mr David Harvey and Ms Inge Dahners**

Mr IRONS (Swan) (4.12 pm)—I have recently had the pleasure of nominating two people for the WA Seniors Awards 2008 for the extraordinary impact they have had in the local area. I nominated Mr David Harvey in the local community achievement category for his tireless work as an advocate for his local community, the Bentley Park Retirement Village. The retirement village is home to approximately 1,100 residents. David moved to the village in 2000 and ever since has shown excellent leadership on behalf of his community. He successfully led the resistance to a proposed council levy on non-government organisations that would have had severe financial implications for its residents. David managed to build sufficient momentum to have the proposal withdrawn. David also showed leadership during the establishment of the Boronia Pre-Release Centre for Women adjacent to the retirement village. The prison opened in 2004 and is designed to prepare about 70 women for reintegration into society. David became actively involved in the community advisory group, which is made up of local residents and business operators who meet monthly with Department of Corrective Services staff to provide community input, feedback and involvement into the centre’s operations. David’s commitment and conviction in representing his community makes him an outstanding candidate for this award.

I also nominated Ms Inge Dahners of Manning in the business participation category for her positive impact on the lives of aged people confronting challenges such as dementia, declining health and diminishing independence. Inge has worked as a professional at Southcare for the last 20 years and is currently the aged program manager. Southcare is a charitable organisation based in Manning in my electorate of Swan. Inge and her team, including many volunteers, provide the means to keep aged people as independent as possible and in their own environment for as long as possible. Among her many outstanding contributions, Inge worked tirelessly to start and achieve funding for the Bickley Club. The Bickley Club provides services specifically for people who have dementia, as well as for their carers. Services include transport to and from the centre, a midday meal, respite for carers, outings, shopping trips, information, personal support, recreational activities and a carers support group.
Without Inge, the development of this project would have been impossible. I am very happy to be able to inform the House that Inge Dahners is a finalist in her category. I think she would be a deserving winner of the prize. David and Inge demonstrate the extraordinary impact that seniors have in our society. Their stories represent the countless seniors who go beyond the call of duty. We owe them a great deal of gratitude and must enable their work by providing suitable funding in the future.

Hindmarsh Electorate: Pensions and Benefits

Mr GEORGANAS (Hindmarsh) (4.15 pm)—Today is a great day for senior Australians in the electorate of Hindmarsh, which I represent. Of course, today is a great day for all Australian pensioners across the country because today four million aged pensioners, disability support pensioners, veterans pensioners and carers have seen what a government that is committed to their wellbeing can do and is going to do regardless of whether they are single or in a couple relationship.

Pensioners have asked for help and today pensioners are receiving help. Considering the amount of help that the Rudd government is giving pensioners, Australia has not seen anything like this in a very, very long time. I am referring to the Prime Minister’s announcement to provide $4.8 billion of financial relief to four million Australian pensioners as a down payment while the government prepares its long-term reform and assistance package focused on our nation’s pension and social security system, due to be released next year. Single pensioners will receive $1,400, couple pensioners will receive $2,100 and carer allowance recipients will receive an extra $1,000 for each eligible person they care for in a non-taxable lump sum payment in the fortnight commencing 8 December this year.

This $4.8 billion package builds on the $7.5 billion in support provided in the government’s first budget, bringing new spending on pensioners, seniors and carers to $12.3 billion. This great step forward has been made possible by this government without excluding veterans’ affairs pensioners, as the Liberal Party had intended to do, and without excluding carers, as the opposition again appeared comfortable doing. Their tokenistic argument of a $30 increase was flawed, as we all now see, because it excluded so many deserving and needy older Australians. The Liberal Party’s attempt to pressure the government, if it had worked, would have only brought about inferior and insubstantial change of limited benefit and of even more limited scope. This Rudd Labor government initiative is the genuine article.

This government is engaging in genuine and long-term reform, with benefits that will extend through generations to come in building our nation, saving the Murray, funding our schools and hospitals and clearing the political decks of the blame games and cost shifting that we saw over the 11 years of the coalition government. This is the first part of a reform in which senior Australians and pensioners can take pride, knowing full well that this Rudd Labor government will deliver in the Australian national interest. I thank the government on behalf of all the constituents within the electorate of Hindmarsh, which I represent, for hearing our pleas and taking such bold and decisive action today while continuing to develop our new and improved pension and social security system. (Time expired)

Ryan Electorate: Mr John Peacock

Mr JOHNSON (Ryan) (4.18 pm)—I wish to pay tribute to and commend a constituent of the Ryan electorate, Mr John Peacock. Mr Peacock lives in the suburb of Fig Tree Pocket in
the western suburbs of Brisbane, a beautiful part of the Ryan electorate. I want to pay tribute to him because he participated and competed in the 11th Australian Transplant Games in Perth last week. He did so because he was inspired to make a difference after being told that he was in need of a liver transplant. He has had a successful liver transplant and is making a contribution to those who are desperately in need of organ transplants.

At 51 years of age, John Peacock was a healthy, successful businessman. Yet in 2005 he was diagnosed with severe liver disease and told that his life was in real jeopardy unless he got a liver transplant. I want to quote an article from the Westside News, our local newspaper in the western suburbs, because it highlights very successfully to all the people who live in the western suburbs of Brisbane how important this issue is. In the article Mr Peacock is quoted as saying:

After three to four months of treatment I was advised I had ‘end stage’ liver disease and would require a transplant …

My life slowly degenerated into a living nightmare, I was fluid restricted, yet suffered from severe ‘dry mouth’, and I hardly slept battling fatigue and massive fluid retention.

As time went on I slowly became weaker and eventually I became so ill I needed help with simple day-to-day tasks. I lost over a third of my body weight and was close to death when I got ‘the call’. And ‘the call’, of course, was the miracle call from the health authorities advising him he was one of the lucky ones. I say ‘one of the lucky ones’ because in this country we have a great challenge to try to increase the donor rates for transplant recipients. I have some figures here that I want to share with the House and particularly with the constituents of the western suburbs, including the Ryan electorate, to try to encourage them to consider being a donor. In Australia, on 2007 figures, we have nine donors per million of population. Compare this to Spain, which leads the world, with 34 per million of population. So in 2007 we had 198 donors in total, compared to Spain with 1,550. So I say to all those who live in the western suburbs of Brisbane, in the Ryan electorate, please consider this incredible gesture. It is a source of life for those who might need it.

Ms HALL (Shortland) (4.21 pm)—The contribution I am making tonight has been written by Angela McInnes, who is a second-year social work student from the University of Newcastle on placement in my office.

The number of homeless people in New South Wales at the time of the 2001 census was estimated to be 26,678. Twenty-nine per cent were in boarding houses, 45 per cent were staying with friends and relatives, 11 per cent were sleeping rough and 15 per cent were staying in supported accommodation. In the Hunter in 2001 there were 1,998 homeless people; that is 35 in every 10,000 people. Accurate figures as to the magnitude of the problem are difficult to arrive at, as much of the research undertaken is aimed at the literally homeless, rather than the marginally or precariously homeless and the people living in unstable accommodation. This makes the composition of the homeless population much broader and the numbers of homeless people much higher than reported.

On average, one million Australian households currently pay more than 30 per cent of their household income to meet housing costs. Forty-four per cent of low-income households, after
meeting their housing needs, have insufficient income to meet the basic standard of living. Households that pay high proportions of their income on housing are said to be in housing crisis or at risk of homelessness. In the Hunter region alone, there is a 30 per cent shortage of available housing, and these figures do not take into account people staying with friends and relatives. The situation is worsening, and that is why the Rudd government today put in place its changes to the First Home Owner Grant, there having been a 20 per cent drop in first home buyers recently.

In the Shortland electorate there is a high proportion of aged people and people living in pockets of lower socioeconomic areas who experience significant housing stress. These issues are no longer impacting just on the lower socioeconomic groups but also on the average household. More and more individuals are experiencing housing stress and are at risk.

A major problem in community mental health is the growing number of younger individuals at high risk of developing schizophrenia and of abusing alcohol and drugs. It is vital for service providers to engage with homeless people in order to help them find appropriate housing. In order to be effective, they need to sustain working relationships over a long period of time. The focus then for helping the homeless, especially the young homeless, is to develop methods that are successful in engaging and re-engaging them. One program, which is internet based, that has been extremely successful for people suffering from depression is MoodGYM, which can be found at moodgym.anu.edu.au.

I do not have the time to complete the words that have been written for me, but I would like to thank Angela very much for the contribution that she has made. It shows that she will be a very fine social worker.

**Petition: Hunting**

**Mr HAWKER** (Wannon) (4.24 pm)—It is my very great pleasure to present a petition that draws to the attention of the chamber the vital role that hunting plays in the conservation of species, habitat and ecosystems for future generations. This very large petition was collected in just two days in one location in Sydney. It has over 1,800 signatures, and I really want to commend one of the organisers, the Chair of the International Coalition for Women in Shooting and Hunting, Dr Samara McPhedran, for all the work she has done on this. Dr McPhedran said:

People in regional, rural and remote communities are suffering through drought and hardship—which we know. She continues:

The Parliament would do well to endorse their right to maintain and grow the alternative income stream gained through welcoming hunters into the community.

She points out that hunters contribute at least $40 million just to the economy of Victoria, not to mention the whole of Australia. As I said, the petition calls upon the parliament to recognise the vital role hunting plays in the conservation of species, habitat and ecosystems for future generations.

**Mr Deputy Speaker Schultz interjecting**—

**Mr HAWKER**—I have got the chair helping me here! Dr McPhedran said:

The World Conservation Union promotes hunting as a powerful conservation tool, but Australia has lagged behind the rest of the world in accepting this reason. It is time Australia caught up with the international best practice approach to conservation.
To support what she is doing, there is a lot of very good work that has been done over a number of years. For example, the Senate Rural and Regional Affairs and Transport Committee inquiry into the commercial utilisation of Australian native wildlife concluded:

Hunting has considerable potential to assist with conservation objectives, particularly for areas of land which are perceived to have little other economic value (such as swamps and wetlands), and also has the potential to contribute wealth to local communities which may have little other opportunity to derive income from their land and wildlife.

The Ramsar convention on wetlands endorses sustainable wildlife use enacted through practices such as waterfowl harvesting. Australia-wide, it is estimated that hunters generate over $1 billion annually for the economy. It has certainly been acknowledged in the Northern Territory that hunting is a way of ensuring the long-term sustainability of waterbird populations. The Game Council of New South Wales have done positive work in getting rid of feral animals, and this happens in other states as well. I commend those responsible for this petition and I have very great pleasure in formally presenting it to the chamber.

The petition read as follows—

To the Honourable the Speaker and members of the House of Representatives assembled in Parliament:

This petition of certain citizens and residents of Australia draws to the attention of the House the vital role hunting plays in the conservation of species, habitat, and ecosystems for future generations.

Your petitioners therefore respectfully request that the House

(a) Formally acknowledge that the International Union for the Conservation of Nature (World Conservation Union) promote hunting as a powerful conservation tool.

(b) Endorse sustainable wildlife use in Australia, enacted through practices such as waterfowl harvesting.

(c) Recognise the contribution hunters make to regional, rural, and remote communities and economies in Australia.

from 1805 citizens

Petition received.

Corio Electorate: Car Pooling

Mr MARLES (Corio) (4.27 pm)—Car pooling is not a new idea. The world over, it has assisted urbanised areas in reducing pollution through a lessening of cars on roads. For the individual, car pooling provides for decreased usage and maintenance costs with less fuel used, less parking required and less upkeep of vehicles. Current VicRoads figures estimate that over 45,000 vehicles per day travel between Geelong and Melbourne and it is estimated that 70 per cent of these vehicles are occupied by just one person. With the population of Greater Geelong and the Surf Coast region forecast to increase by around 18 per cent over the coming decade, these figures stand to rise, not only putting more cars on our roads but also putting more people on our trains and buses and, should we not change our transport habits, putting more pollution into our area and oceans.

Glenn Batson, founder of The Daily Commute, a car-pooling organisation that currently operates in Geelong, suggests that, if 5,000 people were to start car pooling on their daily journeys along the Princes Highway, over 30,000 tonnes of carbon would be saved from emission. Furthermore, it would alleviate some of the regional pressure on public transport and congestion on roads in both Melbourne and Geelong. In this regard Mr Batson's senti-
ments are a reflection of my own. Three years ago I publicly called on the City of Greater Geelong Council to formulate a car-pooling database for Geelong residents. Such a database, it was envisaged, would allow residents to register their commute details in order to then be matched to similar travellers in their area. It was considered that, while this may involve some consumer costs and necessitate certain personal security checks and precautions, it would no doubt lead to decreased costs for the environment and the individual in the longer term. In its success may lie further benefits, such as the creation of car-pool lanes around Geelong and on sections of the Princes Highway.

There are simply too many positives to be drawn from a well-coordinated car-pooling scheme for it to be overlooked. This is why my office will seek to engage with the City of Greater Geelong, existing providers such as Mr Batson and other relevant stakeholders over the coming months to identify how we can best encourage the use of car-pooling schemes in Geelong to serve what is a clear public interest.

Let me be clear that I do not see car pooling as a mechanism by which governments of all levels can seek to diminish their contribution to public transport. There is now, and there will continue to be, a need to invest in public transport systems. But if car pooling can alleviate some of the pressure on these systems while reducing transport pollution and individual consumer costs, it would be foolhardy not to encourage its use. Car pooling will assist Geelong in managing its current and future transport needs, and this is why I support it and why I will be encouraging others to support it. With a coordinated approach, I know that it can be a beneficial tool in easing the daily commute between Geelong and Melbourne.

The DEPUTY SPEAKER (Mr AJ Schultz)—Order! In accordance with standing order 193, the time for constituency statements has concluded.

DAIRY ADJUSTMENT LEVY TERMINATION BILL 2008
Second Reading
Debate resumed from 24 September, on motion by Ms Burke:
That this bill be now read a second time.

Mr JOHN COBB (Calare) (4.30 pm)—The object of the Dairy Adjustment Levy Termination Bill 2008 revolves around two main issues. The first one is the cessation of the Dairy Adjustment Authority. The second one is the cessation of the 11c levy which consumers pay on milk products unless the products are refined or processed to the point where they have a higher than 12 per cent butterfat content. We do not oppose this bill. We are in agreement with it. The industry always knew that the levy and the authority had a sunset clause. It was not as a result of anything that the federal government of the day did. It was as a result of the deregulation of the dairy industry—a decision within the dairy industry itself and a decision by the state governments involved to accede to that.

However, the money set aside to help the industry adjust was a loan from the Commonwealth, in effect. It has mostly been paid back. There was some $200 million still owing as of July this year. Based on the average rate of collection from consumers, by some time around February 2009 that should have been paid back to the Commonwealth. I think that, as of April of this year, payments to the industry were finalised. As I said, there was still $200 million owing to the Commonwealth as of July.
I think that, obviously, that 11c should not be collected past the time when the Commonwealth is no longer owed money. I think it is incumbent upon the minister and the department to see to that. I expect that they will do their level best to ensure that money is not collected past the date when it is no longer necessary to do so. There is no need for consumers to pay money which, as this bill stipulates, will only go back to the Commonwealth. I think that, given the industry’s position, they would be upset as well if money did continue to be collected past that time. This bill exists in spite of the fact that there always was a sunset clause on the original bill put through in 2000 by our previous government. Despite that, this bill is necessary to ensure that there is no time lag or as little lag as possible between money not being owed to the Commonwealth and the collection of that money.

But the big issue here—and I think it is an issue for all parties in the industry and especially the government of the day—is to watch and make sure that those people who process or, more particularly, retail milk, be it the big supermarkets or anybody else, bring the price of milk down by the 11c that is involved in the collection at the moment. The parliament—whichever side, be it the government or the opposition—and certainly the industry have a vested interest in this and we owe it to the consumers of Australia to ensure that 11c does come off the retail price of milk.

While we are talking about the dairy industry, let me say that deregulation was a tumultuous issue for the industry in the various states. The industry has adjusted far better than anyone might have imagined at the time. There were very disparate views amongst the various states. The main players were Victoria, Tasmania, New South Wales and Queensland, and of course there is dairy in other states. The export market opening up to the extent it did certainly has made the dairy industry very competitive around Australia.

Dairy is an industry, particularly in New South Wales, that has always produced on a level basis. That is, to a large extent, because it is an irrigation industry. Years ago, when I was president of the New South Wales Farmers Association, I went down the Murray in times of previous water shortages and I was somewhat surprised to learn that the people in those days who paid the most for temporary water were dairy farmers. That is possibly not true today but it certainly was eight or 10 years ago. Dairy farmers would outbid the rice growers, the horticulturists and others for temporary water because they had to have continuity of production.

Given what I have just explained, the irrigation industry is important—whether it be bore irrigation, river irrigation or whatever it might be—because it is an intensive industry in agricultural terms. It is also important that we look at the National Plan for Water Security instituted by our government previously. The only plan the current government seems to have to deal with water security is to buy water—and that, once normal seasons come back, is going to hurt all our industries and our towns to an enormous extent. I believe it is incumbent upon the current government to look more at a plan for the way they deal with the irrigators, be they dairy farmers or anyone else, because that continuity of supply is so important. It is important not just to our dairy farmers and our irrigators but also to the communities that live along the rivers, particularly the Murray, and in Tasmania and other places.

For those who depend upon river irrigation we need to have a plan and we need to have structural adjustment, which has been wiped out—as the last lot of Senate estimates revealed—by the current government in the current National Plan for Water Security. That is the plan that is being put forward or dealt with by the government. It only involves buying water.
It is not a plan which looks at the needs of the industry and the needs of rural communities in the Murray-Darling basin.

The history of dairy farming in Australia is a long one. When we lost our close ties to the UK, when the UK joined with other European countries in the economic union, it had a profound effect on Australia—far more than on New Zealand or anywhere else—but the dairy industry has modernised over the years. It is a tough industry. It has done a fantastic job of dealing with the modern strictures of production. Despite the ruptures that existed in 1999 and 2000 when the dairy industry deregulated, it has come to terms with that deregulation and it is one of the bright spots in Australian agriculture, in terms of trade.

I think the industry needs to have a minister and a government that are well aware how important it is to everybody—not just those within the Murray-Darling basin but in Tasmania, Queensland—

Ms Marino interjecting—

Mr JOHN COBB—and even in Western Australia, as the member for Forrest quite rightly points out. There is a very important industry there and a very tight and efficient one. I think that the Minister for Agriculture, Fisheries and Forestry may not actually want the portfolio of agriculture, but the fact that he has it means that he has a duty, not just to this government but to the agricultural industry, to look at its policy and needs, to defend it where necessary and to take up the cudgel when other sectors of the government might take actions which reflect badly on it.

As I said, all of agriculture in Australia is efficient and tough. The dairy industry has been through tougher times than some; I hope it does not strike them again. I hope trading schemes do not bring it to its knees. I do not think it will be brought to its knees, because it is a very efficient, very good industry. It has become one of the bright spots in Australian agricultural trade, along with others.

I will repeat what I said: the minister does not represent the government in this case; once you become the minister for agriculture you are representing agriculture, whatever your opinions on global warming are. It is not as reported. I realise very well there are changes in temperature. It is the decisions that are drawn from that information and what we do with that information that I question from time to time, and with very good reason. Agriculture is one of those industries that at this point in time pretty much cannot escape being a negative when it comes to carbon. The dairy and grazing industries in particular cannot escape it. But they deserve a minister who will go out to fight for them. They deserve a minister who will do his best to understand them and meet with them whenever they need to see him. There is no older industry in Australia than agriculture. And around the world I do not think there is a better one, either—be it dairy or anything else.

We support the bill. We appreciate the fact that the minister, it would seem, is doing his best to end it so that there is not an overflow of income being taken from consumers. One of the issues that the industry was very strong about in 2000, when the package was first introduced, was that if any money were left over it should be returned to the industry. I hope that what is being done with the bill means there will be very little left over. As I said earlier, before the minister arrived, I think the big issue for him, his government, the industry and us is that we see the price of milk come down by 11c.
Mr BIDGOOD (Dawson) (4.42 pm)—I rise to speak to the Dairy Adjustment Levy Termination Bill 2008. The Australian government is acting to help ease the financial pressure on Australian working families by reducing the price of milk for Australian consumers. The Dairy Adjustment Levy Termination Bill 2008 will remove the levy on Australian milk consumers that has been in place for the last eight years.

The structural adjustment package made payments to 13,000 dairy farmers who were in the industry in 1999. Farmers received their final payment under the same scheme this year. The objectives of the dairy industry adjustment package, introduced in 2000, have been realised, and it is appropriate to both wrap up the administrative arrangements and terminate the consumer levy as soon as is practical, as soon as possible. This downsizing reflects that the authority has substantially completed its functions and can now be wound up.

Deregulation of the dairy industry occurred in 2000. Structural adjustment payments were provided to dairy farmers over eight years to assist them and their communities to adjust to the competitive, deregulated trading environment. As the final payments to farmers under the dairy industry adjustment package were made in April 2008, closure of the program will not adversely affect payment rights of dairy farmers.

