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SITTING DAYS—2008

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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 Georganas 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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**PARTY ABBREVIATIONS**
ALP—Australian Labor Party; LP—Liberal Party of Australia; Nats—The Nationals; Ind—Independent

**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

Prime Minister Hon. Kevin Rudd, MP
Deputy Prime Minister, Minister for Education, Minister for Employment and Workplace Relations and Minister for Social Inclusion
Hon. Julia Gillard, MP
Treasurer Hon. Wayne Swan MP
Minister for Immigration and Citizenship and Leader of the Government in the Senate Senator Hon. Chris Evans
Special Minister of State, Cabinet Secretary and Vice President of the Executive Council Senator Hon. John Faulkner
Minister for Finance and Deregulation Hon. Lindsay Tanner MP
Minister for Trade Hon. Simon Crean MP
Minister for Foreign Affairs Hon. Stephen Smith MP
Minister for Defence Hon. Joel Fitzgibbon MP
Minister for Health and Ageing Hon. Nicola Roxon MP
Minister for Families, Housing, Community Services and Indigenous Affairs Hon. Jenny Macklin MP
Minister for Infrastructure, Transport, Regional Development and Local Government and Leader of the House Hon. Anthony Albanese MP
Minister for Broadband, Communications and the Digital Economy and Deputy Leader of the Government in the Senate Senator Hon. Stephen Conroy
Minister for Innovation, Industry, Science and Research Senator Hon. Kim Carr
Minister for Climate Change and Water Senator Hon. Penny Wong
Minister for the Environment, Heritage and the Arts Hon. Peter Garrett AM, MP
Attorney-General Hon. Robert McClelland MP
Minister for Human Services and Manager of Government Business in the Senate Senator Hon. Joe Ludwig
Minister for Agriculture, Fisheries and Forestry Hon. Tony Burke MP
Minister for Resources and Energy and Minister for Tourism Hon. Martin Ferguson AM, MP

[The above ministers constitute the cabinet]
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 Aging
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
The Hon Malcolm Turnbull MP

Shadow Treasurer and Deputy Leader of the Opposition
The Hon Julie Bishop MP

Shadow Minister for Trade, Transport, Regional Development and Local Government and Leader of The Nationals
The Hon Warren Truss MP

Shadow Minister for Broadband, Communications and the Digital Economy and Leader of the Opposition in the Senate
Senator the Hon Nick Minchin

Shadow Minister for Innovation, Industry, Science and Research and Deputy Leader of the Opposition in the Senate
Senator the Hon Eric Abetz

Shadow Minister for Infrastructure and COAG and Shadow Minister Assisting the Leader on Emissions Trading Design
The Hon Andrew Robb AO, MP

Shadow Minister for Foreign Affairs and Manager of Opposition Business in the Senate
Senator the Hon Helen Coonan

Shadow Minister for Finance, Competition Policy and Deregulation and Manager of Opposition Business in the House
The Hon Joe Hockey MP

Shadow Minister for Energy and Resources
The Hon Ian Macfarlane MP

Shadow Minister for Families, Housing, Community Services and Indigenous Affairs
The Hon Tony Abbott MP

Shadow Special Minister of State and Shadow Cabinet Secretary
Senator the Hon Michael Ronaldson

Shadow Minister for Human Services and Deputy Leader of The Nationals
Senator the Hon Nigel Scullion

Shadow Minister for Climate Change, Environment and Water
The Hon Greg Hunt MP

Shadow Minister for Health and Ageing
The Hon Peter Dutton MP

Shadow Minister for Defence
Senator the Hon David Johnston

Shadow Minister for Education, Apprenticeships and Training
The Hon Christopher Pyne MP

Shadow Attorney-General
Senator the Hon George Brandis SC

Shadow Minister for Agriculture, Fisheries and Forestry
The Hon John Cobb MP

Shadow Minister for Employment and Workplace Relations
Mr Michael Keenan MP

Shadow Minister for Immigration and Citizenship
The Hon Dr Sharman Stone

Shadow Minister for Small Business, Independent Contractors, Tourism and the Arts
Mr Steven Ciobo

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

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

Shadow Assistant Treasurer
The Hon Tony Smith MP

Shadow Minister for Sustainable Development and Cities
The 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

Shadow Minister for Ageing
Mrs Margaret May MP

Shadow Minister for Defence Science and Personnel and Assisting Shadow Minister for Defence
The Hon Bob Baldwin MP

Shadow Minister for Veterans’ Affairs
Mrs Louise Markus MP

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

Shadow Minister for Justice and Customs
The Hon Sussan Ley MP

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

Shadow Parliamentary Secretary for Northern Australia
Senator the Hon Ian Macdonald

Shadow Parliamentary Secretary for Roads and Transport
Mr Don Randall MP

Shadow Parliamentary Secretary for Regional Development
Mr John Forrest MP

Shadow Parliamentary Secretary for International Development Assistance and Shadow Parliamentary Secretary for Indigenous Affairs
Senator Marise Payne

Shadow Parliamentary Secretary for Energy and Resources
Mr Barry Haase MP

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
The Hon Peter Lindsay MP

Shadow Parliamentary Secretary for Education
Senator the Hon Brett Mason

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

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

Shadow Parliamentary Secretary for Immigration and Citizenship and Shadow Parliamentary Secretary Assisting the Leader in the Senate
Senator Concetta Fierravanti-Wells
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The SPEAKER (Mr Harry Jenkins) took the chair at 9 am and read prayers.

BUSINESS

Consideration of Private Members’ Business

Report

Mr PRICE (Chifley) (9.01 am)—I present the report of the recommendations of the whips relating to the consideration of private members’ business on Monday, 24 November 2008. Copies of the report have been placed on the table. I indicate to all honourable members that this motion is supported by the Chief Opposition Whip, the honourable member for Fairfax.

The report read as follows—

Pursuant to standing order 41A, the Whips recommend the following items of committee and delegation reports and private Members’ business for Monday 24 November 2008. The order of precedence and allotments of time for items in the Main Committee and Chamber are as follows:

Items recommended for Main Committee (6.55 to 8.30 pm)

PRIVATE MEMBERS’ BUSINESS Notices

1 MR SCOTT: To move—

That the House:

(1) reaffirms the definition of ‘Veteran’ as set out by the Department of Veterans’ Affairs;

(2) endorses the ‘Continuous full time service determination’ signed on 28 August 1998 by the Minister for Veterans’ Affairs enabling members of the Citizen Military Forces (CMF) who served in Vietnam to meet the definition of ‘Veteran’;

(3) encourages the Department of Veterans’ Affairs to:

(a) recognise claims by CMF members from that date; and

(b) take appropriate measures to contact servicemen and women to whom the determination applies with a view to retrospective payment.

Time allotted—30 minutes.

Speech time limits—

Mr Scott—10 minutes.

First Government Member speaking—10 minutes.

Other Member—5 minutes each.

[Minimum number of proposed Members speaking = 2 x 10 mins and 2 x 5 mins]

The Whips recommended that consideration of this matter should continue on a future day.

2 MR RIPOLL: To move—

That the House:

(1) notes that:

(a) the automotive industry worldwide is witnessing a trend of falling car sales;

(b) the global financial crisis has placed unprecedented pressure on automotive manufacturers who have already been doing it tough and have had to contend with high petrol prices, changing consumer preferences and intense global competition; and

(c) the automotive industry directly employs 64,000 Australians and makes a huge contribution—both direct and indirect—to Australian output, jobs, exports, innovation and skills; and

(2) supports:

(a) the Government’s decisive action on the problems currently faced by the automotive industry;

(b) the injection of significant co funding arrangements to strengthen the market and protect jobs in these times of economic uncertainty; and

(c) policies such as the Green Car Innovation Fund and Automotive Transformation Scheme which show a continued commitment to research and development and greener alternatives in the automotive industry.

Time allotted—40 minutes.
Speech time limits—
  Mr Ripoll—5 minutes.
  First Opposition Member speaking—5 minutes.
  Other Member—5 minutes each.
[Minimum number of proposed Members speaking = 8 x 5 mins]
The Whips recommended that consideration of this matter should continue on a future day.

2 MR CIOBO: To move—
That the House:
(1) condemns the Rudd Labor Government for abandoning Australia’s best and brightest musicians by axing funding for the Australian National Academy of Music (ANAM), forcing it to close at the conclusion of 2008;
(2) notes that the Rudd Labor Government has forced the ANAM to close, without offering any alternative training program for Australia’s elite classical musicians; and
(3) acknowledges that this decision will leave the 55 Australian musicians who were enrolled to study at ANAM in 2009 with nowhere to go.