The abolishment of the levy, which stands at 11c per litre of milk sold, will be welcome news for milk consumers. By removing this tax on milk, the government is providing financial relief for Australian families when they do their shopping. We are the government that is taking practical steps to reduce taxes on working families. One just needs to look at the budget to see that we are delivering tax cuts for Australians. Tax cuts in the 2008-09 budget delivered by the Treasurer meant that those who earned $40,000 a year had a tax cut of $20.19 a week, and those who earned $50,000 a year had a tax cut of $19.23. The government’s education tax refund and increases to the childcare tax rebate are examples of tax relief delivered by the government to working families in the budget.

There is an ever-increasing financial impact of rising grocery prices, particularly for low- and middle-income earners, and the government recognise that. We are listening to working families, and we are taking practical measures to relieve the cost-of-living pressures that exist today. It is important to reiterate that there are no new payments to be made under the levy to farmers, with the last payment being made in April this year. The Australian Bureau of Agricultural and Resource Economics found that strong growth in milk prices in 2007-08, when farm-gate prices rose by as much as 48 per cent, had helped with recovery from the drought year of 2006-07, and the industry is in a good position.

After the removal of the dairy adjustment levy, the government will collect $20 million per month less from Australian milk consumers. The removal of the levy will take some pressure off soaring milk prices and inflation, which is good news for the people of Dawson and good news for the people of Australia. Australian Bureau of Statistics figures on inflation show that the price consumers paid for milk grew by 12.1 per cent in 2007-08. That was a sharp acceleration after the past few years when milk prices typically rose at an annual rate of three to four per cent. The government expects that the removal of the levy will be passed on to consumers. The government, in passing this bill, will ensure that any complaints or suggestions of anticompetitive conduct in relation to the removal of the levy will be dealt with by the Australian Competition and Consumer Commission. The President of Australian Dairy Farmers, Allan Burgess, agreed with the government’s position that consumers should get the benefit of
this measure when he said that he believed retail milk prices should drop 11c a litre when the
tax is lifted. Mr Burgess is quoted in the article ‘Milk price to drop as tax goes’ in the Australian Financial Review of Thursday, 25 September 2008. He said:

From an industry point of view, that would be our expectation—that other people along the supply chain do not capture the benefit, but that the benefit flows to the consumer, as we all agreed in 2000 …

In the same article Mr Burgess said that the industry had ‘undergone a major adjustment as a result of deregulation but emerged as strong and internationally competitive’. The government could have kept the levy in place and allowed funds raised from the levy to continue to raise funds, but the government has made a decision that consumers come first. The other side of politics needs to hear that message loud and clear: this government is clear and decisive that consumers do come first. The fund into which levy payments were made stood at a deficit of around $205 million in July 2008. It is expected to be in balance in the first quarter of 2009. Amendments to the act will allow the Commonwealth to stop the appropriation of levy funds into the Dairy Structural Adjustment Fund as soon as possible after the deficit of the fund has been eliminated and there will be no further calls on it. With the passing of this bill the Dairy Structural Adjustment Fund will be closed once it has a zero balance.

In conclusion, the adjustment fund has fulfilled its purpose. It is timely to terminate the 11c-per-litre consumer levy on fresh milk sales which has funded the program. The government is making a responsible decision in passing this bill. I do commend this bill to the House.

I would just remind the other side that we have clearly said that we are putting consumers first, and we are being very practical and pragmatic in everything that we do here. I know that the minister, who is beside me right now, has made it very clear that this is something which he is very happy about—the way that we are moving forward. This fulfils the overall agenda of looking after low-income families in our community and reducing inflation on the grocery bill that comes to the family table.

There is nothing more basic, nothing at all, than milk. I remember a time, when I was at school, when we used to have good old-fashioned milk. I tell you what: these good old-fashioned teeth are the product of that good old-fashioned milk. I personally—and this is a personal view, not a government view—Minister, I hope you forgive me for saying this—think that was good for our kids, good for our generation. It is good for fighting osteoporosis, particularly for ladies aged 50 and above, because one of the key causes of the increase in the incidence of osteoporosis is a lack of milk and cheese. It is a direct result of that. So there are a wide range of benefits of milk. What greater incentive is there for the family to drink milk than to reduce the price of milk per litre by 11c? Personally I would love to see milk reintroduced into schools and I would love to back our Australian dairy-farming industry by helping facilitate that—but that is my own personal view, and I make that clear, Minister! I do not want to go beyond that, so let everybody hear that clearly! But I believe that was a good policy. It is good to look after our children, and that investment in milk for our children in the generations past has resulted in lots of long-term health benefits.

The levy on milk was introduced by the previous government, and you have to give credit where credit is due: in 2000 the dairy levy was a necessary thing, and we on this side of the House recognise that. We recognise that. We are pragmatic and we say, ‘Okay; where there is a need, meet the need.’ But now that the dairy industry is coming back into its own and its
needs and the aims of the levy have been met, we can now say, ‘Okay, it is in good shape and we can now save the Australian consumer 11c a litre on milk.’ I think that is very important to remember—that we need to pass that on. I am so encouraged by Mr Burgess when he says that there is an agreement, and I hope that people do keep their word and they do pass it on in good faith. That deal was made under a previous government, and we want to see that honoured under this government as well. I have not overstepped the mark there, have I, Minister?

In winding up, I would say that I have put forward the government’s logic and the pragmatism of this government—its ability to acknowledge when it is necessary for certain things to be done or bills to be passed. But, when the need for those bills has passed, it is time to move on, and what better way than to deliver an 11c-a-litre saving to every individual and every family in this nation. They can move on and drink lots more good old-fashioned milk. I commend the bill to the House.

Mr KATTER (Kennedy) (4.54 pm)—I thank both sides of the chamber for previously enabling me to give an MPI speech, which has got massive publicity. This very morning on the Sunrise program they were quoting the price growers were being paid for pumpkins and the price Woolworths and Coles were charging for pumpkins. For the benefit of the chamber, it was $2 that the growers were being paid—my growers are paid less than that—or 18.5c a kilogram, and customers were being charged $8 a kilogram inside the retail stores. I am sifting out the figures now on meat, because they look to be worse than eggs, milk, sugar and potatoes. We just picked six items that everyone will use over the next two days. We are asking what is going to happen with this 11c on milk. Mr Burgess said he will pass it on, but for how long is he going to pass it on? They said when the industry was deregulated that they would pass on the savings to the public. They did. It was 116c and it went down to 113c for four months, and then it went up to 157c. So, yes, they passed it on for a few months until after the government inquiry was over and then shot the price up to 157c a litre for the Australian consumers.

I would ask the minister while he watches this 11c go back to the consumers, under the Dairy Adjustment Levy Termination Bill 2008, as I know he will, to read the dairy inquiry report. Maybe he has not got time to do the research needed. I am not using any spot figures—I used a three-year average for milk so that we were not dealing with peaks and troughs. The three-year average price for the consumers was 116c and the three-year average paid to the farmers was 53c. That is about a 100 per cent mark-up. Within an indecent two years of deregulation the price to consumers went up 40c to 157c and the price to the farmers went down 30 per cent; from 53c it fell 19c a litre. So the consumers paid 41c a litre more and the farmers got paid 19c a litre less. If you ask where does this come from, look for the money trail. Ever since the Phoenicians invented money, you can rest assured that the reasoning behind this is the gold trail. The money leads back to Woolworths and Coles. That 60c a litre extra profit they made, less the 11c, translates into many millions of dollars of extra profit.

It is mind-boggling what they did. But the worst part about this was the deceit by the ACCC. There were really only two months in which you could have taken the prices so that it looked good for Woolworths and Coles, and they were the exact two months that the ACCC used. If they had gone back a month before or gone a month in advance, it would have been different. It is impossible to look at that report without saying, ‘This report was doctored up.’ It just is impossible. In 35 years I do not think I have ever used the word ‘conspiracy’, and I
would not raise the issue except that Mr Samuel brought out another report and, God bless *Sunrise*, every time Mr Samuel said, ‘Oh, there is a huge chain from the farmer through to the shelf. They have to be processed; they have to be packaged. This is very expensive.’ Kochie on that program would flash up a picture of the potatoes with the price they were charging and the price that the farmer was getting, which was a 400 per cent difference. They just kept flashing it up. What sort of chain have you got with the potato? You put it on the back of a truck, you take it out and you put it on the shelf.

Again, the minister’s attention really needs to be focused on the fact that three of those items that I mentioned—eggs, milk and sugar—were the subject of arbitration. There was a fairness tribunal, and in each of those cases the difference was around 80 or 90 per cent. When the fairness tribunal operated, there was an 80 or 90 per cent difference. When the fairness tribunal was removed and we went into the wonderful free market situation that has brought us subprime, the mark-up went to 270 per cent. It went from about 80 per cent to 270 per cent on those three items. There is just no justification for that. I can tell you: my family have been retailing in Australia on my father’s side for about 140 years, and you cannot justify those sorts of mark-ups.

When we take the 11c off milk, yes, I would hope that the government monitors, and monitors ruthlessly, that 11c going back to the consumer but that, in so doing, the government takes into account the difference between what the farmers are being paid and what the retailer is taking from the consumer. That has got to colossal proportions. It is no reflection upon you, Minister—it has built up in the period prior to you coming to this position—but we need action on this. As to the proposal going forward that we have a maximum difference between the farm price and the retail price, it is very crude, but, really, after giving this many, many years of thought, I cannot see any other way of attacking this problem than to go at it in that crude manner. It would be wonderful if the government would force capping and divestment on Woolworths and Coles, but, after my screaming for that for seven or eight years and having no movement at all on it, that may be a journey too far away. But, clearly, if you are after a competitive market, competition should be put in there.

Anyone can read the transcript of the committee of inquiry on fair trading, referred to as the Woolworths and Coles inquiry or the Baird inquiry, and have a look at all the other countries on earth. There is no other country on earth where the top two companies have 25 per cent of the retail market. The English are screaming at the moment because three companies have nearly 40 per cent of the market, but no two of them have over 25 per cent of the market in Great Britain. What we are saying here is that no other country brooks this—and the United Kingdom is far worse than any other country on the planet, including America, I might add, in spite of Walmart’s very significant position.

We are saying that two companies have 86 per cent of the market. Mr Samuel said 70 per cent, and I would point out to the minister that, when Mr Samuel said 70 per cent, it is very hard to say that that was an unconscionable and conscious untruth, because his own previous report on the industry showed 68 per cent. This was in 2003 or 2002—one of those years. ACNielsen said 74 per cent, the ABS series said 68 per cent, and there was a third series which was in between the other two. It was a series formulated for a government inquiry. But if you add the two per cent annual growth rate that they have had and sustained since 1991 then you have to come up with a figure of 86 per cent. They had over 74 per cent back in
2003, and their own annual reports skite about their market growth. If you take their market growth figures, which they themselves are skiting about, then you have a figure of over 86 per cent. It is naive and stupid to talk about free competition if you have two companies holding 86 per cent. They would have to be stupid and brainless not to take advantage of that situation. In fact, they probably would not be doing the right thing by their shareholders if they did not take advantage of that situation.

In the sugar industry deregulation they handed themselves a rise of some $300 million, when you add the extra the consumers paid and the diminution to the farmers, which was about 50 per cent in that case. So they made about $300 million there. In the egg deregulation they made about $400 million a year, and out of the dairy deregulation they made $1,000 million a year. Those profits have been eaten up in their untrammelled determination to wipe out a little tiny bit of competition that is still out there. They will put out an awful lot of money, and they do not show huge profits because that might get them into a bit of trouble with the trade unions and with the government. It is not a good idea to show profits in a profit and loss statement.

If you charge the consumers 41c a litre more for the milk, and pay the farmers 19c a litre less for the milk, and you multiply that by the litreage in Australia you have over $1,000 million of extra and unconscionable profit. The price that was paid within two years of dairy deregulation was a farmer committing suicide every four days in Australia. As I have said in this place on many occasions, we are the government of Australia. This parliament is the government of Australia. It was not penguins in Antarctica that caused that huge increase in farm suicides. It was decisions taken in this place that caused that massive blow-out in suicides in Australia—the shame of this nation.

I attended a lecture from the long-serving Dean of the Faculty of Economics at the University of Queensland—probably the most distinguished faculty of economics in Australia. He said that this country had three great shames: the way we treated the first Australians; the way we treated the men that came home from Vietnam; and what we did to the dairy farmers. I added to that what we did to the Jews, in not allowing any of them to come to Australia when Hitler was persecuting them. We allowed 15,000 in, and six million of them died in Europe—and we can be very ashamed of ourselves there—and 28,000 women and children died in the concentration camps under the British in the Boer War. I would add those two great shames to this nation, but there was no doubt that the dean of the faculty was talking about a great shame to this nation.

I remember vividly, and I will to the day that I die, when Julian McGauran came into our party room and said: ‘I have heard people talking about the deregulation of the dairy industry. That would be the worst smash in Australian agricultural history. Mr Leader, we want to put this to rest straight away.’ Some two hours later, after Mr Causley, Mr Anthony, another member and I had all spoken at great length and with great passion, it became rapidly obvious that the frontbench not only was not going to oppose deregulation but was actually going to facilitate it. The National Party says it was the fault of the Labor government, and Mr Truss put out the infamous press release and said that every farmer would get $150,000 on condition that every state deregulated. Whether Mr Amery was going to do it or not do it, we do not know, but within two hours Mr Amery had his hand over his heart, saying, ‘I did not want to do it, but the federal government has forced me to do it.’ That was a fair call. Within two days, Mr
Palaszczuk had his hand over his heart, saying, ‘I did not want to do it, but the federal government has forced our hand; I could not deprive my poor farmers,’ et cetera.

If you want to sheet the blame home, I think the leadership of the industry has something to say. We have counselled the minister on many occasions not to listen to peak bodies, but I was just speaking to one of my dairy leaders in North Queensland, and he said, ‘Yeah, we note the part that Pat Rowley played.’ It does not excuse you in this place if you say, ‘A farm leader gave me this advice.’ God gives you a brain to think with. You must know that, if you deregulate this industry and there are only two people to sell to, you are going to be slaughtered. And of course they were.

It is interesting to reflect upon the fact that Julian McGauran said as he walked out—I do not think he would object to me saying this—‘That is the finish of us.’ And it was. The National Party held 19 seats then. They are now down to nine seats. Julian joined the Liberal Party. I became an Independent. Ian Causley resigned from parliament. Larry, because he was in the cabinet and was a man of very great honesty and decency, did not go public, as some of the others of us did. He was in cabinet, he had to take his pain and he lost his seat in parliament. There is another member—his name will come to me shortly. Really, the party was never going to come to that dreadful blow. But an interesting reflection upon the National Party in this place is that their now leader is Warren Truss. It fascinates me. Then they wonder why they have gone down to nine seats.

I do not come in here to make a political point, much as I enjoy making it. I attended many rallies, and copped a hiding, and in some centres my vote went down badly as a result of taking a stand. But it would be the height of hypocrisy for me to fight against the deregulation of the sugar and dairy industries by the previous government and to fight against the deregulation of the egg industry, the tobacco industry and the maize industry and then not fight on behalf of employees for the same right to collectively bargain. We think we should get so much. What we were asking for might have been a bit outrageous—as a one-time, for a short time, trade union representative. The employer says: ‘That is ridiculous. I will go broke if I pay that.’ Then you sit down and you have an arbitration commission, a fairness tribunal, that says what is fair—what the workers should get and what the employers should get.

The current Prime Minister gave an absolutely brilliant speech here on IR. He was quoting, at St Arnaud’s, the founder of the arbitration commission in Australia when he said, ‘A contract made by one person is not a contract; it is simply a determination by one person what he thinks he is going to pay the others.’ If the income for the cobbler goes down, so will the income of the shearer. I am quoting verbatim from his speech—and I might add that the Prime Minister quoted from that speech.

I feel that without arbitration we are not quite a civilised people. We are in a savage world where dog will eat dog and the most powerful will dominate—Darwinism, survival of the fittest, which reached its crest of course with that evil man Adolf Hitler. But we also saw the failure of that as a philosophy. It might be a law of nature, but it is not a philosophical point of view to have. Our society has retreated into a dog-eat-dog world, and Woolworths and Coles are the biggest dogs out there, so they get to chew up all the rest of us. That is not the way that it should be. There should be a fairness tribunal in there. I put up with preaching about competition for the last 20 years—listening to Mr Keating and then, later on, Mr Costello telling us all about competition. Well, it has been a wonderful success story! This subprime crisis has
cost this country $600 million, I think, in the first two months of its collapse. We have now
gotten ultimate judgement upon where they are going. *(Time expired)*

**Mr SYMON (Deakin) (5.14 pm)—**I will probably not be as entertaining as the member for
Kennedy, but I am here to talk about the price of milk, and I rise to support the Dairy Adjust-
ment Levy Termination Bill 2008, which will amend the Dairy Produce Act 1986 to finalise
the Dairy Structural Adjustment Program. This program has largely achieved its original pur-
pose and it is the priority now to reduce the impost of this levy on the milk-buying public
across Australia and certainly in my own electorate of Deakin.

This bill minimises levy collections over what is actually needed for the program, and ul-
timately it will close the Dairy Structural Adjustment Fund, which holds the revenue gener-
ated by the levy. The removal of the dairy adjustment levy will mean that the government will
collect $20 million per month less from Australian milk consumers. This should hopefully
occur in the first quarter of 2009, once the Dairy Structural Adjustment Fund becomes sol-
vent—that is, there is still money going into it. At the moment the levy is collected on the re-
tail sale of cow’s milk and broadly covers whole milk, modified milk, ultra heat treated
milk—UHT—and flavoured milk, such as Big Ms and the like.

The proposed amendments in this bill will also reduce unnecessary levy collections and
further imposts to households by reducing the levy termination notice period from 28 days
down to seven days. The levy funded a number of measures to help dairy farmers adjust to the
removal of state and Commonwealth government price support measures. The dairy adjust-
ment levy has been imposed on milk consumers at the rate of 11c per litre of drinking milk
since its inception in July 2000. Since then, around $240 million a year has been collected
through the levy to provide payments to about 13,000 dairy businesses. Whilst the final pay-
ment was made to farmers in April 2008, the dairy adjustment levy has continued to pay off
the interest on loans that the former government used to fund payments under the adjustment
package.

Dairy farmers in Australia have now adapted to deregulation. Some did leave the industry
with payments that the previous member spoke about; many are now in much better shape.
When it comes to dairy, the state of Victoria is one of the larger agricultural employers. In
fact, about 23,000 people work on or own dairy businesses and 60 per cent of them are in the
state of Victoria. Currently 65 per cent of Australia’s milk production comes from the state of
Victoria. Victoria’s production of milk increased by eight per cent over the last financial year.

And as we all know, increased demand and drought have forced milk prices up in recent
years—a pricing phenomenon that we have seen across many items at the supermarket, such
as fruit and vegetables and all sorts of other dry goods. And, as the member for Kennedy said,
not all of that goes back to those at the farm gate. That is certainly an issue. He is quite pas-
sionate in pursuing that and puts it well.

As reported in the *Australian Financial Review* on 25 September this year, ABS statistics
show that the price consumers pay for milk rose by 12.1 per cent in 2007-08. I am quite cer-
tain that that did not all flow back to the farm gate. The removal of the dairy adjustment levy
will help offset some of this recent large increase in the cost of milk to the consumer. That is
real money going back into the economy to be spent on other essentials for everyone’s day-to-
day lives. It is very important to note that the government has requested the Australian Com-

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**MAIN COMMITTEE**
petition and Consumer Commission to monitor milk prices as the levy is finalised to ensure that consumers receive the financial benefit from removing the levy.

The price of milk is such a basic component of just about every household’s budget. It is not optional; it is a day-to-day need, especially for those households with children, where eight to 10 litres a week is quite a normal rate of consumption of milk. If fully passed on, the reduction in price of 11 cents per litre of milk should provide another dollar a week that can be spent on other basic necessities. To some people, a dollar a week may not sound like a lot of money, that is true, but to many others, whose entire income is spent on the basic costs of living, it is welcomed. If you were to save that, it would amount to $50 over a year. Again, that is not much to some, but is a help to the many people who are financially stretched between pay days or pension days. Of course, community groups and organisations that help those less well off will also benefit with this reduction in the price of a basic staple good.

In my electorate of Deakin in Victoria, the price of milk varies by large amounts, depending on the place of purchase and the brand and volume of milk. For instance, I regularly go grocery shopping. It is one of my little Saturday morning things I do when I can get out and about and I have a little free time. It is a task I enjoy because it allows me to keep an eye on what the real cost of living is in the area where I live; I think there is nothing better than pushing a shopping trolley around to find that out. At my local supermarket I can purchase a three-litre bottle of Home Brand milk for $3.19 or a two-litre bottle of Home Brand milk for $2.49. But, if I go to a convenience shop nearby, that same two litres of milk in branded form can cost $3.80 or more, although the product inside, I am sure, is exactly the same. The same supermarket I go to also sells one-litre cartons of Home Brand UHT milk for $1.09. A reduction of 11c a litre for a three-litre bottle of Home Brand milk, if passed on to the retail consumer, in this case would take the price down to $2.86. In the case of a two-litre bottle of branded milk from the convenience store, it would be reduced to $3.58. And, in the case of the one-litre carton of Home Brand UHT milk, the cost would be down to 98c.

The important thing is that, wherever you currently purchase your milk from, it should be cheaper when this bill comes into effect next year. No matter what your income, that means a decrease in the weekly shopping bill, which means an increase in the rest of the household budget. I commend the bill to the House.

Mr BALDWIN (Paterson) (5.21 pm)—It gives me a great deal of pleasure to speak on the Dairy Adjustment Levy Termination Bill 2008. The timely termination of this levy is good news for all Australian consumers. It is also good news that the government is following the successful protocol that was established under the Howard government. The Dairy Industry Adjustment Act 2000, which was introduced in 2000 to ‘smooth the move into a deregulated industry’, has been successful during its eight-year reign. It was widely accepted by key stakeholders, including industry representatives, dairy farmers and Australian consumers. The coalition supports the Dairy Adjustment Levy Termination Bill, as the levy has effectively run the course that the coalition had set out for it in 2000. The act has been triumphant in its aim to be cost neutral to the Commonwealth and to smooth the way for deregulation of the dairy industry.

I was then and still am today against the deregulation of the dairy industry. Deregulation was brought about by the state governments, driven by the Victorians. But, given the decision had been made by the states, the Commonwealth had absolutely no alternative but to provide
economic support. At the time of deregulation, I was not in this parliament—I came in in 1996, lost in 1998 and came back in 2001. However, on 28 September 1999, the then Minister for Agriculture, Fisheries and Forestry, the Hon. Warren Truss, announced the government’s decision to provide a $1.8 billion structural adjustment package. He said:

… the package would assist restructure of the industry by helping farmers improve their efficiency and competitiveness after deregulation.

I say he was correct in his assumption. The overwhelming success of the legislative package is a testament to the superior management capabilities of the coalition and their ability to plan successfully for the future.

As I said, I support the government’s move to now terminate the levy as soon as practicable. Additionally, I welcome the move to reduce the levy termination notice period from 28 days to seven days, as this will bring about consumer savings earlier and will work to avoid overcollection by the Commonwealth. It is paramount that unnecessary household costs do not burden Australian consumers. The move to terminate the levy should signal an 11c-per-litre reduction in milk prices to consumers. Inflation figures from the Bureau of Statistics show the price of milk rose by 12.1 per cent in 2007-08; the move to terminate the levy will help to counteract that increased cost to consumers.

These savings will be a welcome relief to Australian consumers, who are in the midst of increasing household bills, interest rates, and general grocery and petrol prices due to the Rudd government’s inability to successfully manage the Australian economy. I am regularly contacted by constituents in the Paterson electorate concerned about the rising costs of living and raising a family. More needs to be done to help ease the pressures associated with these living costs, and this bill is but a small step in the long and arduous road ahead. The Rudd government must show an unwavering commitment to listening to the voices of all Australians and addressing their burgeoning costs.

I must insist that, whilst I do support the cessation of this bill, the government does not act hastily in its termination. The government needs to remain transparent and accountable in its actions and ensure that it is seamless in its movements to minimise any potentially negative side effects of its termination to Australian consumers and dairy farmers alike.

As I stand before you and represent constituents of the Paterson electorate, an area with very strong agricultural ties and home to many dairy farmers, I welcome the news from the NSW Farmers Association chairman, Adrian Drury, that the price dairy farmers receive for their milk will not be affected by the change. The notion that these farmers will not be affected by the termination of the levy is especially poignant during this time of drought. I would like to take the opportunity to remind the Rudd Labor government that the termination of this bill is not an indication for the party to rest on their laurels and waver in their commitment to serving Australian farmers, as they remain the absolute backbone of our country.

Working in an industry that has already faced countless challenges such as drought as well as rising feed, diesel and maintenance costs, dairy farmers nationwide are struggling to stay afloat. One of my constituents, Bluey Watkins, a dairy farmer from the Dungog region in my electorate, says the constant stress and worry of rising costs is almost too heavy a burden to bear and, one by one, smaller, independent dairy farmers are being forced off their land to look for other forms of income. Bluey had hoped that maybe with the removal of the levy, rather than the entire saving being passed onto the consumer, the proposed 11c reduction in
price could have been split fifty-fifty between consumers and the dairy farmers themselves—
anything to ease the burden on this struggling industry. He adds: 'As long as it doesn’t disapp-
pear into the government coffers.' He has his suspicions that, while the price of milk may ini-
tially drop in the response to public pressure, it will not take long for the price of milk to
rocket back once all has settled regarding the removal of the levy. But, then again, we have
not heard of the ‘milk watch’ program that would be implemented by the Rudd government!

Bluey—who runs a herd of about 450 head of milkers—has advised me that, while the
farm gate price he receives for milk has increased from around 30c per litre to 48c per litre
over the last five years, the industry faces constant pressures from skyrocketing production
costs such as: grain having increased from around $150 per tonne to $450 per tonne—it has
tripled in price; diesel fuel having increased from around 90c per litre to more than $1.80—it
has doubled in price; and fertilizer having increased from $450 per tonne to $1200 per
tonne—it has almost tripled in price.

We are talking about families that have farmed their land for generations being forced to
abandon their heritage and livelihood as they are priced out by the supermarket giants. We
hear all too often in the media about the tragic statistics regarding high rates of bankrup-
tcy, depression and even suicide amongst our struggling farmers. As a nation we need to acknowl-
edge the enormity of this issue and the dire consequences it is having for countless Australian
families.

Again, in my own electorate of Paterson, Mr Bob Koppman, a former dairy farmer, was
forced off the land and out of the industry simply because of the fact that the cost of produc-
tion far outweighed the sale of the product. When I spoke to Bob recently, he advised me that
there was so little regulation of costs within the industry that the independent producers barely
had any chance to maintain a viable and profitable operation. Being forced to sell their prop-
erties and move away from industries that have often been family businesses and operations
for generations is a tragic result for so many hardworking Australians.

During my time as the member for Paterson, over a period of 12 years on and off, I have
seen the dramatic reduction in the number of primary producers in my electorate, all falling
victim to rising costs and a flailing industry. The Dungog, Gloucester and Nabiac region was
one of those regions dramatically affected by dairy deregulation. What the dairy farmers of
the Paterson electorate cannot understand is the total monopoly of the large supermarket
chains on all Australian agricultural products, and in particular fresh milk.

How is it that you can walk into a supermarket and get an enormous price variation on a
two-litre bottle of milk—for example, $3.95 for the Pura brand compared to $2.39 for the
Woolworths Home Brand? Yet at present the farmers are only getting around 50c per litre for
their milk—almost what it costs them to produce it. These margins are not sustainable for any
commercial operation. I would like to give you some further examples, similar to those I
quoted when I spoke on other dairy bills years ago in this House. Why is it that at Woolworths
a one-litre bottle of Coke costs $1.96, a one-litre bottle of water costs $1.99 and milk costs
$1.25? A two-litre bottle of Coke costs $1.99, a two-litre bottle of milk costs $3.95 or $2.95—
it depends whether you take the Pura or the Home Brand—and a bottle of water costs $2.93.
It takes far more to put milk into a bottle and supply it to the consumer than either Coke or
water.
It is the supermarkets who are reaping the rewards, and they are doing it on the backs of our hardworking farmers around this country. The supermarkets have an obligation to their shareholders, I acknowledge that, but they also have an obligation to their suppliers, the dairy farmers. Without the dairy farmers in Australia, where are the supermarkets going to get fresh milk? These farmers have worked for many years on the land and provided quality products for our supermarkets. The supermarkets, in turn, have made large profits from the agricultural sector. These people, our Australian farmers, do not want welfare. They do not want handouts. What they want is a fair day’s pay for a fair day’s work. If supermarkets continue to ignore this and continue to look after just the shareholders, instead of suppliers like my farmers, then a large proportion of dairy farmers are going to be wiped out and it will not be long before we are all drinking imported UHT milk.

As I said, two litres of generic milk retails for $2.39 and two litres of branded milk retails for $3.95, yet the dairy farmers get a very small piece of the pie—less than 20 per cent of the end price—for doing the largest part of the work. The supermarket tendering process is unfair and the amount of power the supermarkets have makes them a considerable force in this country. That power has been to the detriment of our farmers, and our dairy farmers are hurting like never before.

Ultimately, consumers need to feel secure that the removal of the dairy adjustment levy will not hurt their hip pockets and the weekly grocery bill. The government needs to ensure that the removal of this levy reduces the price of milk at the cash register for all Australians and that the full 11c reduction per litre is passed on to consumers. The now infamous Labor government’s attempt to monitor the prices in the fuel industry has been widely acknowledged to be more likely to increase prices for consumers at the pump. Ensuring the removal of cheap Tuesdays is effectively hurting working Australians even more. Fuelwatch became farcical as it became clear to the Australian public that watching fuel prices did not bring them down, especially in the towns that I am talking about where you only have one petrol station. There is not much point logging onto a computer to see what the price is when there is only one place in town.

I hope that the Rudd Labor government will be able to ensure a more effective means of regulating milk retailers and protecting the hard-earned budgets of everyday Australians. On behalf of the constituents of Paterson electorate, I demand that the Rudd Labor government ensures that the Australian Competition and Consumer Commission regulates this reduction in milk prices for consumers and guarantees these savings for all. We do not want to see a ‘milk watch’. We do not want to see prices go sour. We want to see the consumer benefit, not the middleman and the supermarkets.

Mr TREVOR (Flynn) (5.33 pm)—I thank the previous member, Bob Baldwin, for his contribution. I also take this opportunity to salute him for his haircut. I salute him also because of why he did it—that is, to raise money for prostate and breast cancer research. Congratulations, Bob. In 2006 I walked 584 kilometres over 15 days, from Mackay to Gladstone, among other things to raise money for prostate cancer research. I commend Bob for his efforts.

I rise today in support of the government’s Dairy Adjustment Levy Termination Bill 2008. It is with a great deal of personal interest and affection that I comment on this bill and the Australian dairy industry today. My personal interest—as well as my professional one, being a member of parliament—comes from the fact that my late father, Allan Trevor, grew up on his
father’s dairy farm. It is this experience of being raised on a dairy farm that helped shape my late father into the man that he was, and I would like to consider that it was this experience that helped him pass on to me the many virtues that he needed in order to operate and to survive on that family dairy farm. These virtues were of course strength, resilience and a healthy respect for hard work.

In order to expand on this bill today, I feel it is necessary to comment on the original dairy industry adjustment package, which this new bill aims to terminate. Over the past eight years we have seen significant change in the Australian dairy industry. We have seen deregulation and competitive forces enter the industry and, along the way, we have seen individuals, families and whole communities change completely. I feel that we have all been a part of this process in some way even if it has been merely as the humble consumer, now spoilt for choice in the supermarket aisle, with some of us blissfully unaware of any of the changes taking place behind the farm gate.

In the late 1990s, the issue of deregulation of the dairy industry seemed a hot topic. It seemed the subject of many debates over several years, with a Senate Rural and Regional Affairs and Transport References Committee report into the subject tabled in 1999. The committee’s examination of and report into the deregulation of the Australian dairy industry concluded, back in 1999, that deregulation was inevitable and that, if not handled by the government, market forces would guide the deregulation process. We could see a commercially driven crash of the industry. The then government decided that, rather than see this crash and rather than see invisible market forces control this process, it was preferable to see government intervention to ensure what the committee report called a ‘soft landing’ for the dairy industry.

With the inevitability of dairy industry deregulation on its hands, the previous government designed and implemented the dairy industry adjustment package, the frontier of this planned ‘soft landing’ for the industry. The dairy industry adjustment package was announced on 28 September 1999 and included a $1.8 billion adjustment package for the industry, made up of four parts. Firstly, we had the Dairy Structural Adjustment Program, which was to manage the allocation of $1.63 billion in payments for the affected dairy producers. Secondly, we had the Supplementary Dairy Assistance program, which allocated an additional $139 million in further assistance. Thirdly, we had the Dairy Exit Program, which orchestrated a completely optional, tax-free payment of up to $45,000 for eligible dairy producers to leave the dairy industry. And, lastly, we had the Dairy Regional Assistance Program, aimed at providing $65 million to assist communities heavily reliant on the dairy industry to adjust to deregulation.

The year 2000 saw the enactment of the Dairy Industry Adjustment Act, as well as the introduction of the four programs that I have just mentioned. We also saw the introduction of the dairy adjustment levy. The dairy adjustment levy was an 11c per litre tax that was imposed on liquid milk sales as part of these sweeping deregulatory reforms and it aimed to fund the series of assistance packages that were to be offered to dairy producers. The levy and the deregulation process aimed to be completed within an eight-year period.

It is now eight years on from the very first days of the Dairy Industry Adjustment Act, and we are here today to discuss the Dairy Adjustment Levy Termination Bill, a bill that will conclude eight years of industry reform for the dairy industry. In order to achieve this conclusion, the Dairy Adjustment Levy Termination Bill amends the existing legislative framework and
finalises the dairy industry adjustment package by, firstly, terminating the 11c per litre levy imposed on retail milk consumers under the original dairy adjustment levy.

The Dairy Adjustment Levy Termination Bill will also draw to a close two related mechanisms of the original act—the Dairy Structural Adjustment Fund, used to hold revenue collected from the levy, and the Dairy Adjustment Authority, which for the past eight years has been the statutory authority established to determine eligibility payments to those affected under the deregulation scheme. It is worth noting here that the last and final payments made to eligible farmers from the Dairy Structural Adjustment Fund were paid in April of this year and that since then the Dairy Adjustment Authority has substantially completed its important functions. I am informed that the authority will be in a position to cease operation and management functions by the end of 2008.

With the last payment to farmers already made in April of this year, one could ask the question: why hasn’t the government moved to cease this 11c per litre levy already, rather than continuing to impose that cost on consumers? The answer to that is that the initial costs of the program and the initial payments made to farmers under this scheme were made using funds borrowed by the former government—that is, funds that were borrowed under commercial credit terms—and those funds of course attracted interest. Due to this fact, as of July 2008 the fund had a deficit of approximately $209 million. The continuation of the collection of the levy will have this deficit paid out by the first quarter of 2009.

The fund was always intended to be self-funded by the 11c per litre levy and not to be a drain on the public purse. Once the fund has reduced this debt level completely, the minister will move that the levy be terminated. In doing so, the government has allowed for improvements in the original legislation to minimise any large-scale overcollection of the levy by the government. This will be achieved by the government reducing the levy termination notice period from its current 28 days to only seven days, allowing for 21 fewer days that the levy is collected and imposed on Australian consumers.

The Dairy Adjustment Levy Termination Bill 2008 will also change the methodology by which the Minister for Agriculture, Fisheries and Forestry can forecast the new termination date and the date at which the fund should be completely repaid, as the minister will now be able to take into account accrued revenue—that is, levy fees paid by the consumer but not yet passed on to the adjustment fund. This cycle generally takes around 60 days. By allowing for accrued revenue to be calculated in the debt pay-off figure of the fund, we will see a termination in the levy much sooner, saving the Australian consumer money.

At 11c per litre, the time frame at which the termination of this adjustment levy will come may not seem important to those in the community who think that 11c per litre of milk is not a huge burden to bear. I believe that every cent counts in the household budget these days and that it would not be proper for any government to continue collecting a tax whose sole purpose had expired. As I stated yesterday in my comments on the Tax Laws Amendment (Medicare Levy Surcharge Thresholds) Bill (No. 2) 2008, households and families today are under increasing financial pressure. We have already witnessed a 12.1 per cent rise in the price of milk from 2007 to 2008, so this levy reduction will be welcome news to many households across Australia currently doing it tough.

Collectively, throughout Australia, this 11c per litre levy generates approximately $20 million in revenue per month—so, when viewed nationally, we are not talking about small
change. By passing the Dairy Adjustment Levy Termination Bill 2008 we will be saving Australian households a further $20 million per month in taxes, and this is especially significant given the recent need to boost demand within our economy and deal with the global economic crisis. I do note that, should the old termination time frames have stayed in place regarding the termination notice period and the method by which accrued revenue is treated, the government could have expected to collect an additional $50 million that would not be needed to pay off the fund’s balance. This is a government—my government—that believes that this $50 million belongs to the Australian people and not to the government.

Of course, the Australian Competition and Consumer Commission will be keeping a very close eye on the retail price of milk to ensure that, once this levy is removed, it is the Australian consumer that will benefit from a price reduction in the cost of milk and not other interested businesses along the supply chain looking to profit without any benefit to households. However, I share this view with members of the dairy industry itself, with Australian Dairy Farmers President, Mr Allan Burgess, also expecting retail milk prices to fall by 11c per litre after the levy is removed. I note with interest Mr Burgess comments on the deregulation process, stating that after undergoing major adjustment the industry has emerged as strong and internationally competitive.

My electorate of Flynn is home to some dairy-rich communities, including the famous township of Monto, which hosts the Monto Festival to celebrate, among other things, its rich dairy farming heritage. I was a proud sponsor of the event this year and look forward to attending the next Monto Festival.

I guess it is fitting that in the original deregulation act back in 1999 the word ‘adjustment’ featured many times, in the naming of the legislation and in its components. The word ‘adjustment’ does imply a sense of being a temporary measure, as we could not live in a world of adjustment, or limbo, forever. It instead has been a cathartic experience for all involved over the past eight years of deregulation, and I would like to take this opportunity to say thank you to everyone that has been involved in the process in any way: from the staff of the Dairy Adjustment Authority to the farmers, their families and the communities themselves. I know that at times this has not been an easy road to travel but you have attacked it with the very best of the Australian spirit. As the industry has changed forever and a new dawn rises on an era of Australian farming, those farmers and their families truly have earned a place in our history as both agricultural and economic pioneers. Given the government’s thoughtful approach and strong leadership on this issue, I commend the Dairy Adjustment Levy Termination Bill 2008 to the House.

Mr CHESTER (Gippsland) (5.49 pm)—It is with great pleasure that I rise to speak in relation to the Dairy Adjustment Levy Termination Bill 2008. The bill finalises the Dairy Industry Adjustment Program by terminating the dairy adjustment levy, winding up the Dairy Structural Adjustment Fund and terminating the Dairy Adjustment Authority, and I join the previous speaker in commending the staff of the authority and others who have been directly involved in the deregulation process.

I take this opportunity to refer to the deregulation of the dairy industry and the future of the industry in my electorate of Gippsland. Deregulation of the Australian dairy market involved the removal of price support mechanisms. As the minister noted in his second reading speech, the dairy adjustment levy was developed to help farmers adjust to the removal of state and
Commonwealth price support measures. These measures resulted in payments to about 13,000 individual dairy businesses to assist in the transition process.

In relation to the 11c per litre levy which will be removed under this bill, there is an obvious need for those savings to be passed on to consumers. I urge vigilance at the checkouts—Australian mums and dads should be 11c per litre better off when the milk levy is removed, and I support the previous speaker in his remarks on this subject.

Regarding the dairy deregulation itself, according to a report prepared by economist David Harris with support from the Rural Industries Research and Development Corporation, the farm level adjustment mostly occurred in the first two years of the deregulated market. A number of farmers left the industry—some older farmers retired, some switched into alternative farm products and others found jobs outside agriculture. But Mr Harris reported:

… the impact on industry output was limited as the remaining farmers adapted to the new market conditions by improving the productive performance of their dairy enterprise. In general the response was to increase farm output - deregulation created growth opportunities for individuals in the fluid milk sector.

Some reacted by expanding herds and increasing land areas. But most made changes to improve the physical performance of their farms — greater carrying capacity, improved pasture management and increased milk yields.

The overnight policy change made the full impact transparent. It sharpened the incentive for farmers to make decisions about their future. It helped to speed up gains in per farm performance that typically flow from policy reforms.

I believe that the dairy industry has adapted to the changed operating environment. I am informed by Dairy Australia that there are now about 8,000 dairy farms and 1.8 million dairy cows in Australia, producing 9.1 billion litres of milk annually. This makes dairying Australia’s third largest rural industry, with a farm-gate value of $4.4 billion. It is important to keep in mind that Australia is a significant dairy exporter and accounts for about 11 per cent of total world trade, ranked third behind New Zealand and the European Union.

The dairy industry in Gippsland has adapted also to the deregulation in the industry. We can become a bit blase about facts and figures but, in the case of the Gippsland dairy industry, they are quite impressive numbers. The industry has about 1,750 dairy farmers and produces about 1.9 billion litres of milk annually, making dairying the biggest agricultural contributor to the Gippsland economy. The value of dairy product exports from my region is estimated to be about $665 million and the industry directly employs over 4,000 people, with a further 3,250 in the processing sector.