Time allotted—remaining private Members’ business time prior to 8.30 pm
Speech time limits—
  Mr Ciobo—5 minutes.
  First Government Member speaking—5 minutes.
  Other Member—5 minutes each.
[Minimum number of proposed Members speaking = 5 x 5 mins]
The Whips recommended that consideration of this matter should continue on a future day.

Items recommended for House of Representatives Chamber (8.40 to 9.30 pm)
COMMITTEE AND DELEGATION REPORTS
Presentation and statements
1 STANDING COMMITTEE ON ECONOMICS
  Review of the Reserve Bank of Australia Annual Report 2007 (2nd report)
  The Whips recommended that statements on the report may be made—all statements to conclude by 8.50 pm
Speech time limits—
  Other Member—5 minutes.
[Minimum number of proposed Members speaking = 2 x 5 mins]
2 STANDING COMMITTEE ON INDUSTRY, SCIENCE AND INNOVATION
  Research Training in Australian Universities: An Interim Report
  The Whips recommended that statements on the report may be made—all statements to conclude by 9 pm
  Speech time limits—
    Each Member—5 minutes.
[Minimum number of proposed Members speaking = 2 x 5 mins]
3 STANDING COMMITTEE ON INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND LOCAL GOVERNMENT
  Funding regional and local community infrastructure: Proposals for the new Regional and Local Community Infrastructure Program
  The Whips recommended that statements on the report may be made—all statements to conclude by 9.10 pm
  Speech time limits—
    Each Member—5 minutes.
[Minimum number of proposed Members speaking = 2 x 5 mins]
4 JOINT STANDING COMMITTEE ON TREATIES
  The Whips recommended that statements on the report may be made—all statements to conclude by 9.15 pm
  Speech time limits—
    Each Member—5 minutes.
[Minimum number of proposed Members speaking = 1 x 5 mins]
PRIVATE MEMBERS’ BUSINESS

Notices

1MR GEORGANAS: To move—
That the House notes that:

1) 25 November 2008 marks White Ribbon Day in Australia;

2) in 1999, the United Nations General Assembly declared November 25 the International Day for the Elimination of Violence Against Women and the White Ribbon has become the symbol for the day; and

3) the White Ribbon Foundation of Australia aims to eliminate violence against women by promoting culture change around the issue.

Time allotted—remaining private Members’ business time prior to 9.30 pm

Speech time limits—
Mr Georganas—5 minutes.
First Opposition Member speaking—5 minutes.
Other Member—5 minutes each.

[Minimum number of proposed Members speaking = 3 x 5 mins]

The Whips recommended that consideration of this matter should continue on a future day.

Report adopted.

CUSTOMS AMENDMENT (AUSTRALIA-CHILE FREE TRADE AGREEMENT IMPLEMENTATION) BILL 2008

Report from Main Committee
Bill returned from Main Committee without amendment; certified copy of the bill presented.

Ordered that this bill be considered immediately.

Bill agreed to.

Third Reading

Mr BURKE (Watson—Minister for Agriculture, Fisheries and Forestry) (9.02 am)—by leave—I move:
That this bill be now read a third time.

Question agreed to.
Bill read a third time.

CUSTOMS TARIFF AMENDMENT (AUSTRALIA-CHILE FREE TRADE AGREEMENT IMPLEMENTATION) BILL 2008

Report from Main Committee
Bill returned from Main Committee without amendment; certified copy of the bill presented.

Ordered that this bill be considered immediately.

Bill agreed to.

Third Reading

Mr BURKE (Watson—Minister for Agriculture, Fisheries and Forestry) (9.03 am)—by leave—I move:
That this bill be now read a third time.

Question agreed to.
Bill read a third time.

PERSONAL EXPLANATIONS

Ms JULIE BISHOP (Curtin) (9.04 am)—Mr Speaker, I wish to make a personal explanation.

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

Ms JULIE BISHOP—Yes, I do.

The SPEAKER—Please proceed.

Ms JULIE BISHOP—Yesterday the Minister for Small Business, Independent Contractors and the Service Economy said in question time that in a speech I gave in 1999 I used words from a United Nations report without attribution. In fact, in my speech I made specific reference to the United Nations report when I said:

These examples were among a number in a 1999 Human Development Report I read recently—in a chapter on “New Technologies and the Global Race for Knowledge”.

Question agreed to.
Bill read a third time.
In considering the bills comprising this stimulus package presented by the government of some $10.4 billion, the Social Security and Other Legislation Amendment (Economic Security Strategy) Bill 2008 and cognate bills, it is necessary to put them in the context of the global financial crisis which has been unfolding around the world for at least the last 12 months. Some have suggested that the global financial crisis has been caused by extreme capitalism—which means—or corporate greed, but that is far too simplistic an analysis of the cause of the global financial crisis. It has come about because of a number of failures—policy failure, regulatory failure and management failure—and the combination has created what one could describe as a perfect storm which has led to a crisis in confidence and a situation where banks have become reluctant to lend to each other—in fact, banks do not trust each other—so the whole flow of credit throughout economies has been frozen.

As we all know, this began with the subprime crisis in the United States. This was a result of some policy decisions. Firstly, money was easy to obtain. Between 2000 and 2003 interest rates in the United States fell from 6.5 per cent to one per cent. Secondly, there were the policies from successive United States administrations for home-ownership, particularly among the poorer demographics. When you combined this cheap and easy money with this push to ensure that more people got loans for home-ownership the result was that many people whose creditworthiness would not have otherwise entitled them to obtain a loan from a bank were able to obtain credit. This was fine when the housing bubble was increasing and house prices were increasing, but when the bubble burst people were left with loans that were in fact greater in value than the value of their home. These were colloquially known as NINJA loans—no income, no job or no assets loans. People just could not repay the loans. In many states in the United States they were non-recourse loans, which meant that people could effectively walk away from their responsibilities.

The subprime crisis in itself was difficult enough but these subprime loans had been onsold by the lenders to investment banks, which had packaged them up into some of the most complex financial products and then onsold them to the world. Rather presciently Warren Buffett called these ‘financial weapons of mass destruction’. These financial products had at the heart of them subprime loans, toxic loans. Insurance companies insured these loans, investment banks sold these loans and credit-rating agencies rated these loans as being worthy of investment, as investment grade loans.

When this culminated in the collapse of the housing market, the fallout was spectacular. Mortgage brokers, investment banks and insurance companies have all either collapsed or been bailed out by governments not just in the United States but across the world. Governments have struggled to come to
terms with how to put liquidity into the markets and get money flowing again while propping up failing institutions. Essentially governments have had three levers on which to draw: monetary policy, and that depended upon the state of monetary policy in each country; fiscal policy, and that depended upon in most instances the state of the budget in each country; and direct government intervention, which in a number of cases has meant governments providing guarantees to bank deposits to prevent flights of money from one institution to another.

Australia is better positioned than most other countries to meet the fallout of the global financial crisis. That is not because of luck but because of the strong economic management of the Howard-Costello government. Those conditions were inherited by the Rudd government on coming to office in November 2007. The Labor government inherited a debt-free economy in terms of net government debt. We had eliminated government debt. So, unlike virtually every other comparable country around the world, the Australian government has zero government debt. The Labor government also inherited successive budget surpluses. The economy was in a very strong position because of the surpluses that had been built up over a number of years, including about $70 billion in national savings in the Future Fund. That is why the Treasurer was able to announce on budget night that there would be $21 billion forecast for the next financial year. The Treasurer has not yet delivered a budget surplus. The only budget surplus that has occurred in the life of the Labor government was the previous government’s surplus, which was delivered at the end of June 2008. The Rudd government was able to forecast a budget surplus of some $21 billion for 2008-09.

The second reason that Australia has been able to and will weather the storm better than most countries is that our banking sector is strong, robust and well capitalised. Our major banks have been reporting and are still reporting record profits. We have not had any of the bailouts that we have seen in the United States where the five great investment banks, for example, have now been reduced to two and they have moved from being investment banks to being retail banks to come under the umbrella of the regulator. We have not seen the collapse of a savings and loans type bank like Washington Mutual, as we have seen in the United States, or Northern Rock in the United Kingdom and elsewhere throughout Europe. Our banking sector is and remains strong.

The third reason is that Australia has a very strong regulatory framework. Prudential regulation in this country is probably second to none. That is a result of decisions of the previous government. It separated the Reserve Bank from prudential responsibilities. The Reserve Bank is an independent authority charged with responsibility for monetary policy and the stability of financial markets. A separate entity—the Australian Prudential Regulation Authority—was set up in 1998 with the specific task of prudential regulation in this country. APRA has performed its task extremely well. So the Labor government inherited very strong economic conditions, a very strong banking sector and a very strong prudential framework.

Over the weekend of 11 and 12 October, there were meetings of a number of cabinet ministers and the Secretary of the Treasury. These meetings have been the subject of considerable discussion in the public domain, but what we know from those meetings is that the government made two decisions. The first was to provide an unlimited bank guarantee to deposits that were held in APRA regulated institutions, the authorised deposit-taking institutions regulated by APRA. There was no analysis provided or
made public—certainly no analysis that the government has seen fit to make public. There was certainly no modelling in relation to this unlimited bank guarantee, and the government asked us essentially to take them on trust because, as the Prime Minister indicated, it was done on the specific and explicit advice of the Governor of the Reserve Bank. We now know that our trust was misplaced because, as it has turned out after excruciating questioning of the Prime Minister in question time, the Governor of the Reserve Bank was not even at the meetings over the weekend of 11 and 12 October with the various cabinet ministers. The Reserve Bank governor was not asked for, nor did he give, his direct and explicit advice to the government.

On 14 October the government announced a stimulus package, and it was presented in these terms. In a joint press release, the Prime Minister and the Treasurer stated:
The Rudd Government today announced a $10.4 billion Economic Security Strategy to strengthen the Australian economy in the face of the worst global financial crisis since the Great Depression. This $10.4 billion strategy will strengthen the national economy and support Australian households, given the risk of a deep and prolonged global economic slowdown.

On that basis, one assumed that the Australian economy would be slowing, and that was the message that the Prime Minister and the Treasurer were trying to present to the Australian public—that, as a result of the global financial crisis, growth in the Australian economy would also slow. The press release went on to say:
The Rudd Government made tough decisions in the May budget to build up a large budget surplus to act as a buffer in tough economic times.

Today those tough economic times have arrived …

In other words, the Australian economy would slow to such an extent that the government believed it was necessary to use the forecast budget surplus to stimulate growth, so it would use the forecast budget surplus in a spending package to stimulate growth. That then raises the question: what was the forecast for growth that the government was relying upon in deciding to spend what has been calculated as about half of the forecast budget surplus in one hit—$10.4 billion in one package? The government had said on many occasions that the budget surplus was being built up as a buffer against the global financial crisis; now it is telling the Australian public it has had to spend half of the budget surplus in order for it to act as a buffer against the global financial crisis. I need not point out, because it is self-evident, that once the surplus is spent you cannot get it back—you cannot spend it again—so this is a significant decision of the government to spend, in one hit, half the forecast budget surplus, which represents about one per cent of GDP.

Quite naturally, the opposition asked questions of the government as to what would be the forecasts that the government was relying upon in order to make such a significant decision to spend half the budget surplus in one hit just weeks before Christmas. We—I would suggest quite appropriately, logically and reasonably—asked questions about the assumptions the government had made about growth in order to put together this package. Yet the government was extremely reluctant—in fact, bordering on outrage—that we would ask these questions on behalf of the Australian public. I think it not unreasonable for the opposition to say to the government, ‘If you’ve said you need to keep the surplus as a buffer against the global financial crisis on one hand, and you say you have to spend the surplus as a buffer against the financial crisis on the other hand, we should know what assumptions have changed.’ So we asked a series of questions on 15 October
about the forecasts upon which the government relied in formulating the $10.4 billion package. Essentially, the Prime Minister said that he relied on the IMF forecast of 2.2 per cent and the Reserve Bank of Australia, which had a forecast for growth of 2.25 per cent to 30 June next year. The Prime Minister said:

… the most recent data available to the government was about growth with a ‘2’ in front of it …

That was the extent of the information that the Prime Minister was willing to give to the Australian public about the government’s own forecasts for growth to justify this package. He said:

… the most recent data available to the government was about growth with a ‘2’ in front of it …

We asked another question about the formulation of the stimulus package relying on growth estimates and asked if by any chance growth was lower than two per cent — was that a forecast? The Prime Minister replied:

The growth data for Australia is that which was outlined in my answer to the honourable gentleman’s first question — the budget projection for 2008-09 of 2.75, the RBA’s most recent statement of 2.25 and the figure of 2.2 in the IMF’s report. This is the data which is before the government.

We took the government at face value. It said that the growth had a ‘2’ in front of it, that the IMF said 2.2 and that the RBA estimate was 2.25. On that basis, we made an assumption about the government’s forecasts for growth, because the Prime Minister assured the public that it had a ‘2’ in front of it.

We also asked questions about what modelling or analysis had been done to come up with the figure of $10.4 billion — again, not unreasonable. After all, this is, as I have said, half the forecast budget surplus. In Senate estimates, Senator Joyce asked Treasury representatives:

I want to go back to the $10.4 billion package. Did you do any modelling on the effect of that package, or did anybody in your department do any modelling on the effect of that package?

Dr Gruen—No formal modelling was done of that package. Certainly, analysis was done of that package, but it was not formal modelling.

Senator Joyce—So we have spent half of the nation’s surplus without a formal modelling of the package; is that correct? We have spent half of the nation’s surplus without a formal modelling of the effects of the package?

Dr Gruen—I can confirm that the package was $10.4 billion and that no formal modelling was done. I can confirm that no formal modelling was done.

Members will note that he did say earlier that analysis was done of the package, but I point out that that analysis has not been made public. So once more the government says: ‘Take us on trust. We’re not going to tell you anything more about the growth forecast, other than it has got a “2” in front of it. We’re not going to tell you anything about the analysis that was done; we won’t make that public. We haven’t done any modelling to show the effects of this package.’ In other words, will it work? If we spend $10.4 billion, will it in fact have the effect of stimulating the economy to avoid recession? We are not given any of that information.

The government said all would be revealed in the Mid-Year Economic and Fiscal Outlook. In fact, on a number of occasions in question time the Treasurer said, ‘That information will be contained in the Mid-Year Economic and Fiscal Outlook.’ I point out that in the past the Mid-Year Economic and Fiscal Outlook has always made some technical assumptions in its forecasts on growth. As an example, I will quote from the 2007-08 Mid-Year Economic and Fiscal Outlook. This is a paragraph that appears in previous versions as well. It says:

The domestic economy forecasts are based on several technical assumptions. The exchange rate
is assumed to remain around its average level of recent months … Domestic interest rates are assumed to remain unchanged at current levels. World oil prices … are assumed to move in line with market expectations … The farm sector forecasts are based on an assumption of average seasonal conditions in the future …

In other words, there are four assumptions, but exchange rates and interest rates are always assumed to remain unchanged. That has been the experience of all previous Mid-Year Economic and Fiscal Outlooks. This year, the Treasurer called a press conference on what just happened to be the day of the US presidential election, a day when perhaps the public and the media’s attention was on other matters, namely, the likely election of the first African-American as President of the United States—a most historic occasion and a political event of enormous significance. On that day the Treasurer chose to release the 2008 Mid-Year Economic and Fiscal Outlook. I take it that because this document has on the front ‘Statement by the Honourable Wayne Swan MP, Treasurer of the Commonwealth of Australia, and the Honourable Lindsay Tanner MP, Minister for Finance and Deregulation of the Commonwealth of Australia’ they are the authors of this document, they in fact wrote it and this is their work. This is the government’s document. This is not Treasury’s; this is the government’s document. When we turn to the paragraph about the forecast for the Australian economy, we find a change for the first time in the Mid-Year Economic and Fiscal Outlook. It starts off:

The domestic economy forecasts are based on several technical assumptions. The exchange rate is assumed to remain around its average level … etcetera. Then it says—and this is a change, this is most unusual:

Interest rates are expected to decline broadly in line with market expectations. This is a departure from the usual assumption of unchanged interest rates, reflecting the fact that markets are forecasting a significant easing in the near term, and it would be unrealistic not to take this into account.

Who decided to change the assumptions that have always been used for forecasting growth? Who decided to take the step of, instead of assuming unchanged interest rates as has always been done, taking into account market expectations on interest rates? Imagine if, in 2007, Treasurer Costello had taken into account market expectations of an interest rate rise during the election and an interest rate rise earlier this year when the Treasurer was egging on the Reserve Bank to put up interest rates to fight public enemy No. 1—inflation.