That is the picture of Gippsland on the broader scale. The dairy industry in the seat of Gippsland itself is concentrated mainly in the Macalister Irrigation District, which I will refer to more extensively later on. This is the largest irrigation area south of the Great Dividing Range. There are some other substantial dairy interests in the neighbouring seat of McMillan, but I will leave it to Mr Broadbent to extol the virtues of the dairy industry in his own region. Suffice it to say that the South Gippsland and Central Gippsland dairy farmers are among the most productive and efficient in the world. That is a description that easily fits the farmers in the Macalister Irrigation District. They are world-class producers and they are producing a world-class product.
By way of history, as far back as the 1840s, the region was recognised by early white settlers as offering productive and valuable grazing land. But the early settlers were exposed, unfortunately, to the vagaries of the weather patterns and rivers that would flood or run dry with the seasons. Even last year, we witnessed two major floods which had significant impact in the MID and caused enormous damage to natural assets and manmade infrastructure. In the early 1900s, a study was made of possible storage sites within the area of the Macalister River, which led to the construction of the Glenmaggie Dam. Although that is not a large storage, the Glenmaggie Dam has a capacity of about 190,000 megalitres, which, again, has been reduced following the sediment run-off related to the flood events I have just mentioned. The MID is a gravity irrigation system and relies on the capacity of the system infrastructure to generate sufficient pressure to move the water from Glenmaggie, Cowwarr and Maffra weirs through the channel system to the farmer.

That brings me to the point of my comments here today and the future of the dairy industry in my region, post the deregulation era. Water security is one of the absolutely critical issues facing dairy farmers. We have an ageing infrastructure network which does not come close to meeting current best practice around the world, and I will comment a little further on that in a few moments. But, as I have said, the dairy industry is really big business in Gippsland. In the Wellington shire, a more defined area of my electorate, milk production in 2005-06 was valued at over $181 million, an average of about $480,000 per day. The shire has 477 dairy farms, of which 380 are located in the Macalister Irrigation District. The Murray Goulburn Co-operative is located in Maffra. The Murray Goulburn Co-operative was formed in 1950 and is now the largest processor of milk in Australia, processing over 35 per cent of the nation’s milk.

Post deregulation of the dairy industry, the MID is well placed to continue to be one of our nation’s great food bowls, but it will require further investment, both private and public, particularly in the area of water security. If we accept that our climate is becoming more variable—and the prolonged drought in Gippsland continues to make things very difficult for a lot of my farmers—then we must use water in the most efficient manner possible. As I informed the House this week, large parts of Gippsland remain drought affected, but the irrigated areas of the MID are in better shape than the rest of the electorate. For all intents and purposes, the Glenmaggie Weir is full and our dairy farmers are in good shape to capitalise on the situation this year.

Looking to the future, the dairy industry is faced with ageing infrastructure, as I just mentioned, and an inefficient irrigation system. While the perilous state of the Murray-Darling Basin has quite justifiably made the headlines, when we are talking about our nation’s food security and export opportunities, the irrigation infrastructure in the MID should not be ignored. The plans to provide billions of dollars in assistance for upgrades to irrigation infrastructure in the Murray-Darling Basin have widespread support. But there will also be a need in the future to provide funding for irrigation infrastructure upgrades in the Macalister Irrigation District. I can inform the House that a plan is already well advanced, having been out for about 12 months now. The MID 2030 strategy was released in September last year. I quote from the executive summary by Jan Greig, the Chair of Southern Rural Water:
The strategy takes advantage of the abundant potential of the Macalister Irrigation District (MID). The irrigation area has good soils, good drainage, excellent quality water and substantial water resources—all the fundamentals for sustainable irrigation systems.

The time is right for a review of the MID’s future. The supply system is out of date and inefficient. Drought and the concern of climate change provide a push for improved water efficiency both in the supply system and on-farm. The alignment of Government, a willing Board, along with the ongoing commercial imperatives for irrigators, make this major planning effort timely.

The upgrades to the supply and drain system, contained within the strategy, give confidence about a more certain and productive future of the MID. The major SRW infrastructure upgrades will markedly increase both water delivery efficiency and customer service levels. These improvements will remove long standing system barriers to on-farm investment.

Further, the clear support for ‘closed irrigation’—ensuring no runoff of excess irrigation during the irrigation period—promotes both on-farm improvements and reduces nutrient export from farms into rivers and the Gippsland Lakes.

On that last point, I must emphasise the efforts by the dairy industry in Gippsland to support the broader community efforts to reduce nutrient flows into the Gippsland Lakes. Reports by the CSIRO commissioned by the Gippsland Coastal Board have found that the MID is a major source of nutrients into the Gippsland Lakes system. The high nutrient load entering the lakes system is blamed for algal blooms, which are both unsightly and potentially detrimental to the health of humans and a variety of marine species. Reducing the flow of nutrients from farms in the MID into local streams and further into the Gippsland Lakes is an issue of critical importance to both the dairy industry and the tourism industry.

For those not familiar with the lakes, I will take the time to describe them. They are a vast network of coastal lagoons which feature world recognised wetlands. The lakes and rivers are the tourism icons of Gippsland and they are heavily impacted by activities in the catchment. They are perhaps only second to the coastline represented by the member for Eden-Monaro. Protecting the health of the Gippsland Lakes is critical to the social, cultural, economic and environmental aspirations and lifestyles of Gippslanders. I make that point today because of the strong link between the future of the dairy industry in the MID and the Gippsland Lakes themselves. I admit that that link may not appear obvious to those who do not know the geography of my region that well, but I will attempt to make it clearer.

Reducing the flow of nutrients from both private and public land into the lakes system is the focus of work by the Gippsland Coastal Board. The dairy farmers in the MID have worked in partnership with the board to fund projects like whole-of-farm management plans, effluent re-use and reduction initiatives and better irrigation management, including the adoption of spray systems and re-use initiatives. For every dollar of government investment that we have seen in the MID, the dairy farmers have put their hands in their own pockets and poured a substantial amount of cash into the improvements on-farm because they recognise the environmental imperative, and there are certainly very good economic reasons for running their properties in this very efficient manner.

The future of dairy farming in the MID will involve more partnership projects such as this, efficiently using the water resource and managing the effluent waste products. The state government for its part has contributed to the nutrient reduction projects since 2002, albeit with a reduced commitment from 2006 to 2009. I am hopeful that the funding round from 2009 onwards will be more generous and will recognise the severity of the situation we are facing.
with nutrient run-off and algal blooms in the Gippsland Lakes. This is one of the most critical issues facing the electorate of Gippsland, and I take the opportunity today to raise it in the context of the future the dairy industry will play in reducing those nutrient run-offs. As I said, some good work has started on farm and in areas of public land, but there is much more to be done.

That brings me to the federal government’s commitments through the announcements made by the Minister for Agriculture, Fisheries and Forestry. I say at the outset that I am grateful for the minister’s visits to the Gippsland electorate during the by-election. I am sure he had other motives in mind, but I am still grateful for his visits and his firsthand inspection of both our fishery industry and our agricultural sector. I certainly take the opportunity to invite him back in the future. But, unfortunately, I believe the federal government is dragging its heels and has failed to deliver any of the promised $3 million in funding for water quality improvements in the Gippsland Lakes and catchment.

On the one hand it is very pleasing that the $3 million has been promised, but on the other hand it is disappointing that work has not started on the ground in Gippsland. The minister has, as I said, visited on several occasions, but unfortunately there have been the same announcements in relation to that $3 million for the Gippsland Lakes nutrient reduction work. There is much to be done in terms of practical environmental projects associated with the dairy industry in the Macalister Irrigation District. The Gippsland Coastal Board has publicly announced in the past week that sections of the Gippsland Lakes are still mildly affected by the algal bloom that had a severe impact on recreational activities last summer, so the need is both urgent and pressing.

We accept that there are some long-term issues—they are not going to be solved overnight—but we would love to see the money starting to flow in Gippsland. There is no risk to human health with the type of algal bloom that we have experienced over the past summer, lingering on into this winter period and now into spring. The lakes can still be enjoyed, but it is vital that we get on top of the water quality issues that are affecting both the lakes and the catchment itself. I believe the Gippsland Lakes should be regarded as the Great Barrier Reef of the south. They are that important to the economic prosperity of my region. They are world renowned wetlands and they are critical to the social, economic, cultural and environmental life of Gippslanders.

I have also been calling for a locally based research facility to overcome the knowledge gaps that we have in relation to this synechoccus algal bloom which we are experiencing at the moment. We need to investigate these algal blooms and the broader water quality monitoring issues along with increased funding for practical projects to reduce the amount of nutrients entering the lakes from private and public land.

Returning specifically to the dairy industry in the era post deregulation, being seen as good environmental custodians is critical to the future of the industry in Gippsland. It is here where the MID 2030 strategy is a great plan for our region. The strategy involves a total cost of $116 million in infrastructure works and would deliver an estimated water saving of 37,400 megalitres. I quote again from the strategy:

The MID can transform itself from a supply system with one of the lowest industry efficiencies to one with an efficiency of 85% for its channels and 95% efficiency for its pipelines.
Eliminating losses from the supply system and closed irrigation practice on farm means that most of the time, there will be zero flow in the drains. There will be a significant decrease in the export of nutrients and other pollutants from the MID, resulting in improved water quality for the downstream rivers and lakes.

Local rivers will have flow patterns that support their improved condition and the external environmental impacts will be minimised.

This project is a win-win for Gippslanders and the broader Australian community. There are significant environmental benefits to be achieved and increased productivity on offer for our dairy sector. It is estimated that the average annual nutrient export to the Gippsland Lakes can be reduced from over 40 tonnes of phosphorous per year to 10 tonnes per year through this project. Naturally, there are some questions about how the work can be funded and I take the opportunity to invite the Minister for Agriculture, Fisheries and Forestry to return to Gippsland to, once again, get this $3 million of funding flowing and also to discuss the opportunities under the MID 2030 strategy. It is my belief that such a significant investment, in the order of $116 million, will not occur without significant federal government or state government funding support. Indeed, there are many precedents of both state and federal governments investing in water-saving projects of this nature.

I understand that feedback from MID customers indicates that they are interested in exploring the benefits of funding the whole strategy themselves compared to the benefits of a joint funding arrangement with either governments, but I doubt that this will eventuate and believe it is more likely that an arrangement such as the 80-20 model is more appropriate in the prevailing circumstances in Gippsland. Under such a model we would see governments contributing 80 per cent of the investment and customers sharing 20 per cent of the investment through increased supply charges. There would then be a situation of equal sharing of the water savings—again providing environmental benefits to local streams and the Gippsland Lakes, which I have already mentioned.

In closing, I thank the House for the opportunity to raise these important issues in relation to the dairy industry in the era post deregulation. I hope I have not strayed too much from the topic at hand. The dairy industry in Gippsland has adapted to the changing operating environment and has become more productive and more innovative over the years. It certainly would be remiss of me on this occasion to not mention the Macalister Demonstration Farm in the context of innovation and increased productivity in the dairy industry. The demonstration farm seeks to demonstrate best practice management through practical research and projects. The farm is located at Riverslea, near Maffra, and it aims to test and demonstrate improved farming practices in collaboration with a large team of farmers and service providers for the benefit of the entire dairy industry.

If the minister does make it back to Gippsland, I would certainly encourage him to visit the Macalister Demonstration Farm. I will hopefully be on hand with him and we can present the demonstration farm with a cheque for ongoing activities. As we would all appreciate, there is a constant need for funding for these types of research activities. The dairy farmers in the MID have themselves made an enormous contribution to the Macalister Demonstration Farm, and we would certainly appreciate ongoing federal support in the future. Just this week, the farm released details of a subsurface irrigation system that it is trialling at the moment. It is
just another way of delivering high-quality water efficiency and a further demonstration of the
dairy industry’s willingness in Gippsland to invest with confidence into the future.

I do not oppose the bill before the House. I commend the Gippsland dairy industry for its
ongoing contribution to our nation. Once again, I also commend the staff of the authority and
all those who have been directly involved in the deregulation process.

Dr KELLY (Eden-Monaro—Parliamentary Secretary for Defence Support) (6.07 pm)—It
is an interesting coincidence that I follow the member for Gippsland in this discussion, as we
are near neighbours and share many similar issues in relation to the dairy industry. I look for-
ward to discussing with the member the advancement of the interests of our dairy farmers.

The Dairy Adjustment Levy Termination Bill 2008 marks the end of a challenging era for
Australia’s dairy farmers—men and women who are used to challenges. Deregulation was a
bitter pill to swallow for farmers on the South Coast and Riverina Highlands of New South
Wales. They knew it would be tough but they sucked it up and got on with life. They have
adapted and innovated in a continual existential battle that most Australians simply cannot
appreciate. I am proud to know them, to call them family and to serve them.

In the late 1990s, the dairy industry was facing an uncertain future under the regulations
that existed at the time. The dairy package provided assistance to enable farmers to respond to
the challenges of deregulation. In opposition, Labor supported the assistance provided under
the legislation, although we were critical of some aspects of the program.

Dairy farming, like all sorts of other lives on the land, is always tough going. In the last 30
years the industry has had to adjust to the eternal challenges of drought and disease, as well as
seasons when prices forced changes on the industry—changes that led to many people leaving
farms which had been in their families for generations. Now dairying must adjust to a new set
of challenges that come with the reality of climate change. I am keen to see the dairy men and
women of my electorate, Eden-Monaro, learn how to lead the way for the world in making
more milk for less gas.

I know that the communities I serve will respond to the need to change in the way they al-
ways do, by adjusting to changes they simply cannot ignore. I am keen to do everything I can
to help dairy farmers deal with the inevitable environmental challenges we all face, because
my connections with dairying in Eden-Monaro are long and strong. My family were pioneers
in the region and I am now fortunate to represent this region. It is a great privilege for me to
continue in my family’s tradition. Back in the 1850s, my great-great-great-grandfather, Daniel
Gowing, was present at the start of settler society on the South Coast of New South Wales.
Daniel pioneered much of the early industry, such as building the Tathra wharf, getting ship-
ning going, introducing new technology in milling and other machinery and establishing
sawmills. He was a well-known philanthropist as well.

Daniel and his family were also among the early dairy farmers, and his son Benjamin, and
his son-in-law, my great-great-grandfather, Thomas Joseph Kelly, founded the Bega Cheese
Co-op, with TJ becoming its first chairman. I am proud to say that TJ’s original land in Tanja
is still dairy farmed today by Dennis and Michael Kelly. The various branches of the family—
Kellys, Russells, Rheinbergers, Gowings, Batemans and others—became dairy farmers and
members of the Bega Cheese Co-op. Many of them still are today, with farms in Jellatt Jellatt,
Candelo and Tanja. So I can proudly claim not only to descend from men and women who
were present at the creation of dairying in the south-east corner of New South Wales but also to represent today’s dairy farmers and manufacturers, people who are doing today what Daniel, TJ and their families did: succeed against the odds.

Dairy farmers across Eden-Monaro should be proud of what they have accomplished. To understand their achievement, you only have to look at the role dairying has played in the electorate’s development. It is certainly a shame that Tilba Cheese is no longer made in Central Tilba, but the memory of the cooperative that was established in 1891 lives on in the shop on the original site. And I was sad to see the end of Kameruka stud dairy herd, which was directly descended from Australia’s first jersey herd, sold off last month after 150 years of farming. The Bodalla Cheese factory closed down in 1987. At the time the Bodalla Cooperative ceased operation, the thirteen farms supplying Bodalla transferred their supply to Bega Cheese. Bodalla Cheese is now a brand associated with Fonterra Brands (Australia) Pty Ltd, formerly Bonland Dairies. Fonterra is a New Zealand owned dairy company.

But the local tradition of entrepreneurs who are game to have a go at adding value to the high-quality dairy products the region produces is being carried on by farmers such as Erica and Nick Dibden, who use milk from their own herd of 350 jersey cows for their South Coast Cheese company. Of course, there is our very own big cheese, Bega, which continues to generate a reasonable living for dairy farmers and 540 jobs for workers of the Bega Valley. Bega Cheese processes 165 million litres of milk a year and exports 30 per cent of its output. Like the advertisement says, ‘Bega is famous for Bega.’

But while there is a great deal to celebrate about everything that dairying has done for Eden-Monaro, there is no doubting that the industry has done it hard over the last 20 years. This bill marks the end of a period of change that may have been unavoidable but still meant the end of many family farms across the country. There is no doubt that the last 20 years have been challenging for everybody involved in dairying, as the states and Commonwealth followed Victoria’s lead and combined to deregulate the industry. There is no doubt that the abolition of production quotas was very unpopular with many dairy farmers in Eden-Monaro. But there is also no doubt that, once the large and efficient Victorian industry abolished the tied market in the 1990s, a national approach to dairy reform was as necessary as it was unavoidable.

The bill we are considering winds up legislation that assisted many dairy farmers to leave the industry through an 11c a litre consumer levy which raised $1.8 billion. In the eight-year life of the levy, some 6,000 farmers were helped out of the industry. It is good that this assistance is no longer needed and good that consumers will now see a drop in the retail price of milk that reflects the end of this impost. I reiterate the Minister for Agriculture, Fisheries and Forestry’s statement that the government is expecting retailers to lower the price of milk in line with the removal of the levy and that any anticompetitive conduct will be a matter for the Australian Competition and Consumer Commission.

But for all the undoubted anger and anguish the reform process brought to dairy farming families, there is no doubt that the industry as a whole is fitter and more flexible and that it is infinitely more able to compete in the global market than it was a generation ago. In the 2006-07 financial year, Australian dairy accounted for 12 per cent of the world’s dairy trade. Some 50 per cent of our milk production is exported and overall dairy exports are worth around $2.5 billion. Some new research from the Australian Bureau of Agricultural and Resource Eco-
nomics, ABARE, demonstrates the industry’s changed circumstances. There is no doubting the drought has hit hard and its effects are still biting in Eden-Monaro. Increased input costs for fodder and feed grains, fertiliser and fuel have eaten into farm incomes. However, ABARE also reports some very good news: while production is down, farm-gate milk prices in the last financial year were up 48 per cent over 2006-2007.

But beyond prices and the cycle of the seasons there is another reason for the state of dairying today: farms have got bigger. Less obvious but just as important, according to ABARE, is that the industry’s productivity has improved by an average of 1.2 per cent every year since 1998. Specific areas of improvement identified by ABARE include dairy cattle genetics, herd health, shed management, supplementary feeding and pasture management. These improvements in labour output and milk yields may not sound spectacular, but they demonstrate how dairy farmers probably have more control of their destiny now than when their production was tied to quotas and they milked for a local market. And it is the obvious ability of the industry to innovate that I want to address today, because the challenges dairy farmers now face are entirely different to those the levy was intended to address.

We have to learn how we can keep on producing the world’s best milk and cheese for markets at home and abroad while reducing the greenhouse gases we emit in the process. I am keen to see Eden-Monaro’s dairy farmers lead the way for the world in making more milk for less methane emissions. Under current proposals for the Carbon Pollution Reduction Scheme the agricultural sector would be included from 2015 onwards. This is inevitable as methane is one of the more damaging of our emissions. It is therefore imperative that we start work as soon as possible in planning for the reduction of methane emissions.

The last few weeks have not been good ones in the struggle against global warming. The dire situation of European and American banks and stock markets has focused everybody’s attention on a passing crisis at the expense of the permanent one. I was sorry to see Professor Garnaut’s major report on what Australia can do to reduce greenhouse emissions get lost in a fog of finance stories. Of course I understand why so many people are worried and wondering what the state of the world’s finances will lead to and I certainly do not want to suggest that the situation is anything other than serious, but I am also confident that sooner or later this man-made crisis will pass. Yes, the coming months will be difficult. We are working to ensure they are less so in Australia than overseas, but it is still harder than any of us would want. But I know the financial crisis will pass. The environmental challenge is a man-made crisis on a far larger scale, one that will take decades to address, one that will not go away unless we change the way the world works. We cannot begin to manage global warming unless we bring the same level of effort and attention to it that is now being focused on the world’s finances. We must maintain that focus for not weeks or months or even years but for the next few decades.

There is no doubt in my mind that Australia can and must play a major role in coming up with ways to reduce climate change effects. There is no doubt in my mind that the Rudd government, thanks to the hard work of Minister Penny Wong and other relevant portfolio colleagues, will stay focused on the importance of producing a response to climate change which is responsible and realistic in meeting the needs of Australians now living and the generations to come. It has always been part of my belief—and I know this is the view of the majority of my community—that we can act to address global warming by thinking globally and acting
locally. And for me that means working with all aspects of society and the economy across my electorate.

I certainly want to have a go, which is why I am especially interested in the potential for reducing greenhouse gas emissions in Eden-Monaro using two of the electorate’s most important resources: dairy cattle and the energy and enthusiasm of our community for fresh ideas. There is no way that dairy farmers are going to be sacrificed in the struggle against climate change. And it is worth remembering that Professor Garnaut estimates dairying is a relatively low greenhouse gas emitter, with cows producing less than one-twelfth of the emissions that are attributable to beef cattle. Dairy cattle, he says, only account for 11.6 per cent of Australia’s agricultural emissions, but, having said that, I also note that it is impossible to argue against the obvious: dairy cows pump out a lot of methane, which contributes to global warming.