Ms JULIE BISHOP—The war on inflation.

Mr Gray—The war on inflation! There has been a departure from the usual assumptions and the usual practice of forecasting growth. We have had no explanation at all from the Treasurer, but the risk that is now present is that the government is sending a message to the market that the government’s policy is that interest rates will come down significantly. This is the government’s document. The government is represented on the Reserve Bank by the Secretary of the Treasury. This document, the government’s own document, telegraphs that this is the government’s explicit view on monetary policy. The government is predicting and, indeed, taking into account in its forecasts and assuming that there will be a significant easing in the near term and, presumably, in order to come up with a figure of two per cent growth—it has a ‘2’ in front of it; the Australian economy is forecast to grow by two per cent in 2008-09—the government must have made assumptions about interest rate falls. The government is telegraphing to the market that it is the government’s explicit view on monetary policy that interest rates will fall, and will fall by specific amounts, such as to allow them to fore-
cast growth of two per cent in 2008-09. Yet the Treasurer stated yesterday that the government does not make forecasts on monetary policy, that it does not comment on interest rates. That is just not correct. In this very document, the government’s own document, it is forecasting a fall in interest rates. The government is seeking to dictate monetary policy.

In the absence of any explanation from the government this leaves a very unusual precedent. Only a couple of days later the Reserve Bank, which is independent and which does use the usual assumptions, stated in its Statement on monetary policy of 10 November under the heading ‘Domestic activity’: The forecasts for the domestic economy are based on the technical assumption of a cash rate of 5.25 per cent throughout the forecast period to June quarter 2011 … That is the usual way that forecasts are done. The Reserve Bank has in accordance with usual practice assumed an unchanged interest rate because, of course, the Reserve Bank would not be telegraphing to the market what movements will be made over the coming months. But, no, the government in its Mid-Year Economic and Fiscal Outlook has informed the market that there will be interest rate cuts. The government is dictating monetary policy.

That brings me to this particular package. As I said, it is $10.4 billion. Some of the funding is going directly to pensioners, and we applaud that. After all, the coalition has been calling on the government for months to increase the base rate for pensioners. The Prime Minister, the Deputy Prime Minister and other senior cabinet ministers informed the Australian public that they could not live on it, yet they expected others to do so. It was on that basis that we called upon the government to increase the base rate for pensioners. The government referred it off to review, as the government is wont to do. It referred it to review and said that pensioners would not be hearing any more from it until the budget in 2009.

After persistent and consistent calls for an increase in funding for pensioners, the government, under the guise of a stimulus package to ward off the global financial crisis, relented and has provided funding to pensioners. The pensioners should have received this support in any event. The pensioners should not just be an afterthought in the Prime Minister’s quest to take on a war against the global financial crisis. The pensioners of Australia deserved an increase to their base rate. The government has said that this is a down payment, so we look forward to receiving some further information from the government on what it proposes to do for pensioners.

The other amounts relate to funding for families, and we support that funding. There is also funding for the first home owners grant and, again, the coalition, having introduced the first home owners grant, support that. We recall somewhat wryly how the now Minister for Housing denigrated the first home owners grant when she was in opposition, but it is a different story now that she is in government and seeks to not only support it but enhance it.

The idea of a stimulus package is to ensure that people spend money and that the economy continues to grow. We have had no modelling or analysis as to whether the government has any idea whether this stimulus package will work—indeed, whether a $5 billion stimulus package might have worked—or whether more will be needed in the future. But the way the government is
spending the surplus we are likely to be in deficit next year and Australians will be welcomed back into Labor’s new world of deficit spending. But the news yesterday from the New South Wales state Labor government puts in serious question whether this federal government stimulus package will have any impact at all in New South Wales. In our most populous state the New South Wales government is cutting spending and putting up taxes, including tolls. So any increase in spending by the federal government via payments to pensioners and families could well be wiped out in New South Wales in particular where the state Labor government has cut spending and is putting up taxes. In other states where Labor governments are practising their own brand of economic mismanagement the effect of any stimulus package could well be wiped out by their incompetence. The coalition have grave reservations about the impact of this spending package, but we support the government in any attempt to stimulate the Australian economy. (Time expired)

Mr Murphy (Lowe—Parliamentary Secretary to the Minister for Trade) (9.35 am)—I just note on behalf of the opposition the Deputy Leader of the Opposition and shadow Treasurer questioning the government’s assumptions in relation to the future growth of the Australian economy. May I sincerely suggest that the members of the opposition tune in to Dr Ken Henry’s address today at the National Press Club for some of the answers that she seems to be seeking. Moreover, there will be an opportunity for the Leader of the Opposition and the Deputy Leader of the Opposition and shadow Treasurer to prosecute those issues which are concerning the opposition here in question time today. I think that the slight and the stain that has been directed at the Secretary of the Treasury and the Governor of the Reserve Bank in recent times by the opposition has been disgraceful. I do not think that there is any doubt, or there has ever been any question before in this place, about the integrity and the honesty of those two great Australian public servants.

I commend to the House the Social Security and Other Legislation Amendment (Economic Security Strategy) Bill 2008 and the Appropriation (Economic Security Strategy) Bill (No. 1) 2008-2009 and Appropriation (Economic Security Strategy) Bill (No. 2) 2008-2009. In the current global financial circumstances, the $10.4 billion stimulus package set forth by the Rudd government is a very important fiscal measure taken to maintain a strong and buoyant economy here in Australia. As other world markets and economies are undoubtedly experiencing turbulent and difficult financial times, the Australian government is taking necessary, decisive action to do everything in its power to protect Australian households from the effects of this crisis. As the Treasurer has stated, the Australian economy is not immune from the fallout from the global financial crisis, but our government is doing everything in its power to help Australians through this crisis.

The amendments in these Economic Security Strategy bills include both short- and long-term benefits for our economy and, indeed, our society. The announcement of the Economic Security Strategy made by the Treasurer on 14 October 2008 was welcomed by thousands of workers, families, pensioners and young citizens in my electorate of Lowe. The Treasurer announced that, as a key component of the Economic Security Strategy, the Rudd government would deliver payments to pensioners, seniors, people with disabilities, carers and veterans. The Social Security and Other Legislation Amendment (Economic Security Strategy) Bill 2008 will amend the national security law, the family assistance law, the Veterans’ Entitlements
Act 1986 and the tax law to provide for these payments.

The scope of these amendments is indicative of the broader benefits they provide. The legislation enables a lump sum payment of $1,400 for single pension recipients and a combined payment of $2,100 for couples in receipt of a pension. I am very pleased to note that under the bill a much broader group of pensioners are eligible for this payment.

For many years I have received complaints, indeed pleadings, from disability support pensioners who have, for far too long, been neglected. So it is noteworthy that this is the first time a lump sum payment has been extended to those on a disability support pension. For those who have raised this inequity with me in the past, I too share your delight not only because of the payment but for the recognition you have now received. The government has answered your call.

Eligible recipients of payments contained in this bill include those in receipt of: age pension; disability support pension; wife pension; widow B pension; service pensions; income support supplement; carer payment; partner payment, widow allowance, bereavement allowance, parenting payment, if a person is of age pension age; special benefit, if a person is of age pension age; Austudy payment, if a person is of age pension age; Abstudy, if a person is of age pension age and receiving a living allowance; Commonwealth seniors health card, assisting many self-funded retirees; and Veterans’ Affairs gold card, if a person is also eligible for seniors concession allowance. I am very pleased to note that also contained in this bill is the provision of a payment for recipients of carer allowance who will receive $1,000 for each person in their care. Also included in the legislation is a provision of a payment to families with dependent children.

As everyone can see, the Rudd government recognises the financial pressures parents face when meeting the living costs of raising children. Whether it is groceries, clothing, educational resources or extracurricular activities, the costs mount up. To assist parents with these costs, under the Economic Security Strategy payments families will receive $1,000 for each child who attracts family tax benefit part A. Families with dependent children in receipt of youth allowance, Abstudy living allowance or an educational allowance under the Veterans’ Children Education Scheme or the Military Rehabilitation and Compensation Act Education and Training Scheme will also receive $1,000 for each eligible child. I also note that the legislation stipulates that if any of the previously mentioned payments for families is shared between two people the Economic Security Strategy payment would also be shared.

Just last week an extremely pleased constituent telephoned my office to clarify that under the bill he and his family will be eligible for $4,000 in payments. He wanted to calculate the sum based on the current provisions in order to consider the best use for the money. If this legislation proceeds through the parliament without amendment I am sure there will be thousands of other constituents in my electorate, and indeed around the country, who will be eagerly awaiting this much needed financial relief. In fact, statistics show that in my electorate of Lowe more than 11,000 age pensioners will benefit from this legislation and more than 7,000 families will benefit from the family tax benefit A payment. There will be more than 27,000 payments will be made to residents in my electorate with these Economic Security Strategy payments. Just think, Mr Deputy Speaker: 27,000 payments in one electorate. Think of the relief, comfort and security to
thousands of people who will receive these funds shortly.

The payments under this legislation will be tax free, and no additional forms will need to be lodged to claim these payments. Those eligible for any of the mentioned payments will automatically receive the funds before Christmas. I take this opportunity to commend the Minister for Families, Housing, Community Services and Indigenous Affairs, the Hon. Jenny Macklin, for the clear and comprehensive bill put before this House. I trust that this will enable a smooth passage of legislation so that these payments may be made on time for five million-plus seniors, pensioners, carers and families. As the minister stated in the House yesterday, these payments are an immediate down payment on the Rudd government’s long-term pension reform.

Other long-term measures initiated by the Rudd government include those contained in the Appropriation (Economic Security Strategy) bills (No. 1) and (No. 2) which are before the House this morning. The bills seek authority for the funding of the initiatives for 56,000 additional productivity job seeker places, administrative costs in implementing one-off payments and notification of payments, as well as additional costs to be incurred with the increase of the first home owners grant. The Rudd government is committed to improving the skills and productivity of the Australian workforce. Under the Economic Security Strategy the government will invest an extra $187 million to create an additional 56,000 productivity job seeker places in 2008-09. The additional places will almost double the current 57,000 places, to 113,000. These new training places will provide industry with skilled labour and reduce the skills shortages currently experienced in areas such as trades.

The demand for training offered by the Productivity Places Program has been incredibly encouraging. Since the program began in April, more than 50,000 job seekers have enrolled. Ten thousand places will be allocated to provide specific retraining opportunities as well as places for displaced workers. These funds will target the areas where they are most needed. The outstanding response from training institutions and students did not go unnoticed in my electorate of Lowe. Indeed, there were several training institutions in my electorate disappointed that the places went as quickly as they did due to the interest they received from students and industry—they had further opportunity to use those places. I say to those students and institutions: here are another 56,000 possible training and employment opportunities, which the Rudd government recognises as a national priority, and I encourage you to apply. I think it is important to point out that these additional places are part of a long-term $2 billion commitment to the Productivity Places Program, which will provide more than 700,000 training places in the next five years.

In the Appropriation (Economic Security Strategy) Bill (No. 2), the Rudd government has addressed an issue that has long been of concern to constituents in my electorate of Lowe. The issue of housing affordability has been brought to my attention regularly by my constituents over many years through the surveys that I regularly distribute to my electorate, in letters and emails to me, at street meetings or in my mobile offices. That housing affordability is such an important issue for my constituents comes as no surprise—the facts are sobering. One in three households in the inner west has at least 30 per cent of their income swallowed up by a mortgage or by rent payments—that is a fact. Inner west families have larger average levels of debt than ever before and mortgage
repayments are consuming more and more of their incomes. A decade ago, the average family home cost four times the annual wage. Today, an average family home costs seven years of average annual wages. With the inner west having one of the highest proportions of households suffering from mortgage and rental stress in Australia, it is no wonder that local first home buyers have struggled to save a deposit for their first home. Put simply, first home buyers cannot save enough money for a deposit while paying exorbitant rents and, often, parents are unable to help because of their own high mortgage repayments and cost-of-living pressures. These pressures are brought to light by a constituent’s response some time ago to an information pamphlet on housing stress:

I’m a single income tenant, my husband has a long term illness which has made him unable to work since the end of 2004. We rent a tiny one bedroom flat in the Inner West for convenience of public transport to enable me to get to work. This one bedroom flat costs me fifty percent of my weekly income.

Not surprisingly, this constituent was unable to purchase her first home. The anxiety of being unable to get out of the rental trap to purchase a home is not confined to first home buyers. Countless parents have told me they are concerned that their children will not be able to realise the dream of homeownership. In light of the current economic climate, many parents genuinely fear that their children will be locked out of the property market for some time.

I can recall the pious and sanctimonious contributions in this House by some members of the former Howard government, blaming all and sundry for the housing affordability problem but not accepting their fair share of the blame. While first home buyers in my electorate of Lowe struggled to raise the necessary deposit for a home, the Howard government sharpened its skills in projection. Rather than engage in cynical political opportunism, the Rudd government has taken swift action by implementing many initiatives—including the first home saver accounts, the Housing Affordability Fund, the National Rental Affordability Scheme and, now, the measures contained in the legislation before the House this morning. Rather than engage in the cynical blame game with state and territory governments, the Rudd government has set itself the task of dealing with the housing affordability issue in a cooperative and constructive manner. This is what every first home buyer, and parent, expects and deserves.

Nowhere is this desire to cooperate with the states more evident than in this bill, which seeks to appropriate around $1.2 billion—in a troubled economic climate—to Treasury, which will, in turn, pay it to the states and territories. Under the measures proposed in the bill, first home buyers who purchase established homes will have their grant doubled from $7,000 to $14,000. First home buyers who purchase a newly constructed home will receive an extra $14,000 to take their grant to $21,000. First home buyers who purchase a newly constructed home will receive an extra $14,000 to take their grant to $21,000. This is a very important initiative which will stimulate the property market and give first home buyers a real opportunity to enter the housing market.

For the many first home buyers who could not quite raise enough money for a deposit because of spiralling rents, the boost will help them get across the line. For those lending institutions that may waive on funding first home buyers because of a lack of equity, or the perceived risk in funding some of these buyers, this boost will go a long way towards quelling their concerns. For the economy, which is suffering from the international financial crisis, and for which housing and construction plays such a vital role, this boost will provide a significant stimulatory shot in the arm.
It is refreshing for my constituents to see the Rudd government debating positive actions in this place, rather than it being used as a forum to gratuitously fling mud at state and territory governments. It is also reassuring that in a short period of time the Rudd government is addressing the very matters which the Reserve Bank warned, 10 years ago, would put upward pressure on interest rates. It takes strength and leadership to pursue and address the skills crisis—a crisis which has increased the cost of building a home and put upward pressure on interest rates. It also takes strength and leadership to genuinely commit to a nation-building fund which will address Australia’s chronic infrastructure crisis, which has been the bane of many businesses I have spoken to in my role as Parliamentary Secretary to the Minister for Trade.

The Howard government made much of entering into free trade agreements. It made much of free global trade being a positive for Australian exporters and, through them, being a positive force for economic growth. What the former government would never talk about is the futility of thrusting many of our exporters on the world stage at a time when they did not have the capacity to exploit freer international trade. As any exporter will tell you, they have been forced to take on the world with one hand tied behind their backs, because the previous government failed, for 11½ years, to stick to its end of the bargain because of its underinvestment in skills, infrastructure and other drivers of productivity in Australia.

While the former government dithered on such issues, this government has shown the strength and leadership required to steer Australia through these tough economic times by supporting, amongst others, our pensioners, first home buyers and exporters. The bills before the House today are the formal provisions to deliver the Economic Security Strategy, announced by the Prime Minister on 14 October 2008. The strategy was announced due to the uncertain economic climate to ensure decisive action. The measures will provide relief to families, pensioners, carers and veterans. The measures in the bills are targeted to give financial support to those in most need and simultaneously stimulate the economy for the sake of our country’s national interest. I trust that the bills will be passed without delay so that they may be implemented as they were intended and the recipients will receive their payments after 8 December.

I conclude where I started, for the benefit of my colleague and friend the shadow minister, who will follow me in this debate, by saying that the former speaker, the Deputy Leader of the Opposition and shadow Treasurer, questioned the government’s assumptions in relation to the future growth of the Australian economy. I suggest, in view of the fact that there has been much media in relation to this issue over recent times, that the Opposition carefully listen to what Dr Ken Henry says today at the National Press Club.