Where possible, implementing herd homing in facilities designed to harvest methane waste can make a significant difference to the amount of methane going into the atmosphere. The facilities are covered feeding and holding areas for cattle with slotted floor and manure collection bunkers. The product from the facility is loaded into an anaerobic digester, which generates electricity, heat and nutrient-rich, chemical-free stabilised digestate, or fertiliser. Stabilised, nutrient-rich digestate fertiliser substitutes for chemical fertiliser and provides soil amelioration and water retention benefits. This process results in significantly reduced pasture damage and surface nutrient run-off and significantly increased pasture and milk yields. Another by-product is substantial improvement in herd health and welfare and reduced incidence of lameness and disease. The use and efficiency of recycled energy from herd home facilities is an issue we need to explore because capturing and re-using methane is a quick and cost-effective way of reducing Australia’s output of greenhouse gas. Burning methane turns the gas into carbon dioxide, which the Rural Industries Research and Development Corporation says is 23 times less potent in terms of its greenhouse effect than releasing it into the atmosphere.

In the United States, big 1,000-cow feedlot dairies are already supplying electricity generated by what I can only call moo poo power to the grid. In Germany an 845-kilowatt biogas plant runs on cow manure and maize waste at Reichenbach in Saxony. Last year Israeli dairy farmers combined to create a power scheme based on methane emissions from 12,000 cows which pumps up to 2.4 megawatts into the national grid. That is barely half of one per cent of the national capacity, but it is an obvious improvement on electricity generated by fossil fuels, and the future of our energy needs will depend on a range of methods and efficiency measures. I am in discussions to establish links between Israeli dairy farmers and the farmers in my area so that they can compare notes on this and other matters such as water efficiencies.

At home, experimental work is underway in Victoria, where the Department of Primary Industries is running an experiment at Ellinbank in West Gippsland which shows that a 500-cow dairy can produce enough power to meet its own water-heating and milk-cooling needs. I very much want to see dairy farmers in Eden-Monaro have the chance to participate in this part-solution to climate change. That is why I am working with people who share my commitment to ensuring that Eden-Monaro’s dairy industry can meet the environmental realities of the 21st century.

On 20 August this year I convened a meeting involving the Szencorp renewable energy technology company, Bega Cheese, the Bega Valley Shire Council and our local community
organisation Clean Energy for Eternity to discuss a proposal I am pursuing that involves the establishment of a pilot project for demonstrating the merits for our region of the herd home and methane-harvesting concept. There is a great deal of work to be done before it will be possible to make an accurate assessment of what sorts of economies of scale we need to make biogas from dairying viable, and we are in the data-gathering phase with the co-op and council at the moment.

Another major challenge for our dairy farmers in Eden-Monaro is fireweed, which is a toxic plant introduced from southern Africa that is spreading alarmingly. It seeds at a rate of over 20,000 per plant and has made accelerated progress as a consequence of the drier conditions we have experienced in recent years. The plant is more insidious than most weeds in that it is toxic to both animals and people. Over time it will cause liver failure in a beast, and along the way it results in lowered milk production. My family and dairy farmers in the numerous fireweed associations on the coast are fighting a hell of a battle, often down on hands and knees, to keep this challenge at bay. Farmers are spending between 30 and 50 per cent of their income in the struggle. Now the weed is threatening to spread over the ranges, with potentially disastrous effects for our wheat belt.

Fireweed, along with other weed threats, was being researched by the former Cooperative Research Centre for Australian Weed Management, which the Howard government intended to close down by mid-2008. The fact is that invasive noxious weeds costs our agricultural sector billions of dollars a year, so it should be no surprise that I and many in our community were angered by this short-sightedness. Fortunately, I was able to convince my colleagues to adopt a replacement measure for the CRC in the establishment of the National Weeds and Productivity Research Program, with $15 million in funding to ensure the work of the CRC could be carried on. Additionally, I obtained a commitment of $300,000 specifically for biocontrol research for fireweed. I emphasise that this funding is for research. Actual eradication measures that follow on from the research could be funded from the Caring for Our Country program, which has been allocated $2.25 billion.

There are worrying signs that our rainfall will decrease, and we need to prepare for that now. As a consequence, the government has established the Australia’s Farming Future fund, with $130 million available to support farmers to adapt and respond to climate change. I was delighted in July when we were able to award a $250,000 research grant to the Bega Cooperative Society to address the impact of climate change on South Coast dairy farmers and to reduce their dependency on imported fodder and grain. Just as importantly, the government has also allocated $480,000 to help Tuross dairy farmers better manage their effluent run-off.

The passage of this bill marks the end of an era, and I am pleased that the circumstances that led to the dairy levy have passed. It is time now, though, for dairying and indeed for everybody in Eden-Monaro and the nation to step up to the much bigger challenge of climate change.

Ms MARINO (Forrest) (6.24 pm)—For those of you who do not know, I am one of those dairy farmers and I was directly involved at all levels during the deregulation of the dairy industry in the south-west of Western Australia. I rise to speak on the Dairy Adjustment Levy Termination Bill 2008. The Australian dairy industry was deregulated on 1 July 2000. There was no doubt that there would be significant impacts on farmers and local dairy communities, as well as significant social and health costs.
The Dairy Industry Adjustment Program was designed to be cost neutral to the Commonwealth as well as to provide an orderly transition during deregulation and the subsequent restructure of the dairy industry in response to huge change. The then federal government made available an industry adjustment package worth $1.94 billion for rural adjustment, funded through a Commonwealth levy of 11c per litre on retail sales of drinking milk, called the Australian dairy adjustment levy. It was actually assumed that the consumer was likely to benefit most from the lower cost of fresh milk and greater choice.

The Australian dairy industry is now worth nearly $2.5 billion in exports alone. But tonight I want to focus on the impact on and costs to regional communities. In my area, immediately after deregulation occurred, the dairy farming community lost a third, 30 per cent or so, of their income—and that was overnight. Upon deregulation and in the subsequent years, numbers of farmers were forced by circumstance to exit the industry, and they and their families often had to leave their rural community. This put significant pressure on local small businesses, schools, community service organisations and sporting clubs.

In Western Australia, we have lost over half our dairy farmers, and many of those were young current and future farmers. As those in the dairy industry know, potentially one of the best places to develop your farming skills is on the family farm, more or less at your father’s boot, with your very experienced parents. Of course, young, innovative farmers bring an additional positive dimension to family farming businesses and are one of its greatest strengths. The loss of this intellectual property and experience to the dairy industry is very difficult to quantify. When the family farms were sold we often lost the families, sometimes two generations, from the small local community. We lost their combined spending in that community as well. In the initial stages of deregulation, in a small town called Brunswick in my electorate, I had one store say to me they lost $10,000 in the first week. We had business closures in that same small town, and I would have liked to have seen Brunswick developed as a case study for the effects of deregulation.

We lost two wonderful local families in Brunswick, people who, in spite of the additional cost, chose to support their local supermarket, their local supplier of dairy goods and dairy service equipment and their local school. One family had no option but to leave the district. That was a significant financial and social cost to the community of Brunswick, one that is very difficult to quantify to the likes of the Productivity Commission and the ACCC. The father of that same family was the man who used to take the young children at the local school to basketball, and he was their coach. He used to take them to hockey. He was always ready to be the taxi for that local community school. We also lost another family that, in the same way, contributed to all the small local businesses. These are the types of costs that were overlooked in this process. We lost really good community families, and that has had an enormous impact.

My own shire of Harvey lost millions overnight: with dairy one of the highest value-adding industries, the flow-on impact of those dairy dollar losses was severe. One of our local sporting clubs lost $30,000 a year in fundraising capacity due to the losses in the dairy industry. We saw a similar effect on service clubs, and they also lost their volunteers. In one very small community in the south, they were very concerned that they would not be able to run their fire service or their emergency ambulance service because these services were provided by farm-
ers and also their labour and equipment were used to raise funds to keep these particular services operating.

Farmers themselves faced massive change. We did and still have depression, and we did have suicide. A lot of farmers whom I dealt with on a daily basis developed a bunker mentality. They had lost control of what was happening around them and they basically pulled up the drawbridge, looked at what they could control and stayed behind their farm gate. They felt huge loss. They lost control and they lost opportunity, and this came at a great cost. There was less money for their families, and their capacity to make good decisions was compromised in that early period. I was part of several groups that involved women, and I noticed the increased pressure on the women in those family businesses. The majority of those businesses are family owned and run. We found that the majority of the accounts within those businesses were managed by the women. They had to cope with having less money for the family and less money for the business, and they had to manage the family relationship breakdown that went with the pressures that accompanied dairy deregulation. They had the additional pressures of their sons leaving the farm, and often these same women were the ones who went out and took on work outside the farm to subsidise the farm during that process of change.

I spoke to local doctors over an extended period of time. Over two years there was a significant increase of stress related illness that went back to the trauma that people were feeling. I spoke to the local police as well. There was an increase in domestic violence. There were declines in employment in all dairy regions. Direct employment wages fell from $60,000 at farm and manufacturing level in 1999 to $37,450 in 2005—a 38 per cent reduction. There were 21,550 at a dairy farmer level and 15,900 at a dairy-processing level. I had people trying to support them through grief processes. Until about three years ago, one woman, if she came across me in a supermarket or a shopping centre, would put her arms around me and cry for the loss that they felt in having to sell their small family farm. I was involved in a number of groups, including the Women in Dairy, a national group, and the Milk Industry Liaison Committee, which, amongst a range of other things and involvement at all levels of the dairy industry, offered a huge amount of support and pastoral care for both our members and all of those families—women and men—who were going through such trauma.

In WA we have only 200 dairy farmers left. We have lost nearly half of our farmers and we now have milk shortages, particularly over summer. In spite of the issues faced by this industry, I am particularly proud of all of those in Western Australia who have come through this. In fact, I am proud of all Australian dairy farmers. I am proud of those who have aggressively pursued innovation and those who will continue to do so. But we have lost more since, particularly in the south-west—those who took on major expansions and huge debts and those who were told to get big or get out overnight. Dairy farmers in Australia are some of the most efficient farmers in the world. We are the second lowest cost producers in the world and we produce some of the best quality milk and innovative products. We compete internationally with highly subsidised markets.

I was interested in hearing earlier one of the members say that consumers come first. Essentially, that may be right, but I would say that consumers have to eat. Milk is a staple food. The dairy industry and dairy products are critical to Australia’s food security. I believe very, very strongly that Australians should have access to quality, fresh, locally produced food. The challenge for the government is to ensure that the industry has access to its essential needs.
We know about the water needs, we know about the land and the industry necessary for ongoing commercial returns and we know about the challenges of ETS and sustainable practices. Farmers have been faced with huge increases in input costs—of fertiliser and feed. They have seen a tax on their water. There are drought issues, and diesel and maintenance costs. We need to ensure access to capacity building and health policies to meet those specific rural and regional needs.

The economic support of the dairy adjustment package has been a very important management tool for Australian dairy farmers. I am particularly keen, however, to ensure that the 11c a litre does actually come off the price of milk at the supermarket level and stays off. I believe that dairy deregulation simply increased corporate market power and profitability. We even see the majority of dairy processing now, in Australia, in foreign ownership.

I would like to acknowledge in this place farmers in Western Australia, including Matt and Sue Daubney and their innovative efforts with their Bannister Downs dairy, the Sorgiovanni family with Harvey Fresh, and those involved in the Challenge Dairy Co-operative. The dairy industry provides the economic and social backbone of many regional communities in Australia; that is often overlooked and undervalued. It is a major agricultural exporter. I acknowledge the hard work and the commitment of dairy farmers to their families, their businesses, their industry and their communities, and I thank all those who have committed endless hours and resources to helping their fellow farmers through the deregulation process.

Ms OWENS (Parramatta) (6.36 pm)—I rise to speak on the Dairy Adjustment Levy Termination Bill 2008, and I am aware that I am one of the few city members of parliament to do so. I suspect that most people in my electorate of Parramatta do not even know that they have been paying a levy on milk of 11c a litre for some eight years. In fact, I confess quite openly that I myself did not know until quite recently. One of my locals, Robert from Lalor Park, found me down at a mobile office at the Lalor Park shopping centre and asked me quite bluntly when we were going to get rid of it. I confess that I nodded wisely and then went back to the office to find out all about it. Lo and behold, before I could even call Robert back, I found that we were getting rid of it. I let the House know that I did not claim credit for that with my constituent Robert from Lalor Park. And here we are today discussing the final removal of the dairy levy.

There are of course lots of people in my electorate who buy milk. They want fresh milk and they want it to be available. Perhaps in their daily lives they do not consider the many people who work such hard lives to make that fresh milk available. We are reminded in discussing this bill that, when we need to, we impose levies, but we also remove those burdens as soon as we can and whenever we can. We need to be slow to put our hands in the pockets of our constituents but very quick to take them out again. I am pleased to rise to speak to this bill, which does just that: it removes the levy as soon as possible, in an efficient way. It looks
ahead and sees that, while we are not quite ready to bring an end to the adjustment package, we will be ready very soon, and it puts a process in place to effect an efficient wind-up.

For those who are, as I was, scratching their heads and asking what the milk levy is, I will give a very short explanation. I think Robert of Lalor Park is probably the only one in my electorate who really understands it! The dairy industry was of course highly regulated, and deregulation became the subject of debate and inquiries over several years. Finally, a report called *Deregulation of the Australian dairy industry*, which came out of a Senate committee inquiry, indicated that the market would force deregulation and that a soft, managed landing was preferable to commercially driven carnage, particularly among the many small producers.

The adjustment package came into being in 2000, a $1.8 billion package over a target period of eight years. There were four main components of the package: the Dairy Structural Adjustment Program, which allocated $1.63 billion in payments for eligible dairy producers; the Supplementary Dairy Assistance program, which allocated an additional $139 million in payments; the Dairy Exit Program, which provided an optional, tax-free exit payment of up to $45,000 for eligible dairy producers wishing to leave the industry; and the Dairy Regional Assistance Program, which provided $65 million to assist regional communities to adjust to dairy deregulation.

The adjustment package was funded through a levy of 11c per litre for liquid milk products. That is a levy on consumers of 11c per litre, calculated to cover the total cost of payments to producers and for administration. The levy generated around $20 million per month, and it also covered interest costs. In the early years, the outgoings to the industry exceeded the revenue from the levy and the government of the day decided to fund the shortfall with commercial loan arrangements rather than budget funding. The target period of eight years for the adjustment package has now passed and, while the last payments have been made to farmers, the levy continues in order to pay off loan debts. As of July 2008, the Dairy Structural Adjustment Fund had a deficit of approximately $205 million, but with revenue of $20 million a month it is expected to be in balance in the first quarter of 2009.

This bill is about the process of winding up the fund and removing the levy as soon as possible, while terminating it in a way that minimises the possibility of surplus funds. In other words, we will not be taking any more money from consumers than we absolutely need to wind up the fund. Currently, the Dairy Adjustment Levy generates around $20 million per month from the 11c per litre paid by consumers in shopping centres and corner shops, but that money takes around 60 days to get from the cash registers to the adjustment fund.

The act as it stands prior to these amendments requires the minister to give 28 days notice before removing the levy and, significantly, only allows the minister to give notice against receipted revenue. If winding up the adjustment fund under the current legislation, the minister would have to wait until the fund was in surplus and then give 28 days notice. That would mean that, after the minister had given notice, money would continue to flow into the fund at a rate of $20 million a month, meaning some $50 million would be collected in excess of what is needed to wind up the fund. The amendments in this bill allow the minister to consider the levies paid but not yet receipted into the adjustment fund when declaring the levy termination date and to give termination notice of seven days rather than the current 28 days.

We are also acting to ensure that the benefits from the removal of the milk levy are passed on to consumers. Any complaints or suggestion of anticompetitive conduct in relation to re-
moval of the levy will be dealt with by the Australian Competition and Consumer Commission. I am also pleased to see that the winding up of the Dairy Adjustment Authority will not cause major dislocation to staff. It was always expected to operate for around eight years. At the peak of its operations in 2000, the authority had 83 contracted staff and a number of consultants. Reflecting the fact that it has substantially completed its functions, it now has four part-time staff.

I am very pleased to speak in support of this bill. The removal of the Dairy Adjustment Levy will mean the government will collect $20 million per month less from ordinary, everyday Australians, including those in my electorate.

Mr CHEESEMAN (Corangamite) (6.43 pm)—The Dairy Adjustment Levy Termination Bill 2008 will amend schedule 2 of the Dairy Produce Act 1986 to enable the dairy industry adjustment program to be wound up. Coming from Corangamite in western Victoria, I stand here representing one of the heartlands of the Australian dairy industry. There are approximately 295 dairy farms in the Colac area of my electorate, according to the 2005-06 farm census. These dairy farms contribute significantly to the local economy, to the Victorian economy and to the national economy.

A road trip through the unfortunately not-so-green landscape of my electorate at the moment reveals patches of forest, hectares of pasture and mixed farms. In a lot of places around the electorate you can see where old dairies used to be. The cement block buildings by the roadside are a reminder of a time when we used to produce a lot of milk—the effect of maintaining heavily supported state and federal government schemes. Now there is greater diversification. Not only is this evident in the visual cues; historically you can see the dairy industry has gone through a number of large-scale changes within my electorate over the years.

Importantly to the matter before us, eight years ago the industry underwent deregulation. As part of the deregulation, an 11c per litre tax was placed on retail milk, to pay for the deregulation. This revenue was appropriated to the Dairy Structural Adjustment Fund, which is managed by the privatised Dairy Australia Limited. The Dairy Adjustment Levy has been in place now for eight years and it has served its purpose well. As was the original intent, it is now time to wind it up. The modern Australian dairy industry is a large-scale, intensive operation using the latest technology to produce whole milk. Rotary dairies have replaced the cement block sheds and cattle are milked in large dairies which can milk up to 800 cattle per hour, with some operating 24 hours a day with three equally spaced milkings every 24 hours.

In recent years the Australian dairy sector has faced a number of significant challenges. These challenges include widespread drought, reduced availability of irrigation water and rising input costs, such as fuel, feed and fertiliser costs. Let’s face it, Australian dairy farmers have a very tough job. They are out there putting in the hard slog, day in, day out, year in, year out. Around this nation there is an immensely dedicated group of men and women who get up before the sun and go to bed after it sets. They are the people who get up in the middle of winter at 5 am, whether it is blowing a gale, pouring with rain, or freezing cold; they will leave the comfort of their warm beds and go out and bring the cows in for milking. That’s just the start of the scene which is played out all around this nation every day. There’s the popular expression that a particular person ‘could talk until the cows come home.’ Well, that is quite a long time. In between milking cycles, dairy farmers are not idle: there is always something to
be done on the land, and maintaining a farm is extremely physical. It is a constant assault on the mind as well.

The thing that is weighing on everyone’s mind at the moment is the increased attention on water availability, the unreliable seasonal conditions and the legacy of ongoing drought. These place significant stress on farming families. I doubt many Australians would give much thought each morning, as they reach into the fridge to grab the milk, to where that milk has come from. When you do think about it, it’s amazing how much effort has gone into producing that litre of milk.

The regulated dairy industry was quite different prior to the introduction of the Dairy Adjustment Levy. There was the regulated market access to the fresh milk sector and the non-regulated manufactured milk sector. There were six separate dairy industries, one in each state, and there were high levels of Australian government assistance and complex state government regulatory intervention. There was Australian government support of the manufactured milk sector, and state government support of the market fresh milk sector. State marketing authorities such as the Victorian Dairy Industry Authority and the New South Wales Dairy Corporation were set up to administer this complex regulation.

Up until deregulation, dairy farmers selling their milk as market milk received a substantially higher farm gate price than the average price paid for manufactured milk, even though there was little distinction between the two products. Across Australia under this regulated market, a number of different schemes existed which allocated the large guaranteed price premium proportionally to all dairy farmers. State governments also engaged in establishing legislation that regulated interstate access to their market milk sectors.

The manufactured milk sector, on the other hand, was characterised by open access, with products from the sector being traded freely within and between states. Although the manufactured milk sector was characterised by open access, it was not totally devoid of the policies that distorted the market for dairy products. After much political lobbying by the dairy industry, the Australian government promised substantial adjustment payments to dairy farmers on the condition that state governments agreed to deregulate those industries.

The dairy adjustment levy was implemented in 2000 to lessen the impact of deregulation on dairy farmers and communities with a heavy dairy industry base, like those within Corangamite. This program has since run its course, with eligible farmers receiving 32 quarterly payments over eight years, the last of these payments being in August. Australian dairy producers are in a good position, due to increased capital investment over the past few years. The investment has been integral to improving their business viability. Over the past few years, farm gate milk prices have risen substantially. This is also a reflection of the strong global demand for dairy products and dairy related products from the major exporting countries.

Despite the Australian Bureau of Agricultural and Resource Economics report that income for Australian dairy farmers declined markedly in 2006-07, there was strong growth in milk prices in 2007-08, with the average farm cash income estimated to have increased significantly at the national level. In 2007-08 there were further reductions in the average size of milking herds, but, with improved seasonal conditions in some regions, average milk yield per cow is estimated to have risen. The Australian Bureau of Agricultural and Resource Economics stated in their media release on 2 September this year:
Farm cash incomes for dairy producers in Australia are estimated to have more than tripled to average more than $110,000 in 2007-08, while average farm business profit increased to nearly $24,000, up from a loss of $39,400 in 2006-07.

These results are welcome. Given that the adjustment program has fulfilled its purpose, and given the recent positive results from the industry, it is timely to terminate the 11c per litre consumption levy on fresh milk sales which has funded the program.

In winding up the dairy adjustment levy, it is also prudent to take into account and to amend a number of other acts which make reference to components of the levy. The bill will amend schedule 2 of the Dairy Produce Act 1986. These amendments enable the statutory authority, which was established as a part of the administration arrangements of the Dairy Structural Adjustment Program, also to be wound up. Any surplus levy funds will be returned to the Consolidated Revenue Fund, and this will enable closure of the Dairy Structural Adjustment Fund. Consequential amendments provided for under this bill will amend a number of other acts to remove references to the Dairy Structural Adjustment Program.

Outstanding business that needs to be tied up includes the initial outlays related to the adjustment program which exceeded the income from the levy. The Liberal government previously decided to use commercial loan arrangements to cover the initial outlays rather than budget funding to meet these initial costs. While final payments have been made to farmers, the levy continues in order to pay off those loan debts. Once the levy has generated enough revenue to bring the adjustment fund into balance, the minister can remove the levy, under provisions in schedule 2 of the Dairy Produce Act 1986. The Dairy Produce Act 1986 does not provide for winding up the Dairy Adjustment Authority. This bill allows the Minister for Agriculture, Fisheries and Forestry to make a declaration that the authority ceases to exist.

Today the rural sector has adjusted to the new rules of the dairy industry. Many properties have diversified in how their land is used, resulting in mixed farms rather than straight dairy farms. This is just one sign that dairy farmers have adjusted to the new sales environment and, accordingly, the 11c per litre on milk sold to consumers should be scrapped. The dairy adjustment levy has served its purpose. The fund has operated to assist farmers to adjust to the removal of state and Commonwealth government structures and price support measures.

In wrapping up the levy it is convenient also to wrap up the administrative arrangements that are connected to the levy. This is a levy that has been borne by Australian consumers and it is in the best interests of those consumers that the levy should be wound up as soon as possible. The dairy industry in my electorate provides significant income not only to the communities which my electorate supports but also of course to state and federal trade balances. I commend the bill to the House.

Mr ZAPPIA (Makin) (6.55 pm)—I too rise to speak briefly on the Dairy Adjustment Levy Termination Bill 2008, which brings to an end the collection of the 11c per litre levy that has been applied since the year 2000. At the time, the levy was introduced to fund an adjustment package for the dairy industry as it moved through deregulation. Over eight years around $240 million a year has been collected through the levy and used to provide payments to around 13,000 dairy businesses. The levy may have been well intended and I have no doubt that it did provide necessary financial assistance to dairy farmers during the transition period. Sadly, however, there were also cases where the funds were paid inappropriately, with one report from the Australian National Audit Office identifying some $200,000 which had been
overpaid to farmers. It appears that the Dairy Adjustment Authority, which managed the levy that was collected and distributed the funds, did not have adequate controls or accountability standards in place in its administration of the levy.

There have also been reports that deregulation of the dairy industry has not led to lower milk prices, as expected. I have noted a number of reports, including one in particular that referred to milk prices in WA having in fact increased since the levy was introduced. Yet consumers paid $240 million a year because deregulation was expected to make the industry more efficient and therefore bring down the price of milk.

The important point I make about this bill, however, and the removal of the 11c levy is that it should lead to lower prices. I say 'should' because we are yet to see whether the full 11c will be passed on to consumers. I understand that the ACCC will be monitoring this situation, but as with all of these issues absolute control as to what the price should be will be near impossible to determine. The ACCC investigation into grocery prices highlighted just how difficult it can be to monitor food prices. When it comes to the dairy industry, I am also aware from reports in my home state of South Australia that dairy farmers get nowhere near the money that milk sells for in supermarkets and that there is a huge gap between the farm gate price and the retail price.

I note that in recent months, as a result of increased exports overseas, those prices have increased substantially and certainly to a point where it makes the production of milk much more viable for those farmers. But there is nevertheless still a very substantial gap between the farm gate price and the retail price that consumers pay at the supermarkets. Again, that has been the cause of both angst and concern amongst the industry and amongst consumers for some time. As a result of that low farm gate price for many years in my home state of South Australia, not surprisingly, what once was a very viable dairy industry has largely been wiped out in recent years. In 1980 there were some 1,780 dairy operators in South Australia. In 2007 that figure had reduced to 354. Certainly the levy and the adjustment scheme did not save the dairy industry in South Australia. In fact, if you look at the statistics relating to the dairy industry, it has been in decline across Australia since 1980. I quote from 'Farm facts' in a publication by Dairy Australia entitled Australian dairy industry in focus 2007:

The number of dairy farms has more than halved over the past two and half decades, from 22,000 in 1980 to just over 8,000 in 2007.

What is interesting about those figures is that the trend downwards in the number of dairy farms that we have seen since 1980 has hardly changed at all since 2000 when the levy was introduced. The gradual decline occurred regardless of the fact that we had in fact introduced the levy. So one has to question how effective the levy was in ensuring a sustainable dairy industry in this country.

My concern, however, is that, apart from the economic loss to my home state of South Australia from the decline of the dairy industry, there is an even greater concern—that Australia will see an increase in imports of overseas produced milk and milk products. Milk and milk products are used in so many foods we consume. Knowing where and how the milk is produced is important to me and I am sure it is important to every other Australian, particularly when one considers the effects of the milk product contamination scare we recently saw in China—and which we are seeing still. If the 11c reduction is passed on in full to consumers, it will bring a welcome reduction in the price of milk to consumers.
Right now, when the cost-of-living increases and grocery price increases are regular topics of discussion and debate, reducing the price of milk will make a difference. Milk is one of those essential, everyday needs of families—and even more so if there are children in the family. If $20 million a month is collected from this levy then that will mean that there will be $20 million a month that will go back into Australian households, and that is not insignificant. For those reasons, I commend this bill to the House.

Mr BURKE (Watson—Minister for Agriculture, Fisheries and Forestry) (7.02 pm)—in reply—I want to thank all honourable members who have participated in the debate on this bill. Some have spoken from the perspective of concern for producers and some have talked about their hope of seeing better prices out there for consumers. There has also been a general discussion on some of the issues relating to deregulation itself as well as some of the mental health challenges. Both the member for Forrest and the member for Kennedy in their contributions referred to the suicide rates and serious depression that still plagues large parts of rural Australia.

There were some specific issues raised by the shadow minister which I should respond to. He indicated his support for the legislation, for which I am grateful. He said that we needed to have a plan for water use. As the shadow minister knows full well, the Minister for Climate Change and Water has that plan. We have the water for our future program focusing on efficiency, planning and information; the water buybacks from willing sellers; the irrigation industry’s workshop program, which is providing further information for irrigators; and the irrigation management grants, implementing water management strategies for the Murray-Darling Basin irrigators. I am not providing any information there that the shadow minister does not know. I think his issue is quite simply that he would prefer the neglect that occurred under the previous government, and that is something that this government will not be a party to.

There have also been some curious comments for which I was not in the chamber, but I was able to listen to part of the contribution from the member for Gippsland. He called on the government to implement the promise of $3 million to support nutrient management in the Gippsland lakes. I am very glad that he is supporting us delivering on that election commitment. I would be astonished if the member for Gippsland were asking us to send out the money prior to contracts being formalised. That is something that, from time to time, the National Party have been reasonably relaxed about, but I am sure that they would appreciate that it is best to have the contracts in place before you pass the money over. It is interesting that the member for Gippsland was showing such support for that project on the same day that his colleagues in Senate estimates were being critical of the government wanting to provide that money.

I understand that the member for Gippsland also said—I did not hear this bit but I am advised that he said it—that the minister for agriculture should visit the Macalister Demonstration Farm. He is right—and I have. I am grateful for his advice that I go there, but I have gone there. Like him, I am very impressed by it. They have been able to do some extraordinary work on natural pasture on that demonstration farm, and I share his admiration for the facility. But I am curious about his demand that I need to visit there, given that I have visited, have been impressed and have made comments about that publicly.
The Dairy Adjustment Levy Termination Bill 2008 amends the Dairy Produce Act 1986 to close the $1.92 billion Dairy Industry Adjustment Program. Specifically, the bill before the House provides for the termination of the dairy adjustment levy, the wind-up of the Dairy Adjustment Authority and the closure of the Dairy Structural Adjustment Fund. The bill will provide for surplus levy funds to be returned to consolidated revenue, and it clarifies our understanding that costs of terminating the adjustment program can be considered costs of the program itself. Consequential amendments will remove references to the adjustment program in other acts and repeal acts that were originally there to establish the dairy adjustment levy.

Importantly, the bill makes arrangements to minimise collection of the consumer levy surplus to program needs. The Dairy Produce Act 1986 does have some shortcomings—none more serious than the projected $50 million in surplus dairy adjustment levy funds that will be collected unless the act is amended. The bill will allow the government to terminate the levy in a way that minimises levy collections above the needs of the program. This will be achieved in two ways: firstly, by cutting the levy termination notice period from 28 days down to seven and, secondly, by allowing the government to consider levies paid by consumers but not yet receipted into the Dairy Structural Adjustment Fund when declaring a levy termination date.

The government expects to remove the dairy adjustment levy in the first quarter of next year. The benefits of removing the consumer levy should be passed on to consumers. Any complaints or suggestions of anticompetitive conduct in relation to removal of the levy will be dealt with by the ACCC. Amendments will also allow the government to close the Dairy Structural Adjustment Fund, after which the adjustment program will also be considered closed.

Australia’s dairy industry has undergone a process of significant transformation in the last decade. In the late 1990s, Australia’s dairy industry was not confident that it could compete with its efficient New Zealand counterpart within the then regulated environment. Today, the industry is competitive and export oriented.

While this legislation brings to a close a program that supported dairy producers to make that transition, the government recognises that the industry still faces challenges. Strong global demand for dairy products has contributed to increased farm-gate prices. But water dependency and climate change represent particular challenges. The government will support the dairy industry to better prepare itself for these challenges. Dairy farmers, particularly in the Murray-Darling Basin, will also benefit from better information about climate and water availability, improved water trading arrangements being developed by the ACCC, and more appropriate allocation arrangements under water programs being administered by my colleague from the other place Minister Wong.

Of course, the government continues to provide income support, business advice and a range of other measures to all eligible farmers who are doing it tough because of drought. Assistance to farmers also includes exit assistance for eligible farmers who do not see a future for themselves in the sector. The Rudd government will do everything it can to ensure the Australian dairy industry makes its contribution to global food security in the face of a changing climate. This bill will allow the government to finalise the Dairy Industry Adjustment Program. It provides for good governance. It has been welcomed by Australian Dairy Farmers.
Ltd. And, when passed, it will deliver modest savings to consumers at the grocery checkout. I welcome the bipartisan support for the bill and I commend it to the House.

Question agreed to.

Bill read a second time.

Ordered that the bill be reported to the House without amendment.

**TRADE PRACTICES AMENDMENT (CLARITY IN PRICING) BILL 2008**

**Second Reading**

Debate resumed from 25 September, on motion by Mr Bowen:

That this bill be now read a second time.

Mr HARTSUYKER (Cowper) (7.11 pm)—It is with great pleasure that I rise for the second time to speak on the Trade Practices Amendment (Clarity in Pricing) Bill 2008, because in this current climate of uncertainty and financial turmoil it is more important than ever that we ensure that consumers are able to get value for money in their purchases. As the global turmoil begins to hit home there will be less money to go around, and getting value for money will become even more important. The coalition has consistently stated that we are in favour of providing more and better information to consumers. Better information allows consumers to make informed choices. This increases competition and helps to prevent sellers taking advantage of consumers.

This component pricing legislation is designed to provide consumers with a more meaningful suite of information. It is also intended to prevent advertising that may be misleading. A 1986 amendment to section 53 of the Trade Practices Act prohibited corporations from advertising only part of the price of a product without also disclosing the cash price necessary to purchase that product outright. The term ‘cash price’ is not defined in that amendment. This measure was introduced to prevent car dealers from advertising only the deposit price for a car without also publishing the total cost of the vehicle. It was thought that this amendment would also prevent a business from claiming that an advertised price was the total price for a product when in fact it was only part of the price.

In 2002 and 2003, Federal Court rulings in the cases of the Australian Competition and Consumer Commission v Dell Computers Pty Limited and Australian Competition and Consumer Commission v Signature Security Group Pty Limited challenged this thinking. The court rulings made it clear that in certain circumstances a company was not in breach of section 53C of the Trade Practices Act if it published component prices. In response to these Federal Court rulings, the Howard government began consultation to develop an amendment that would clarify and strengthen the Trade Practices Act in this area. The coalition’s component pricing legislation progressed to the exposure draft stage and was the subject of much consultation and comment from stakeholders on all sides on this issue.

This new legislation is intended to prevent businesses from creating the impression that a product can be purchased at a price lower than the price that it can actually be purchased at. Consumers should not have to search through the fine print or follow a trail of asterisks and symbols to find the actual price for a product. The ‘single price’, as it is known, should be presented prominently along with any other component costs the seller wants to list. This bill amends section 53C of the Trade Practices Act and amends section 75AZF of the act to ensure
that it is consistent with section 53C. The bill also makes minor technical amendments to sections 6, 65 and 75 of the act.

The legislation before the House today would make it illegal for a business to make a representation as to the partial price of a product without also using a single figure to prominently represent the single price for that product or the total price for that product. A component price will still be permitted provided that the single price is also displayed at least as prominently as the component prices. The single price is defined as the minimum quantifiable price for the supplier concerned at the time the representation is made to the customer. For example, the single price for an airline ticket may comprise of $100 for the ticket, a $30 fuel surcharge and $20 in taxes and fees. To comply with this legislation the airline may advertise that the ticket is $100 but it must also prominently state that the total price is $150.

There will always be instances where the final price for a product or service depends on a number of variable factors. When this happens, the business will be required to display the minimum quantifiable price. For example, an airline may advertise a holiday to London as being priced from $2,300. Provided this advertised price represents the cost at which you could purchase the holiday, the advertisement would be legal. A traveller may choose to fly business class—as perhaps the member for Braddon may choose to do—stay at a more expensive hotel or travel during the busy period, making the holiday package more expensive. But in such a case the advertisement saying ‘from’ a certain price would not be in breach of the legislation.

Another common situation along the same lines would be where part of the price of the product is quantifiable and part is not. In this case, the explanatory memorandum indicates that the minimum quantifiable price should be advertised. To prevent deceitful or misleading conduct as defined in other parts of the Trade Practices Act, the business would also need to alert consumers to the fact that additional costs would be required for the purchase of the product. For the purposes of this legislation, a quantifiable cost is considered to be a cost that is easily converted to a dollar amount. The single-figure price must be specified at least as prominently as the most prominent of the component prices. This prevents the practice of hiding the total price in the fine print or in the second page of the printed representation.

Component pricing laws will not apply to representations between businesses. Business-to-business sales and business-to-government sales are not included under this legislation. Following on from this exclusion, subsection 6 clarifies that component pricing laws will only apply to goods and services that would ordinarily be acquired for personal, domestic or household use or consumption. Changes to section 75AZF of the act effectively replicate the amendments to section 53C, ensuring the criminal and civil provisions are consistent within the Trade Practices Act. In its initial draft this legislation only dealt with advertisements. The consumer advocate group CHOICE made a submission calling on the government to extend the reach of this legislation to all forms of representations. To the government’s credit, the legislation before the House today has been extended to cover all representations, including spoken and informal representations. There is nothing more frustrating than to be quoted a price over the phone, only to find that the price you were quoted is exclusive of a tax or another obligatory charge.

Another change from the 2006 draft is the exclusion of the financial sector from this legislation. In the two years since the Howard government draft bill was released, regulations gov-
erning the financial sector have been tightened. The sector has consistently claimed that financial products are unique compared to other products and services, and the decision to exclude the sector from component pricing laws has been welcomed by some. The bill also makes three minor amendments to the Trade Practices Act. The first deals with pyramid selling and amends section 6 of the Trade Practices Act to update cross-references to other parts of the act. The second minor amendment clarifies that a breach of a notice made in accordance with section 65E may be a criminal offence. The third technical amendment, this one in proposed new section 75AZAA, affirms that state and territory fair trading laws equivalent to part VC of the TPA operate concurrently with the Trade Practices Act provisions.

During my discussion with stakeholder groups, there has been widespread but cautious acceptance of the bill as it has been drafted. There will generally be a range of views on new legislation. Some industry sources believe the Trade Practices Act provides sufficient protection for consumers in its current form; however, these sources have indicated that the legislation as drafted is workable and provides only limited compliance and implementation costs. The legislation is very broad and will apply to a very large section of the economy. Some of the more ambiguous parts of the legislation will no doubt be tested in the courts in the near future, and it will be interesting to observe the implementation and development of these new laws.

One major issue that may become a problem is postage and handling. As the legislation is drafted, postage and handling costs do not have to be included in the single-figure price in most cases. The scope of the changes relating to sending goods to the customer is not prescribed in the bill. Where the goods may only be purchased by delivery and the delivery costs are known, those costs must either be included in the total or disclosed in the representation as a separate amount. For example, ‘$20 plus $5 postage and handling’, or ‘$25 including postage and handling’, would be acceptable. There is concern among consumer groups that the legislation does not define ‘handling’, creating a loophole in the new law. The possibility exists to offer, for example, a DVD for a small amount, maybe $39.95, plus a relatively large amount for postage and handling—say, another $20. Clearly, such a postage and handling charge would be considered excessive to post a DVD. This legislation leaves open the opportunity for a business to charge an exorbitant amount in relation to postage and handling without being required to include those costs in the single-figure price. One would expect the majority of businesses to act within the spirit of the legislation; however, it will be important to closely monitor whether this postage loophole becomes a problem.

Another issue that has been raised is the exception granted for the advertising of ongoing contracts. For example, a phone company may offer a service at $20 per month over 24 months. This is a total minimum cost of $480 over the life of the contract. Although the company must display this total figure, it does not have to be displayed as prominently as the monthly price and can be included in the fine print as is currently done on most ongoing contracts. At this early stage, this exception does not appear to pose a major concern. In my experience, most people are accustomed to looking for the total price in the fine print, and this exception will allow the status quo to continue.

The other major concern about this legislation is the potential for it to make advertising confusing and difficult to understand. Because the single price must be displayed at least as prominently as any component prices, there is the potential to have several large price figures...
Mr NEUMANN (Blair) (7.23 pm)—I rise to speak in support of the Trade Practices Amendment (Clarity in Pricing) Bill 2008. The Trade Practices Act was a groundbreaking piece of legislation brought in by the Whitlam Labor government in 1974. It was a great initiative, and the late Lionel Murphy should be congratulated for that initiative during his time as the Attorney-General. It is fair to say that for decades Australia languished when it came to trade practices legislation, and consumers across Australia were subject, unfortunately, to unfair prices, abuses of market power and the violation of human rights really without much protection at all. They could go to court and argue the case, but a lot of consumers are not in a position to finance expensive litigation in the Magistrates, district or Supreme courts, let alone in the Federal Court. So having a watchdog like the ACCC, the Australian Competition and Consumer Commission, was a great initiative, and I know that body has been supported by both sides of the House. The stated aim of the Trade Practices Act is:

… to enhance the welfare of Australians through the promotion of competition and fair trading and provision for consumer protection.

This is what the clarity in pricing bill is all about. It will ensure that Australian consumers get a fair go.

The Trade Practices Act has some tremendous parts to it which the ACCC administers and enforces: the anticompetitive behaviour provisions in part IVA, the consumer protection provisions in part V, and other parts that deal with unconscionable conduct in relation to commercial transactions and consumer dealings. It really is our protection code for consumers. Without it, just imagine where we would be. It is a tragedy that it took so long for us to have the trade practices legislation in the history of this country. The mid-seventies was simply too late. It took a Labor government to do it after 23 years of conservative rule from 1949 to 1972.