Mr Hockey interjecting—

Mr MURPHY—You will have your opportunity, and I will be very glad to hear it. But, Member for North Sydney, equally I will be listening this afternoon at the Press Club to the questions from the opposition and the answers given by the government in the prosecution of this matter, because there will be ample opportunity. I think we are all concerned—and I hope the opposition is concerned—about the reflection on the integrity of Dr Ken Henry particularly and the Governor of the Reserve Bank. I think those two public servants are icons in Australia and their integrity should not be questioned. We will see what Dr Ken Henry has to say today at the National Press Club, and I will certainly note with great interest the questions...
asked by the opposition today in relation to this matter and the responses given by the government.

Mr HOCKEY (North Sydney) (9.55 am)—I do not intend to make this a particularly political speech, but I think it is important to get on the record what has occurred and what may occur in the future. The only point I make is that I remain genuinely disappointed that the Prime Minister has not addressed this parliament on what is the greatest financial crisis of our generation and maybe even beyond. I am at that point because I think someone needs to explain to the Australian people how this all happened. It needs to be explained. How did this all happen?

The starting point is that we have seen the failure of a significant financial product, the subprime mortgage. In the United States, with significant real estate growth in property prices and in supply, we saw that, as prices of real estate were going up, increasingly lax lending practices were being introduced. As that occurred, we found that when inflation was going up, in part as a direct result of rising oil prices and rising food prices, the people who could least afford to repay a mortgage had to choose between their mortgage or putting fuel into their cars and food on the table. As we saw a gradual increase in the default rate in the subprime market around March-April 2007, we saw the first collapse of subprime mortgage lenders in the United States. When the first one went, others followed and, as the market started to collapse, it was pretty obvious by around September 2007 that there was a growing systemic crisis in financial markets.

There is an indicator of the real impact on financial markets, known as the TED spread, which is a measure of credit risk for inter-bank lending. It is the difference between the three-month LIBOR—LIBOR being the London interbank offered rate, the rate at which banks lend to each other—and the US Treasury bill rate. I would appreciate the opportunity to table a chart, which I will show to the parliamentary secretary at the table in a moment. The TED spread—that is, the gap between the US Treasuries and the rate at which banks were prepared to lend money to each other—grew dramatically in about September 2007, at one point reaching three per cent. This was the moment—in September 2007—when confidence in the financial system collapsed, when the blood flows of the body of financial services suddenly froze up, when banks said to each other, ‘We do not trust you.’ The reason that is so significant is that if banks do not trust each other then banks are not going to trust corporates and they are not going to trust individuals.

The real impact of this crisis is on the poorest people in the community, who are the greatest credit risk. That is where it starts. In part, there was encouragement from the US congress and the President of the United States years ago to lend money to people who were least able to afford the repayments. When that occurred, suddenly the financial system was being used to deliver social policy—that is, housing for poorer people—rather than allowing the financial markets to properly price risk. That is what financial markets do: they supply credit and they price risk. When a government regulatory distortion occurs, it distorts the pricing of risk, it distorts the availability of credit and the net impact is that financial markets seize up.

I read an article by George Soros, ‘The crisis and what to do about it’, which appeared in the 4 December edition of the New York Review of Books. It is a powerful article. Mr Soros recognises:

The crisis was generated by the financial system itself.
The difference between this recessionary outlook and previous recessionary outlooks is that on this occasion it is the banks that have been collapsing. It is the banks that have been in financial distress. In the eighties in Australia we had corporates in financial distress, driven in part by the activities of people like Christopher Skase, Alan Bond and a range of others. This time it is not the satellites that have been falling out of the sky but the mother ships, the mother ships being the banks that keep the blood flowing. When we saw the dramatic collapse of the sub-prime lenders and then the mortgage insurers—AIG in particular—and when we saw Fannie Mae and Freddie Mac go into significant states of financial distress, we saw the mother ships start to come down, and of course it was going to spread right across the world community. It was going to spread right across the world community as two things occurred. The first was that there was a rapid repricing of credit risk. Despite central banks around the world—apart from Australia, which I will come back to—dramatically dropping the cost of funds, there was still the fact that the markets had to price in risk and, in pricing in risk, there was a massive increase in the TED spread. That in turn had a huge impact on the cost of credit for corporates. Governments had to step in, particularly the government of the United States, which I think was too slow to step in—and the Europeans are still too slow, even though the British moved quickly. As that all occurred, it became clear that bank guarantees were becoming sovereign guarantees and the value of a bank guarantee was equivalent to that of the country from which the bank came or in which it was based.

That comes back to a point which I was going to talk a little bit about earlier—that the financial crisis becomes an economic crisis, which in turn becomes a political crisis, because banks that are based in countries with poor credit risk are going to in turn suffer the same fate as a financial institution or a corporate with poor credit risk. As Mr Soros says:

A deep recession is now inevitable and the possibility of a depression cannot be ruled out. When I predicted earlier this year that we were facing the worst financial crisis since the 1930s, I did not anticipate that conditions would deteriorate so badly.

Usually markets correct their own mistakes.

How true that is, but the challenge is that financial markets are unable to correct their own mistakes when the markets themselves become distorted. I think one of the most important statements that George Soros makes is:

In view of the tremendous losses suffered by the general public, there is a real danger that excessive deregulation will be succeeded by punitive reregulation.

That is a key point. When I was Minister for Financial Services and Regulation a few years ago, we had to get the right amount of regulation—not too much regulation but enough to keep the markets honest and transparent—whilst at the same time having a free and open market that allowed the markets themselves to properly price risk.

There are going to be stabilisers in the system. One of the stabilisers in our system is the fact that we have a very liquid currency, a currency that is very well traded, but a currency that also in recent times has been hammered. If you look at the changes in trade weighted exchange rates between 31 July and 23 October this year, the Australian dollar has fallen by 30.8 per cent, compared with falls in the currencies of Brazil by 25.6 per cent, Korea by 24.2 per cent and the United Kingdom by 2.5 per cent. The yen has gone up by 15.8 per cent and the US dollar by 12.3 per cent. In part that is because there has been a movement from other global
currencies towards the yen and the US dollar as a flight to safety. Also, the Australian dollar has become a surrogate currency for the other currencies of the region which are not widely traded or floated. Therefore, the Australian dollar has been punished. There are upsides and downsides to that, of course. One of the challenges with a falling currency is that there is a risk that our imports, being more highly priced, are going to feed into the inflationary challenge. As that occurs, inflation might prove more of a challenge than we expect.

However, the fact of the matter is that Australia is in a better position than most other countries. It is in a better position for two key reasons. Firstly, our financial services regulation is amongst the best in the world—if not the best. It is regulation that we thought very carefully about, beginning with the Wallis review initiated by Peter Costello and further delivered in individual reforms, including my Financial Services Reform Act, which in effect ensured that Australia could not go down the path of the US in delivering credit to people who could not afford to repay it. In doing so, we tried to regulate—or regulate out of existence—low-doc and no-doc loans and we tried to have a greater level of regulation on the provision of credit. In that case I got too much resistance from the states, which wanted to retain control of credit. It was a challenge at the time but we got the balance right.

We got the balance right with the creation of APRA and ASIC and the separation of the three regulators into individual regulators—the central bank, the prudential regulator and the corporate regulator. The relationships are different in the United States and the United Kingdom, but what you get out of having three separate regulators, which we initiated in government, is that they can focus on the challenges that directly affect them. And so, when HIH collapsed, APRA and ASIC were able to focus on meeting the challenge of what could have been a systemic collapse of the insurance market in Australia, and the RBA continued to focus on its challenge. Rather than having, as is the case in the United States, the prudential regulator and the central bank effectively as one or, as is the case in the United Kingdom, the corporate regulator as a standalone almost private sector operation with the Bank of England focusing on central bank activity, we got the formula right. It is the first great initiative that Australia is reaping the benefit of.

The second initiative is the fact that the budget was in surplus, that the Australian government has no debt and that we have a diverse economy. We have some lag indicators of benefit to the Australian economy. Those lag indicators are continuing benefits of the commodity boom but there is still a significant amount of deleveraging that needs to occur in relation to commodities, and so the assessment that the commodities boom would continue—which was made by the government earlier this year—was just dead wrong. Notwithstanding the fact that China has had a massive injection of fiscal stimulus, the fact is that, if China does not grow at nine per cent per annum, it will not create the 15 to 20 million jobs a year that are needed in that economy. There are economies around the world which are going to suffer dramatically if they do not continue to create the jobs that keep their people employed and, most importantly in developing countries, keep their people fed.

I said on the Sunday program that I am bearish. I cannot hide that fact. I live in hope that we will see this through. I really do. I think we have to have a message of hope but also, if people are going to level with the Australian people, we need to recognise that this is going to be a very challenging time and why. In the first place, if it is bad for individuals to have too much debt and it is
bad for corporations to have too much debt, it is going to be bad for countries to have too much debt. Any country that is debt laden and which will potentially default on its repayments is going to suffer the serious pain associated with the global financial crisis. I fear that the United States, the United Kingdom and Europe will not have the appetite to bail out defaulting countries in the way they have in the past.

Secondly, it needs to be recognised that the recession in Europe is even deeper than that in the United States. In part that is a direct result of the fact that Western Europe funded the massive expansion and growth of Eastern Europe over the last few years. The expectation that in some parts of the world there will be economies that will be able to fully withstand the impact of this economic crisis is just dead wrong. As countries in South America and even in Asia and in Europe start to default on their loans, the question is: who is going to give them the money? Will countries like Australia, the United Kingdom, Europe and the United States have the appetite when there is rising unemployment? In the United States’ case three-quarters of a million houses were foreclosed on in the last quarter. People were living in their cars.

You say to yourself, ‘Now is the time more than ever when we need to have money in the kitty not just to help ourselves but importantly to help others because that potentially leads to the political challenges of tomorrow.’ I am sorry I am running out of time on this, but someone at some point needs to call it as it is, to go beyond the spin of tomorrow’s headlines and to say, quite frankly, that these are potentially the most challenging times our people have ever faced. Whilst it started as a financial crisis, it is now an economic crisis. The inevitability is that it will lead to some political crises in our region or around the globe and now is the time when we need to prepare. I seek leave to incorporate the chart in Hansard.

Leave granted.

The chart read as follows—
Mr HAYES (Werriwa) (10.16 am)—The global financial system is experiencing one of its most significant upheavals in living memory. To that extent, I actually agree with those comments just made by the member for North Sydney. This is a situation of such magnitude that it requires the focus and attention of all decision makers in this country. It is the most serious global shock since the Great Depression. In that respect, and what the member for North Sydney failed to go on to say, it does require not only decisiveness from those who are administering our financial sector but leadership and decisive action from the government.

The Rudd Labor government made tough decisions in its May budget this year. It made a decision to build up its surplus and, Mr Deputy Speaker, you will recall at that stage that the government met with some castigation about building up a $22 billion surplus. It was there to put downward pressure on inflation. More importantly, building up a surplus provides a buffer for more difficult economic times. What we have heard through the course of the debate so far, and no doubt what we will hear through the rest
of this day, is that these tough times that people put surpluses aside for have arrived. It was not expected. No-one forecast the actual dynamics of the American position in terms of the subprime crisis and the extent to which it would export that crisis to the rest of the world, but it has happened. These tough times have arrived. It is this government, however, that is now acting decisively to use the surplus that it had the foresight to build to strengthen and underpin the Australian economy. The government’s Economic Security Strategy is a significant economic response to do with the extraordinary economic times that we are now facing.

The Social Security and Other Legislation Amendment (Economic Security Strategy) Bill 2008 and associated bills before the House today are a key component to introducing the government’s $10.4 billion Economic Security Strategy to strengthen the Australian economy and to support Australian households during this time of global financial crisis. The two supplementary appropriation bills seek to appropriate a total of $1.33 billion. The supplementary Appropriation (Economic Security Strategy) Bill (No. 1) 2008-2009 seeks total appropriations of $146,054 million for the following initiatives. There will be $117 million to create 56,000 additional productivity job seeker places in 2008-09. This is for the funding of Certificate levels I, II, III and IV in vocational education and training. It will apply over the next two years and provide an additional commitment by this government of over $187 million to develop the skills which are absolutely needed by Australian industry presently. In addition to the 50,000 training positions provided in the budget, this is another 56,000 training positions.

With the slowing of the global economy, the Rudd government is committed to supporting and training job seekers to ensure that all those who can benefit from the extra help have access to those places. Increasing productivity and commitment to the skills agenda is an essential component to this government’s economic platform. These new places will help to maintain the momentum of the program, which has already been generated, and provide the skilled labour to meet the current needs of our industries.

The other initiatives include $17.2 million for the administrative costs in implementing the immediate financial support for the four million pensioners, carers and seniors and around two million low- and middle-income earners who will benefit from the rollout of this package from 8 December this year. There is another $11.5 million for a public information campaign. I should note that this will only be done to ensure that those eligible recipients of the one-off lump sum payments are advised of their entitlements. This is in stark contrast to the taxpayer funded advertising campaign that was associated with the former government’s position to prop up the failed Work Choices scenario, which totalled $137 million of taxpayer funding.

Appropriation (Economic Security Strategy) Bill (No. 2) seeks an additional appropriation to implement the government’s initiatives with respect to the First Home Owner Grant scheme, which will provide around $1.5 billion over two years to introduce the first home owners boost. The boost will be available to those eligible for the first home owners grant who enter into contracts between 14 October 2008 and 30 June 2009. First home buyers who purchase established homes within this time frame will receive an extra $7,000, taking the total grant to $14,000. First home buyers who purchase a newly constructed building will receive an extra $14,000, taking the Commonwealth contribution up to $21,000. In addition, I noticed yesterday that the New South Wales government, as part of their minibudget, has
included an extra $3,000 to be attached to the first home owners grant. For people in New South Wales, including those in my electorate, that takes the total grant up to $24,000 for those looking to buy a newly constructed home. These measures will help many aspiring first home buyers around Australia—and, more importantly, as I just indicated, in my electorate of Werriwa in the south-west of Sydney—to enter the housing market.

Over the course of the last couple of weeks I have had the opportunity to speak to many first home owners or those wanting to become first home owners. I have also taken the opportunity to speak to many real estate agents in my electorate. One of the familiar themes in any of these discussions is that this grant is great news for people who are planning or thinking about making that commitment to purchase. Sure it is that, the way this boost is constructed, people who are thinking about it can bring that commitment forward and make it before 30 June next year. This is certainly very good news for helping people into the market. It is also very good news for our domestic or cottage based construction industry, our housing industry. I know only too well the significance of that, having two sons, one a builder and one an electrician. I know the ebbs and flows in that industry. Despite what we have been told over the last number of years, I have seen firsthand in the downturn how my sons have been paid, for instance, in saws or compressors because the people engaging them did not have the money to pay them. So I know what it is like in that industry. But I also know what it is like to bring some hope to that industry to ensure that there is commitment to the move ahead.

This boost for first home buyers tries to funnel in people who are going to plan for and make that decision, but it gives a time constraint. Not only will this boost help those who are moving into the market but also it will help maintain continuity within the housing industry itself—maintaining those skills, maintaining those workers and maintaining those tradesmen. That has got to be good for the economy as well. The first home owners grant as it applies presently will continue to be administered by the states and territories over the next two years. To that extent, $1.2 billion will be transferred by the Department of the Treasury to our state and territory governments for that purpose.

The other legislation before us is the Social Security and Other Legislation Amendment (Economic Security Strategy) Bill 2008. This bill will amend our social security laws, our family assistance law, our Veterans’ Entitlements Act, the appropriate tax law for payments to pensioners, seniors, people with disabilities, carers, veterans and families with dependent children, as announced by the Rudd government on 14 October 2008. This is an absolutely key part of the $10.4 billion Economic Security Strategy. The government’s Economic Security Strategy will provide a lump sum payment of $4.8 billion to provide immediate financial support to pensioners, seniors, people with disabilities, carers, veterans and families with dependent children during this global financial crisis. It builds on the additional support provided to pensioners in the government’s first budget. It also recognises that pensioners and working families are calling for help—they are calling for it now. It will responsibly deliver real and immediate support to the people who, as we in our position say, need it most.

Through this Economic Security Strategy over 5.2 million pensioners, carers and families will receive a one-off payment, commencing on 8 December this year. Only a few weeks ago, the opposition were saying that they wished only to give relief to age pensioners. If we adopted that position, as the Leader of the Opposition was pressing at
that time, 4.3 million pensioners, carers and families would have missed out completely. We are not about pitting pensioner groups against others. We are about looking after those who need it most in our society. The Rudd government understands that most pensioners around Australia are doing it tough and we are committed to fixing Australia’s pension system—something our predecessors failed to do in their 12 years in office. We are determined to get it right, and we will get it right for the long term. The payments in this package are intended to provide the additional support in the nine months leading up to when the new system will be introduced come the next financial year.