This particular piece of legislation seeks to amend the Trade Practices Act 1974. It relates to the use of component pricing in representations by businesses to consumers. It is not business to business; it is business to consumers, so it is all about the protection of consumers. It deals with part V, section 53A, which is the provision in relation to the cash price to be stated in certain circumstances, and section 75AF, which is about the liability for defective goods or loss relating to other goods. The measures contained in this particular bill will clarify that when a business makes a representation to a consumer about the price of a good, or a service for that matter, to the extent that it is possible to do so it must disclose as a single figure the cluttering an advertisement. The mixture of quantifiable and non-quantifiable costs could also make a price representation confusing. This legislation is intended to help customers make informed decisions about the products and services they purchase. The government needs to carefully monitor the real impact of this legislation to ensure that it does not have the opposite effect by causing confusion.

Overall, I believe that these amendments will have a positive impact on consumers. Without burdening businesses with high compliance costs, this measure will provide consumers with better information about the products and services they wish to purchase. It should also close the loopholes opened by the 2002 and 2003 court cases, and make pricing more transparent. The opposition will monitor the impact of this legislation on the business community and consumers, but we offer no objection to the passage of the bill through the House. We will certainly be interested to see the pricing legislation in practice.
total price of that good or service. I think that is what consumers expect, that when they go into the supermarket or they buy a car or they purchase an airline ticket and the price is there, that is what they pay. I do not think they expect to be ripped off by hidden taxes, levies or charges. I think they want honesty, transparency and openness when it comes to business transactions. When they purchase goods and services, that is what they want. We have seen that in a lot of the professions, where there are contracts in accountancy, in law and in other areas where consumers are expected to be given information about that. We have seen it in the purchase of real estate, certainly in Queensland. There are provisions in relation to cooling-off periods. So everything about protecting the consumer is a good thing in our society because consumers compared to businesses are in an unequal power situation.

This legislation will put an end to the practice of consumers being ripped off by hidden fees and charges. It delivers an important reform to empower consumers to make the best choices that they can undertake with the limited cash that they have. It provides clarity and certainty to consumers across our country and I warmly welcome it, as I am sure my constituents in Blair do also. It is important because we need to know the prices of the goods and services that we are purchasing. It is sad that, notwithstanding what the member for Cowper said, the previous government really did not take this issue and run it to conclusion. In other words, it has been left to us to introduce this piece of legislation when they knew about it and the problems associated with clarity in pricing for nearly their 12 years of sitting on the government benches. The former government failed to act on this important issue to strengthen the consumer’s right to know the total price of a good or service. The former government talked about reform, they consulted, they discussed it, they cogitated, they meditated—but they did not act. They did almost nothing. We had periods of inactivity, idleness and in fact ignorance on the issue.

Consumers across this country will welcome the legislation because consumer protection is important for all Australians. I know when I conduct my regular mobile offices around my electorate, in the rural areas as well as in Ipswich, that consumers are frustrated. They are frustrated when a product that they buy is not the price asked when they go to the checkout. Recently my 17-year-old daughter Jackie had that experience. I will not name the business in my area, but she had that experience as a young woman 17 years of age. My wife and I have trained up both our daughters—the elder is 19—to have the kind of certainty and frankness and candour to purchase items. We have not trained them to be reticent about these issues. My daughter was recently confronted by circumstances where there was an advertised price for a certain product that she was purchasing but when she went to the checkout there were all these hidden charges. I saw the distress that my 17-year-old daughter felt when she had to rely on money from my own mother, her grandmother, to help her to pay for that purchase. Clearly, when you looked at the advertisement, it was wrong. It was misleading and mischievous. We just cannot have this because we cannot have our young people and other people in these circumstances facing these sorts of problems. If a business advertises a price to a consumer, it should display a single figure if at all possible. The total price of the product, to the extent that it is quantifiable, must be there on the counter at the store. Representations must be accurate, and this measure will ensure that consumers throughout Australia can be certain of the total price they will have to pay for the goods and services before they enter a transaction. As the Minister for Competition Policy and Consumer Affairs and Assistant Treasurer out-
lined in his second reading speech, this bill will ensure that the total price a consumer has to pay will be ‘prominently stated, not just lost somewhere in a footnote’.

The bill clarifies the practice of component pricing, which is currently regulated by section 53C of the Trade Practices Act. Component pricing is the practice of advertising prices as the sum of multiple component parts. In other words, $A plus $B equals a certain amount. If a business uses component pricing and does not provide a clear total, consumers are less able to readily compare the goods and services on offer. In fact, they are given a false impression—they are misled to believe that goods and services are cheaper than they actually are. Unfortunately, it is the case that some businesses deliberately use component pricing to mislead consumers about the real cost of a product or service. What do they do it for? They do it to get the consumer in. They do it to gain an unfair competitive advantage over other businesses that are honest, frank and transparent in making full disclosure to consumers. Because of these unscrupulous practices, it is crucial that we regulate component pricing. This bill will ensure that there is a level playing field for businesses advertising their goods and services, and that businesses which are doing the right thing and complying with component pricing laws are not disadvantaged. The bill seeks to amend the Trade Practices Act to clarify the operation of the existing component pricing provisions.

Sometimes courts do strange things. I had a look at the two decisions that were made by the Federal Court in relation to this particular matter. It is quite extraordinary what the court found in the two decisions which were referred to by the member for Cowper. In 2002 the Federal Court found that the existing section 53C did not require the disclosure of a single-figure price, provided that a total price could be obtained without the consumer needing to perform a ‘complex calculation’. What an extraordinary decision! I must mention that the court’s finding was inconsistent with previous legal advice obtained by the then coalition government, as well as the ACCC’s own approach to enforcing the legislation. For this reason alone I welcome the bill. As the Assistant Treasurer stated, it will give effect to the original intention of section 53C.

While the focus of this bill is about protecting consumers from being ripped off, it also includes some practical provisions to assist business. First, business will only be required to state the minimum quantifiable consideration for supply. Basically what this means is that, if the business cannot genuinely determine what, say, the taxes, levies or charges might be for some other component of the price, the business will be able to make a price representation which would not require them to state the total price. Of course, though, they would still have to make it clear the type of additional charges that might be incurred. Secondly, the bill exempts businesses from stating charges related to sending goods from one supplier to the customer. That means that genuine postage and handling charges need not be included in the single-figure price. Thirdly, financial services are not covered by the bill. Fourthly, the provisions in this bill will not apply to representations which are in between bodies corporate.

The Assistant Treasurer in his press release on 25 September 2008 said that this legislation will ‘tackle the problem of hidden fees and charges for consumer products’. He went on to state quite clearly:

It is not appropriate for a business to represent that a product costs a certain price and then use fine print disclaimers to reveal additional mandatory taxes, fees or other charges.
The exposure draft of the bill was released for public consultation in March 2008. There were a range of comments received and made by a group of businesses and consumer advocates—stakeholders who were interested in the legislation represented to the government their respective positions. The government was clearly of the view that the bill should not impose unnecessary compliance burdens on business, and that is why the four provisions I outlined are there in the bill.

It is important for us to say, as the minister said in his press release, that gone are the days when we front up to a business and just wonder what the fees and charges might be. We expect in our society that we should pay the price that is offered. We want transparency and openness in our consumer transactions.

It is interesting to note that in 2007-08, the ACCC received about 430 complaints relating to the existing section 53C of the Trade Practices Act. It is notable also that Consumer Affairs Victoria has received about 250 complaints in this calendar year. Those complaints ranged across a variety of industries. Any example of this is unacceptable. Even though, as I said, the previous government undertook a number of rounds of public consultations, there was no legislation introduced to this parliament. It is the Rudd Labor government which is ensuring that this legislation, which will protect consumers, is before the chamber.

I warmly welcome this bill. It will increase transparency in pricing, empower consumers and give them the best chance possible to purchase goods and services on a competitive basis. That is good for the electorate of Blair and it is good for electorates across the country. It will prevent consumer disadvantage and we will not unnecessarily burden business with compliance. It will ensure in this very difficult time, with a global financial crisis upon us, that our consumers will not be left behind and will have access to the kinds of rights that a decent, fair and just Australia should have.

We will be empowering those who are less fortunate, those who have little financial power, by giving them the chance to equalise that power relationship. We will bring our legislation into the 21st century. This piece of legislation, though minor, will have a huge impact on the day-to-day lives of Australians. I think that in years to come we will look back on this piece of legislation and say, ‘This was a small change, but it was a big change to the way we do business in this country and it was a big help to consumers.’ I warmly commend the bill to the House.

Mr GEORGANAS (Hindmarsh) (7.40 pm)—I too rise to speak on the Trade Practices Amendment (Clarity in Pricing) Bill 2008. Consumer protection is clearly a matter of critical importance to the Rudd Labor government. We know that mums and dads around the country, their children, their parents, the people for whom they care, are the people who are at the very heart of this federal government’s work of modernising Australia for the 21st century. We have all heard about the different policies that the Rudd Labor government is delivering. We all know about the education revolution and the vital inclusion of information technology within the classroom and at home. What better typifies this government’s focus on preparing our population for what will be a dynamic and challenging century?

There are initiatives that the government is pursuing, such as the education revolution, that will better prepare people for the future. There are also many initiatives that deal with the present and that focus on everyday consumers—mums and dads and those that they care for. Yes, things have become increasingly tough for people since the introduction of the GST, but, to
this government’s credit, as we have heard today, it continues to provide tremendous support to multiple sectors of the community through the $10.4 billion Economic Security Strategy. Through this Economic Security Strategy the Rudd Labor government is caring even more for pensioners, as we heard today, helping first home buyers more than those opposite would have dreamt of and of course providing additional support for 1.9 million families and 3.9 million children.

This clearly is a government for all Australians. In addition to redistributive measures, the government has just recently released its green paper on financial services and credit reform. This reform will lead to a reduction in the vast proportion of unsolicited offers of credit cards and unsustainable increases in available credit. This in itself will protect tens of thousands of Australian households from unscrupulous financial behaviour.

But tonight I rise to speak in favour of the other initiative that I mentioned at the beginning of my speech, designed by this government for the financial protection not just of the mum and dad consumers around the country but of all people who wish to make a purchase—that is, the government’s Trade Practices Amendment (Clarity in Pricing) Bill 2008. The practice that this bill will address when it becomes law is the practice of deceitful quotes. These are quotes that are made by the seller of a product or service with the full knowledge that the price that is being quoted is totally wrong and is substantially less than anyone would end up paying. The practice of misrepresenting the true cost of a purchase to the consumer, at least in this case, is called component pricing. The quote consists of part of the full purchase, but certain things are left off the quote, such as taxes, fees and charges, to make the purchase sound better value and more affordable. Retailers may as well have been giving potential customers two prices—one accurate, that the person will eventually have to pay for the product, and one totally made up, fictitious and misleading.

It is generally the lower of any two quotes that a person will remember. So we could effectively have retailers answering the question ‘How much does it cost?’ with the answer: ‘I’d say only $12.99, but then again it could be $20 when you add other costs such as taxes and fees.’ Handing over a credit card would result in a shock for the consumer either at the time they are expected to sign the credit purchase slip or when they realise that they were ripped off maybe a month or three later when their statement comes. The deceit of this practice is what the government is targeting in this bill.

I note as an aside that the previous government looked at this issue during the course of its time in government. The Howard government announced that in the first half of 2005 it intended to do something about component pricing. A year later it released a draft bill and explanatory memorandum for public consultation. The bill was up on the Treasury website for some years, but the issue was allowed to drift without the prospect of any form of resolution.

It was a constituent of mine who brought the stalled legislation more sharply to my attention. Mr Colin Leaker of Somerton Park has pursued this issue since around mid-2005. I quote from some of his letters regarding component pricing and the stalled bill:

… my recollection from the early press reports is that no particular difficulties were flagged at that time in regard to implementation.

… … … …

My strong view is that the legislation is urgent and important to consumers.
I am pleased to be able to inform Mr Leaker in my electorate that the Rudd Labor government has this situation, like so many others, well in hand. Those opposite, after doing the hard work, decided that they did not support their own bill back in 2006. If they think back and remember the merits of the initiative and how it got through their party room, perhaps they will remember that they were supportive of it at some stage. Here and now they can vote for it. Most importantly, I ask all members to think of the mums, dads, children, families and consumers around the nation and support a legislative measure designed to offer protection to support all those consumers. I commend the bill to the House.

Mr TREVOR ( Flynn) (7.47 pm)—I rise to support the government’s Trade Practices Amendment (Clarity in Pricing) Bill 2008. The proposed bill represents a much welcomed and long-overdue correction to the current method of doing business. It provides a clear correction to a system that was letting consumers down, particularly the most vulnerable of consumers in our communities.

The Trade Practices Amendment (Clarity in Pricing Bill) 2008 aims to amend the Trade Practices Act 1974 and close the loopholes for advertising and business promotion that have been identified in the Trade Practices Act and its interpretation by our courts of law. The main purpose of this new bill is to ensure that businesses prominently display a price for their product or service that is actually a fair and reasonable representation to the customer of what the total and actual cost would be to acquire that product or service.

All too often with recent modern methods of corporate communication and advertising we see a figure promoted as the price and, ultimately, the expected cost to the consumer to acquire this product, only to be bombarded with fine print, asterisks, notes, disclaimers and other notable quirks and gimmicks used to hide the actual cost that the consumer must pay. It would be fair to say that, as we who are trained in the law often say, the devil is in the detail.

As an emerging trend, we see the use of what has been termed ‘component pricing’. I note these are more popular in certain industries, including airlines, car sales and car rental operations. Component pricing is the term used to refer to the practice of representing, or perhaps misrepresenting, the price of a good or service that does not accurately reflect the bottom line dollar value that the consumer will pay to acquire this good or service. The rise in the frequency and use of component pricing has seen many businesses represent the price of their goods or services as a sum of individual components—that is, to not take into account fees, taxes and charges, even if these form an important or even compulsory part of the price. They can be omitted from the advertised price and this can lead to confusion for honest consumers in the marketplace. Consumers can be misled as to what the actual cost is or what will ultimately be included in the finished product. This makes it difficult for consumers to compare prices and can impair their decision-making process, especially for the comparison of homogeneous products when trying to make a decision based on price. It is like a consumer comparing apples with oranges.

Consumers may even be blatantly misled by business operators into thinking that the cost for their purchase is going to be less than it actually is. By allowing this kind of trading environment to prosper, businesses have distorted the wheels of competition to the point where it is merely the clever form of marketing and promotion that has contributed to their competitive advantage and success and not the strength of the product or service that they are providing to the consumer. This, of course, is a big problem and its increasingly common occurrence
frightens me. And it is not just me who is clearly troubled by this. Our national consumer watchdog, the ACCC, received 430 complaints in 2007-08 relating to this sort of problem. This illustrates the problem with the current Trade Practices Act legislation, which was supposed to protect consumers, and the need to amend the current legislation. Of course, many more incidents would have gone unreported by consumers.

This is where the Trade Practices Amendment (Clarity in Pricing) Bill 2008 steps in in an effort to create a more just trading environment and to help guide consumers’ decision-making process as they cast their dollar votes in the marketplace. The bill will increase the transparency in which businesses are able to advertise the price for their goods or services. It will do this by prohibiting businesses from using a component price structure on their advertising and promotional material without also representing the total cost or single cost to the consumer. The bill does not ban outright the use of component pricing for businesses, but rather states that if they choose to use component pricing then they must also include, simultaneously, the single-price figure as well.

The bill also states that should a business choose to promote its total price alongside its component price then the total price must be as prominent as the component price. This is an important part of the new legislation as it puts an end to the fine print, the asterisk and that devil-in-the-detail problem that I spoke about earlier. And finally, a clear, prominent and honest price is portrayed to consumers, who can then freely compare and evaluate products and services and cast a much more efficient dollar vote in the marketplace. This will improve competition and force businesses to compete in a more honest fashion, focusing more on the actual product or service being offered for sale and less on gimmicks and disclaimers to lure the unwary customer.

To illustrate the magnitude of this problem as it currently exists, and just how deceiving component pricing can be, I have recently been told of a product—an airfare, to be exact—advertised on the internet. The component price of this airfare, and the advertised price, I must add, was $999. However, in the fine print was a statement that there was also an amount of $957 to pay in addition to the advertised price of $999. How can it be that only half of the actual cost to the consumer was advertised as the most prominent price, with nearly twice the amount actually payable by the consumer, as opposed to what should have been advertised by the supplier? It is unjust and unfair that this sort of practice has been able to continue for so long, and I am surprised, to be honest, that it has taken so long to intervene in this matter—obviously a hangover from the previous, coalition government. If a consumer is not able to bargain or negotiate with the supplier to purchase only part of the good, why then is the supplier able to advertise only part of the price?

There will of course be times when a business legitimately and reasonably will not, at the time of sale, be able to quote the exact price the consumer will have to pay, or this exact amount may not be readily available. I am happy to say that this new bill takes into account such instances, and, should this be the case, a business will have to state the components of the price that are known at the time of representation. Of course, to comply with current trade practices legislation, the business must also state that other charges may apply, as well as the nature of these fees and charges. I also note that, when preparing a single price for promotion to the market, a business will only be responsible for including those fees and taxes that they are collecting on behalf of the authority or third party. That is to say businesses will not be
responsible for including amounts in the single price that would be imposed on the customer directly by a third party. It is considerations such as these that I feel are important aspects of the legislation. It is not the intent of this bill to create a large and unwarranted cost of compliance for businesses. It is not about creating red tape but rather increasing transparency.

To get to the point we are at today, the government has undertaken extensive consultation with both business and consumer groups. This is a government that believes that we can help consumers and that this does not have to be to the detriment of business. It is through this consultation period that the government has shown leadership and has acted and introduced several key changes from the original draft legislation. As a result of input from businesses, important compromises have been made, such as the exclusion of postage and handling charges, the exclusion of business-to-business transactions and the exclusion of financial services from this act.

I feel that it was a welcome suggestion to exclude postage and handling charges, should they not be compulsory in the transaction itself. However, where payment of a delivery fee to the supplier is compulsory and there are no alternative distribution methods available to the consumer, this new bill will deem it necessary to include this charge in the single figure. Excluding reasonable and voluntary postage and handling or distribution costs will of course benefit those businesses that choose to participate in the digital marketplace. Adding to the bill to force these types of suppliers to include postage costs would only see them unfairly burdened, with little consumer benefit as a result. Obviously, postage charges are a concept that is relatively well known and well accessed by the Australian consumer.

I feel it has been an important step to exclude financial services from the act in an effort to avoid duplicating governing laws that apply to this industry. The provision of financial services is already governed by the Consumer Credit Code, along with other Commonwealth and state or territory legislation. This legislation is amongst the most rigid and pro disclosure orientated in Australia. Consumer orientated financial services of course must disclose a comparison interest rate and include product disclosure statements, terms and conditions, and fees and charges during the decision-making process. I feel that this is a role model for disclosure for other industries to aspire to.

A good indicator as to the need to implement this new bill and as to the effectiveness of the structure of the bill has come in the way of consumer advocacy groups strongly supporting this move. CHOICE, the longstanding pinnacle of consumer education and protection, has publicly supported any measures to increase the ability of consumers to receive information that can help them decide which products to consider prior to dealing with a particular supplier. I am pleased to comment that the Trade Practices Amendment (Clarity in Pricing) Bill 2008 does just that by improving the communication method by which price is promoted. Another consumer advocacy organisation, the Consumer Action Law Centre, has welcomed the government’s new bill and comments that it will help ensure that businesses represent an accurate, single price to consumers.

It is with the many benefits to the consumer and the low burden of compliance for business that I commend the Trade Practices Amendment (Clarity in Pricing) Bill 2008 to the House and I commend the Rudd Labor government for its outstanding leadership on this issue.

Mr BRADBURY (Lindsay) (8.02 pm)—It gives me great pleasure to rise in support of the Trade Practices Amendment (Clarity in Pricing) Bill 2008, which seeks to amend the Trade
Practices Act 1974 and to enact certain changes that will seek to bring greater clarity in relation to pricing, in particular in relation to component pricing. I should begin by trying to provide some background to this notion of component pricing, which is the practice of representing the prices of goods and services as the sum of the individual components. I think we are all very much aware of this method of pricing. It is a method that I think most of us at one time or another have either been deceived by or at least been misled by. Sometimes that has led to purchases having been made; in other cases it has not. We have seen this practice quite regularly in the past. I know I have seen it in relation to airfares in the newspaper or on television. Up flashes a big price—a headline price—saying how much it will cost for a ticket from X place to Y place and you normally see a very big asterisk next to that price.

To some extent, a combination of that traditional notion of caveat emptor and the fact that, on too many occasions, so many of us have been stung by misleading practices in the past often has meant that we are a little bit more sceptical about these things and we do seek out further information. Often we seek out the fine print. Many consumers unfortunately learn those lessons the hard way. What this amendment is seeking to do is to try to ensure that people do not have to learn the price of goods and services that they are seeking to acquire the hard way, by having forked out more money than they were anticipating because of misleading advertising or representations that were not necessarily untruthful but were less than complete in their disclosure of the price.

In relation to the significance of this, I note that there was an article in the *Sydney Morning Herald* on 12 January 2008 under the headline, ‘Law to expose hidden pricing’. It is unclear to me in a sense whether or not the particular case outlined in that article would have been caught by the existing component pricing provision—specifically section 53C of the Trade Practices Act. But what struck me in this article was the discussion about the advertising of airfares on a website, travel.com.au. The article did not seek to make any adverse inferences about that particular website, but it did contain a breakdown of the different components of an airfare which was a Sydney to Auckland return ticket. In that case, the base fare was $226. In addition to that, there were other charges of $229 in fees, including a $120 fuel levy. So in this particular case we see associated fees and charges actually exceeding the amount of the base fare. From the information available, I am not clear whether that information was presented to consumers in a fashion where they could discern whether or not that was the case. What we do know is that, with the passage of these particular amendments, we will see changes to section 53C of the Trade Practices Act that will ensure that there will be no doubt that consumers will understand the single price, the true price, the price that they will have to pay—the amount of money from their pocket that will go towards securing that airfare. When you consider the significance of those figures—that is, an increase of over 100 per cent in the price, if you believed the base fare to be the correct fare—it is critical that these amendments be passed. They will go a long way, I think, towards ensuring that consumers have complete disclosure of the cost of entering into a particular transaction.

Why enter upon trying to pass these amendments? There are a couple of reasons for that. The first one concerns the existing section 53C of the act. I think it would be fair to say that the original intention of that section was to cover cases of the sort that are now under consideration and that this amending legislation seeks to redress. If we have a look at the existing section 53C, that section states:

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MAIN COMMITTEE
A corporation shall not, in trade or commerce, in connection with the supply or possible supply of goods or services or in connection with the promotion by any means of the supply or use of goods or services, make a representation with respect to an amount that, if paid, would constitute a part of the consideration for the supply of the goods or services unless the corporation also specifies the cash price for the goods or services.

I think that most people observing that statement would perceive the cash price to be the amount to be paid. Certainly, if you look at the explanatory memorandum that accompanied the legislation that introduced section 53C in the first instance, I think the intention back then was clearly that the changes we are now trying to introduce should have actually come into effect back when section 53C was first introduced. Let me read from the explanatory memorandum:

... the new section 53C prohibits a corporation advertising part only of the consideration payable for goods and services without disclosing the total consideration for which the goods and services may be purchased outright. This provision is directed at a trader advertising that a consumer may buy a product for a low deposit without disclosing the total price payable.

Perhaps it was that final sentence that created the mischief, but I think that, read as a whole, that statement is—certainly as I read it—a clear assertion of what the original intent of section 53C was.

Notwithstanding that, clearly the courts have taken a different view. There has been varied judicial opinion on this particular point but I note that, in the Dell case and other cases—I think the other relevant case was Australian Competition and Consumer Commission v Signature Security Group Pty Ltd—the decisions handed down seemed to imply that section 53C should be interpreted as having a slightly different meaning from that which the original legislators and draftspeople intended. That has created the situation where the provision that sits on the statute book does not reflect the original intention or what the community standard would also require that interpretation to mean.

The other question is: is this a particular problem? If it were simply a case of the courts interpreting the matter in a way that had an intention contrary to the original intention of parliament, it may not have been such a problem. But it is a problem in this case because of the large number of complaints that the Australian Competition and Consumer Commission received in relation to these types of matters. I note that during 2007-08 the ACCC received around 430 complaints relating to the existing section 53C. That is a significant number of complaints. In addition to that we have seen some figures that have been collected by Consumer Affairs Victoria which demonstrate that around 250 complaints have been received in relation to these types of matters so far this calendar year. It is not a trivial or insignificant matter. It is not one that is not generating some disquiet within the community. It is one that is creating real concern, and that is why it is incumbent upon us to act and to do what the previous government failed to do—that is, take decisive action in relation to this measure.

That provides us with some of the background to why it is important that we pass these amendments, but I want to make one additional point. This is a crucial amendment. Section 53C, as originally intended and as we hope it will exist after this legislation is passed, is designed to do two things. First and foremost it is about providing consumers with protection. I think that is self-evident. All of the speakers in this debate so far have focused on the fact that this is a measure that will provide consumers with protection. Equally—we should not lose
sight of the importance of this matter—this is an important measure because it is pro-
competition. Let us not forget that most of the advertising that has led to this particular prob-
lem has been in fairly competitive markets where individual competitors are seeking to gain
an advantage over other rivals within the marketplace. I mentioned the airline example a little
bit earlier. The growth of some of the low-cost carriers in particular has driven increasing
competition within this sector.

It is an important competition measure because, quite frankly, it is unfair to have certain
competitors out there in the marketplace not fully disclosing the complete cost to the con-
sumer when others are doing the right thing by consumers. Ultimately, in a competitive mar-
ketplace you are likely to see all competitors end up going down the path of trying to achieve
the same benefit by hiding the ultimate price. I would like to quote from another article. This
article was in the *Sydney Morning Herald* back on 11 October 2005. There was a discussion
in this article under the headline ‘But wait, there’s more’ about the various practices within
the airline industry:

Virgin Blue’s chief executive, Brett Godfrey, says the airline has always been a strong advocate of
all-inclusive pricing, but “was forced” earlier this year to follow the advertising practices of other carri-
ers in order to remain competitive.

That is evidence of the point I have just been making. If we have a situation where this is not
prohibited and it is allowed to occur then in a competitive marketplace all of the competitors
will be seeking to get the jump on their rivals by engaging in the same sorts of practices. So it
is a competition issue. But, ultimately, where there is that level of competition and insufficient
disclosure, it comes back to being an anticonsumer set of arrangements, and that is why we
are acting on this particular measure.

I want to reflect on some of the elements of the bill. In particular, it is worth noting that
these provisions will only apply to partial price representations made by business to consum-
ers. So business-to-business transactions will not fall within the net of this particular section.
It is also worth noting that there is an exemption for financial services, and this is largely—
though not completely and totally—as a result of the existence of section 12DD of the Austra-
lian Securities and Investments Commission Act, which essentially mirrors the sorts of provi-
sions which are contained within section 53C of the Trade Practices Act. In the ASIC Act
those provisions relate specifically to the provision of financial services. It would be inappro-
priate and confusing to both business and consumers if there were an overlapping set of ar-
rangements that were to intervene so far as financial services were concerned.

There are exclusions in relation to postage and handling, although it is worth noting that
the bill does provide that the charges for sending the goods from a supplier to the consumer
do not need to be ordinarily included in the total price. However, if the postage cost is known
by the business and the postage cost is compulsory then the provision requires that the busi-
ness must disclose that price in the representations that they make to the consumer. So in
cases where that cost is not ascertainable and where it is not compulsory there is no require-
ment, but where it is ascertainable and it is compulsory it must be disclosed.

It is important, I think, to note that the bill does not prohibit the use of component pricing
per se. What it does do is require that, if a business chooses to use component pricing, that
business must also state the total price that the consumer would have to pay to acquire the
goods or services. Importantly, in cases such as this the total price will have to be at least as
prominent as the most prominent of any of the components of the price. So, going back to the airline advertisement example, if on the screen it flashes up ‘$99 for a trip to the Gold Coast’ with a big asterisk, that would not be acceptable anymore. If the total cost of the airfare were $200 then it would have to flash that up in writing equally as large or at least as prominent, however the judiciary might ultimately interpret that. I think ‘at least as prominent’ would warrant much more than an asterisk, and in the end that is what we are hoping to achieve. There is an exemption in relation to the ‘at least as prominent’ requirement in terms of disclosure, and that in particular relates to contracts for services where the services are provided over the duration of the contract. These particular contracts will generally involve periodic payments, and typically they involve contracts for telecommunications services, subscription TV and other services of that nature.

I think, all in all, this particular proposal is one that is worthy of the support of this parliament. It is one that strikes an important balance between the need, on the one hand, to not overregulate business and the need, on the other hand, to ensure that, on the other hand, consumers are protected—that consumers are able to approach transactions on a ‘what you see is what you get’ basis, which I think is one of the key objectives of most consumer legislation. In addition to that, it is a measure that will ensure that competition can occur in a way that does not adversely impact on the consumer’s ability to know ultimately what they are signing up for when they enter into a contract. That is what these amendments are about. They do it in a sensible way. This does reflect decisive action on the part of a government that has only been in power for less than a year but has grappled with an issue that its predecessor had fumbled with for so long. I commend the bill to the House.

Ms OWENS (Parramatta) (8.19 pm)—The Trade Practices Amendment (Clarity in Pricing) Bill 2008 makes quite a small change but a significant one that will impact on the experience of consumers. It is a bill that delivers on an important pro-consumer and pro-competition reform. Essentially the bill will make it easier for consumers to compare prices and make decisions about which products to buy. In layman’s terms, it does so by effectively changing the rules that apply to businesses which choose to use component pricing.

Component pricing is a rather fancy name for a practice that has probably annoyed all of us at some time or other, and increasingly so, I suspect, in recent years. It is the practice of presenting a price for a good or a service in individual parts. For example, it might be X dollars plus taxes and fees and charges, and at times the addition of the taxes, fees and charges is in quite small print. It is possible, using that form of component pricing, for consumers to be misled, and it is also increasingly difficult for consumers to compare prices. I know I have spent considerable time on the phone digging down to find the real price of various goods and services in recent years and trawling through contracts looking for the hidden extra costs. In fact, it is possible that a consumer might not find out the real price of a good or service until they actually hand over their credit card.

Businesses that do provide full price disclosure to consumers may find themselves at a competitive disadvantage to businesses that do not, so this amendment to the Trade Practices Act introduces that pro-consumer reform but it also makes significant improvements in competition.

A common example that has been raised increasingly in recent years is that of airlines and the practice of using component pricing to advertise a fare in a way that relegates often sig-
nificant taxes and charges to the fine print and leaves consumers in the dark. Consumers in my electorate have made similar comments about car hire firms, and consumers have been complaining. In fact, the ACCC received about 430 complaints in the last financial year relating to the existing section 53C of the Trade Practices Act, and those complaints were distributed across a wide range of industries. Similarly, Consumer Affairs Victoria has received around 250 complaints so far this calendar year.

The previous government were aware of this problem. They undertook two rounds of consultation on component pricing amendments in 2006 but they never got around to introducing the legislation into the parliament. This government is serious about empowering consumers and strengthening consumers’ right to know the total price of a good or service.

There are three essential benefits from this quite small change: the improvement of transparency in pricing, empowering consumers to make sure they know the true cost of the purchase and providing a level playing field for businesses advertising their goods and services.

The government has undertaken extensive consultation through submissions and follow-up meetings with business and consumer groups and made a number of key changes to the previous government’s draft legislation. For a start, there are a number of exemptions which the previous speaker referred to, and I will refer to them quite briefly. Business-to-business transactions are not captured under this amendment. This would allow, for example, for corporate price lists to be provided exclusive of GST. Financial services are exempt because there are mandatory disclosure regimes for financial services under Commonwealth, state and territory legislation, and amendments to this act might create confusion as to the operation of those regimes. We are also not about applying unnecessary burdens to business. Throughout the stakeholder consultation process it was argued that trying to include postage and handling costs would create quite considerable compliance burdens, particularly for online businesses, for very little consumer benefit. The reason for that is that the concept of postage and handling is relatively well understood by consumers. It is not a total exemption, though: where the price of postage and handling is fixed, that would be expected to be included in the price.

We are not banning component pricing in any way—it is still legal under this amendment bill—but the total price will have to be at least as prominent as the most prominent of any components of the price. This is because, as consumers, as we all know, it is the total figure that matters to us, not the small print—and we do like to know the total price before we hand over our credit card.

It is appropriate for a business to disclose a price in an advertisement or other representation and then link that price to a fine print disclaimer which effectively rules out that price. In summary, a business must not disclose that the price is $200 when a consumer could not actually get the product for $200—when they would have to pay more. It is a very small change relative to other changes in the Trade Practices Act but it will have real significance to consumers and will significantly improve competition.

Debate (on motion by Mr Hayes) adjourned.

Main Committee adjourned at 8.26 pm
QUESTIONS IN WRITING

Asia-Pacific Economic Cooperation Forum
(Question No. 98)

Mr Melham asked the Prime Minister, in writing, on 14 May 2008:
What was the total cost to the Government for the meetings and events of the Asia-Pacific Economic Cooperation (APEC) forum in 2007, and what was the breakdown of costs incurred by individual departments and agencies.

Mr Rudd—I am advised that the answer to the honourable member’s question is as follows:
As at 30 June 2008 the expenses incurred by the Department of the Prime Minister and Cabinet associated with APEC totalled $153.2 million.
The Department of the Prime Minister and Cabinet does not keep records of costs incurred by other departments and agencies.

Governor-General: Visit to Belgium
(Question No. 151)

Mr Melham asked the Prime Minister, in writing, on 25 June 2008:
In respect of the visit by the Governor-General to Belgium in July 2007: (a) what sum was spent by the Government on (i) travel, (ii) accommodation, (iii) security, and (iv) other expenses (including meals and incidentals); and (b) where did the Governor-General stay throughout this journey.

Mr Rudd—I am advised by the Office of the Official Secretary to the Governor General that the answer to the honourable member’s question is as follows:
(a) (i) $103,551;
(ii) $21,434 (includes meals);
(iii) Not available. The Australian Federal Police does not provide detail on security arrangements or protection for the Governor General, as doing so may compromise the Governor General’s security;
(iv) $9,879 (includes costs relating to phone/fax, courier, staff allowances, local visits and transport, and laundry).
(b) The Governor-General stayed at the Amigo Hotel in Brussels (10 – 16 July 2007).

Governor-General: Visit to Malaysia
(Question No. 152)

Mr Melham asked the Prime Minister, in writing, on 25 June 2008:
In respect of the visit by the Governor-General to Malaysia in August-September 2007: (a) what sum was spent by the Government on (i) travel, (ii) accommodation, (iii) security, and (iv) other expenses (including meals and incidentals); and (b) where did the Governor-General stay throughout this journey.

Mr Rudd—I am advised by the Office of the Official Secretary to the Governor General that the answer to the honourable member’s question is as follows:
(a) (i) Costs of travel by Special Purpose Aircraft will be tabled in the Parliament by the Department of Defence in accordance with established practice;
(ii) Nil. The Governor General visited Malaysia at the invitation of the Government of Malaysia to represent the Government and people of Australia at celebrations marking the 50th Anniversary of Malaysia’s Independence. The Governor General and party were accommodated as guests of the Malaysian Government which met the cost of accommodation and meals;

(iii) Not available. It is an established practice that the Australian Federal Police does not provide detail, including costs, on security arrangements or protection for the Governor General, as doing so may compromise the Governor General’s security;

(iv) $1254 (includes staff allowances, local transport costs and other costs such as laundry, but excludes meals which were covered by the Malaysian Government under its guest of government arrangements).

(b) The Governor General stayed at the Mandarin Oriental in Kuala Lumpur (30 August – 2 September 2007).

**Governor-General: Visit to United Kingdom and Belgium**

(Question No. 153)

Mr Melham asked the Prime Minister, in writing, on 25 June 2008:

In respect of the visit by the Governor-General to the United Kingdom and Belgium in September-October 2007: (a) what sum was spent by the Government on (i) travel, (ii) accommodation, (iii) security, and (iv) other expenses (including meals and incidentals); and (b) where did the Governor-General stay throughout this journey.

Mr Rudd—I am advised by the Office of the Official Secretary to the Governor General that the answer to the honourable member’s question is as follows:

(a) (i) $98,845;

(ii) $66,415 (includes meals);

(iii) Not available. The Australian Federal Police does not provide detail on security arrangements or protection for the Governor General, as doing so may compromise the Governor General’s security;

(iv) $7,656 (includes wreathes, local transport, photography and staff allowances).

(b) The Governor General’s accommodation was as follows:

- Amigo Hotel in Brussels, Belgium (30 September – 5 October 2007);
- Hotel De Tuilerieen in Bruges, Belgium (5 – 8 October 2007); and
- Berkeley Hotel in London, United Kingdom (8 – 11 October 2007).

**Governor-General: Visit to Israel**

(Question No. 154)

Mr Melham asked the Prime Minister, in writing, on 25 June 2008:

In respect of the visit by the Governor-General to Israel in March 2008: (a) what sum was spent by the Government on (i) travel, (ii) accommodation, (iii) security, and (iv) other expenses (including meals and incidentals); and (b) where did the Governor-General stay throughout this journey.

Mr Rudd—I am advised by the Office of the Official Secretary to the Governor General that the answer to the honourable member’s question is as follows:

(a) (i) $31,602 (costs include those incurred in the United Arab Emirates (UAE), en route to Israel. The Governor General visited troops in Iraq and Afghanistan, with the UAE as a base. Costs exclude Defence costs);

(ii) $50,766 (includes meals);
(iii) Not available. The Australian Federal Police does not provide detail on security arrangements or protection for the Governor General, as doing so may compromise the Governor General’s security;

(iv) $10,424 (includes faxes, local transport, laundry, photography and staff allowances).

(b) The Governor General’s accommodation was as follows:
- InterContinental Abu Dhabi in Abu Dhabi, UAE (20 – 27 April 2008); and
- King David Hotel, Jerusalem, Israel (27 April – 2 May 2008).

**Community Development Employment Projects**

(Question No. 301)

Dr Southcott asked the Minister for Families, Housing, Community Services and Indigenous Affairs, in writing, on 2 September 2008:

Are Community Development Employment Projects participants in remote areas still required to have an individual participant plan?

Ms Macklin—The answer to the honourable member’s question is as follows:

Participants in remote areas are required to complete a Participant Plan with the CDEP provider.

**Community Development Employment Projects**

(Question No. 303)

Dr Southcott asked the Minister for Families, Housing, Community Services and Indigenous Affairs, in writing, on 2 September 2008:

How much funding is provided for each Community Development Employment Projects participant, and what is this funding dependent on?

Ms Macklin—The answer to the honourable member’s question is as follows:

CDEP Wage Funds are paid to CDEP providers based on the actual number of registered CDEP participants engaged in approved activities.

The provider is responsible for payments to CDEP participants that are active on CDEP activities, and each CDEP participant must be given the opportunity to earn (as a minimum) the Average Per Participant (APP) rate. Refer to the table below for 2008-09 APP rates.

**2008-09 CDEP Participant Payments (Wages)**

<table>
<thead>
<tr>
<th>Adult APP Weekly rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adult 2008-09</td>
</tr>
<tr>
<td>Remote $249.27</td>
</tr>
<tr>
<td>Non-Remote $224.49</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Youth APP Weekly rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Youth 2008-09</td>
</tr>
<tr>
<td>Remote $189.70</td>
</tr>
<tr>
<td>Non-Remote $180.60</td>
</tr>
</tbody>
</table>

QUESTIONS IN WRITING
Community Development Employment Projects
(Question No. 307)

Dr Southcott asked the Minister for Families, Housing, Community Services and Indigenous Affairs, in writing, on 2 September 2008:
How many Community Development Employment Projects (CDEP) participants from the period prior to its rollback have now recommenced CDEP?

Ms Macklin—The answer to the honourable member’s question is as follows:
As at 31 August 2008, CDEP data shows that around 330 participants that were located within the 16 transitioned providers had recommenced in the CDEP program after the re-instatement of CDEP in the Northern Territory.

Community Development Employment Projects
(Question No. 314)

Dr Southcott asked the Minister for Families, Housing, Community Services and Indigenous Affairs, in writing, on 2 September 2008:
Prior to the rollback of Community Development Employment Projects (CDEP), what proportion of the CDEP Placement Incentives were paid for job seekers employed by the Northern Territory?

Ms Macklin—The answer to the honourable member’s question is as follows:
As at 30 June 2008 over 700 CDEP Placement Incentives were paid for participants employed by the Northern Territory.

Note that the number above refers to employment placements. R0311 refers to CDEP participants that have transitioned into job positions. Over time multiple employment placement incentives can be claimed against a single NT job position. For example, an employment placement incentive can be claimed for the first occupant of a particular job position. If this occupant, for whom an employment placement has been claimed, leaves the job position, another employment placement incentive can be claimed for the second occupant in the same job position.

Volunteer Grants Program
(Question No. 323)

Mrs May asked the Minister for Ageing, in writing, on 15 September 2008:
In respect of the Volunteer Grants Program: can the Minister explain the apparent discrepancy between information on the Department of Families, Housing, Community Services and Indigenous Affairs website indicating there are no current opportunities for funding under the program, and a statement she made in a media release on 1 July 2008 about a new funding measure under the program – reimbursement of fuel costs for volunteers - beginning that month (July).

Mrs Elliot—The answer to the honourable member’s question is as follows:
As at 15 September 2008, the date of the question, a notice on the Department of Families, Housing, Community Services and Indigenous Affairs website calls for applications for funding to organisations under the Volunteer Grants Program. The web address is:
The information on the website confirms that the Volunteer Grants Program for 2008 provides opportunities for funding that contributes toward the fuel costs incurred by volunteers when using their cars to transport others to activities, deliver food and assist people in need.

Further questions regarding the Volunteer Grants Program and eligibility should be forwarded to the Hon Jenny Macklin MP, Minister for Families, Housing, Community Services and Indigenous Affairs.