I would like to spend a little bit of time talking about what this package means for the people in my electorate of Werriwa. My electorate is in the south-west of Sydney and is home to not only lots of residents but also lots of young families. It is an area where people tend to buy their first home. Others, like myself, not only bought their home but stayed there for the next 32 years as well. When you look at the demographics of my electorate, in the south-west of Sydney, you see that we are one of the most culturally, economically, ethnically and religiously diverse electorates. The demographics are such that diversity is, quite frankly, one of the key defining features of Werriwa. It has a solid core of working class housing commission estates, amid intergenerational unemployment and pockets of disadvantaged communities. It is typically an area of young people, with scores of families who are on low to middle incomes and who are under real financial pressure. For instance, of those who are purchasing houses in my electorate, 58 per cent are already under housing stress. For those low- to middle-income earners who are renting or are seeking to rent in the private market, 45 per cent are under housing stress. Housing stress means that more than 30 per cent of household income is going to pay either the mortgage or the rent. The global financial crisis is placing increasing pressure on these constituents in my electorate who already have their budgets stretched by the rising cost of living. The measures in this package are very much welcomed by families in my electorate who are making their family pay packet stretch from one fortnight to the next.

Interestingly, the actual number of people who will be direct beneficiaries of this financial package in my electorate is 38,708. That is quite a significant total. I will just indicate who will actually receive the benefit of these payments come 8 December. They include: 101,000 age pension recipients, 1,755 carer payment recipients, 5,260 disability support pensioners, 722 Commonwealth seniors card holders, 4,312 carer allowance recipients and 112 service pension recipients. But one of the big statistics out in Werriwa is that 16,407 families who are currently on family tax benefit part A will be direct beneficiaries of this package. A payment of $1,400 will be made to single age pensioners or holders of one of these stipulated payments or cards. Age pension couples will receive $2,100. That is quite a significant adjustment to be made just prior to Christmas this year.

Adrian Hart and his wife Patricia are long-time friends of mine. As a matter of fact, I used to work with both of them many years ago. Adrian was speaking only recently at a pensioner forum and said that, as he sees it, pensioners in my electorate, such as he and his wife, will benefit greatly from the $2,100 payment. The Harts have made it very clear that they have had to cut back on a range of things such as visits to family and friends, holidays and that sort of stuff. They certainly singled out as one of their main areas of concern rising petrol prices and living costs, and they have had to cut their costs accordingly.
In doing so, they have made numerous adjustments to their lifestyle. He went on to say that this one-off payment will actually mean that, coming up to Christmas this year, they will be able to celebrate with their family and buy presents for their grandkids. That is only one couple, and it is one that I know directly, and, as I said, one that I have spent a lot of time working with, but I am sure they reflect the sentiments of many of our age pensioners out there.

For recipients of the carer allowance, a payment of $1,000 will be made for each person who is being cared for. That too will apply from 8 December. I cannot emphasise enough what it is going to mean for people on family tax benefit part A to receive $1,000 per child leading up to Christmas as they are making their plans for next year’s education and other commitments associated with bringing up kids. That is something that is absolutely going to be significant. That will affect over 16,000 families in my electorate alone.

As I said at the outset, these are very challenging times. I agreed with the member for North Sydney about that. But what I went on to say and what I want to emphasise is that it is this government, the Rudd Labor government, which is moving decisively in taking action to address these issues to protect our economy against this global shock of proportions that we have not seen since the Great Depression. *(Time expired)*

**Mr Abbott** (Warringah) (10.36 am)—It is always a pleasure to follow the member for Werriwa, who is a strong representative of his constituents and is doing his best to defend the government. I have to say that ‘decisive action’ has joined ‘working families’ as the government’s cliche du jour. The fact is: this is belated action, at least insofar as pensioners are concerned, because the opposition has been calling for strong action to help pensioners since very early on in the year when it became clear that prices were skyrocketing, particularly the prices faced by pensioners and others on low incomes.

Along with other opposition members, I do not begrudge families this extra money. I especially do not begrudge pensioners this extra money because, as the member for Werriwa and others have pointed out, yes, they are doing it tough and, yes, they face extremely challenging circumstances, as we all do. Earlier in the year, the *Australian Financial Review* estimated that families were $30 a week worse off since the election of the Rudd government despite the very large tax cuts provided in the budget—tax cuts which, of course, were a virtual copy of those promised by Peter Costello prior to the election. Families were $30 a week worse off largely thanks to the sustained increase in prices that we saw in the early months of the Rudd government and continuing interest rate rises.

We all know that over the last couple of months petrol prices have fallen somewhat and interest rates have been very significantly reduced. But that has been in response to financial turmoil, financial turmoil which this government has not managed very well. If you look at the economic management record of this government, early in its term it talked up inflation. Early in its term it was waging a war on inflation. That has been joined in more recent times by the war on binge drinking, the war on obesity and the war on unemployment that the Prime Minister declared yesterday. In fact, I thought what we were seeing yesterday was ‘Kevin Rudd’s War on Everything’. I have to say that at times Kevin Rudd’s policies look to have no more coherence than the stunts of the Chasers.
The DEPUTY SPEAKER (Mr S Sidebottom)—I just remind the member to use the correct titles, as they will with you.

Mr ABBOTT—I take your point, Mr Deputy Speaker. After they had talked up inflation and almost forced the Reserve Bank to raise interest rates early in the year—which plainly, in retrospect, was a mistake—we then had the government’s ill-considered, incompletely advised unlimited free guarantee of bank deposits, which plainly has made a difficult situation worse, very much worse, for the 250,000 retirees who now have $25 billion worth of savings locked up in non-banks.

This is a government which has not handled well the economic conditions that it has faced. This is a government which mishandled inflation in its early months and is now mishandling the financial crisis. The latest episode in the government’s response to the financial crisis is this emergency package which we are debating today. What we see is a government which is busily spending the surplus that was accumulated over a decade by Peter Costello and John Howard in order to avoid a recession, a surplus that was painstakingly built, tough decision by tough decision, and is now being spent willy-nilly in order to avoid a recession.

I should point out, given the subject matter of this legislation, that the former government was able to build these very substantial surpluses notwithstanding the additional benefits that were provided to pensioners over the life of the government. Over the life of the former government, there was a 21 per cent real increase in the level of pensions, and pensions were linked to 25 per cent of male total average weekly earnings by legislation for the first time. For the first time there were bonus payments and utility allowances paid to pensioners and, of course, the taper rate for pensioners was eased so that they would keep more of their pension, notwithstanding any other income that they would have.

The former government was able to do more for the vulnerable in our community as well as build up these massive surpluses which the current government is now very rapidly running down because it does not have any better ideas as to handling the current crisis. Not only have we got a $10.4 billion raid on the surplus as a result of the legislation that we are debating now but earlier this week we had an additional $3 billion plus given to the car industry. Again, I support the car industry; I drive an Australian car. Australian cars are good cars, but the trouble with all of this spending is that there does not appear to be any effort on the part of this government to use the spending to drive long-term reform.

Where are the efficiency gains that the car industry needs to achieve in order to finally stand on its own two feet? Where are the additional incentives to try to ensure that working age people on pensions earn more or even go back into the workforce? It would be much easier to be confident that this particular measure is planned and carefully thought through rather than just a panicky reaction to advice that has still not been revealed to the general public if we could see some actual reforms built into the very big spend that we are seeing. In the end, government is not just about spending money and it is not just about throwing money at problems. It is about trying to ensure that this country, collectively and individually, is more capable of earning the money which is the foundation of the government’s revenue in the first place. We cannot spend the money until we have earned it. And we need to be more conscious, even at these times, of the urgency of producing a more efficient economy and a more productive society. There is
very little evidence of any of that in these bills before the House.

Again, I do not begrudge the beneficiaries of this measure their money—they are doing it tough—but I cannot let this legislation pass without drawing attention to the double standards of the government introducing it. All year, as I said, the opposition has been saying that pensioners need help. In response to the opposition’s pleadings on behalf of pensioners, the initial plan of the government was to abolish the pensioner and seniors bonus in the budget—a bonus that had been paid for several years by the Howard government. It was only because of this opposition that that bonus was preserved.

Of course, the government then voted against the opposition’s proposal for a $30-a-week increase in the age pension, even though their argument against the lump sum bonus was that it would be better to build increases into the base rate of the pension. They had denounced, up hill and down dale, the whole idea of paying bonuses. The member for Sydney—now the Minister for Housing—regularly attacked the baby bonus as ‘jackpot money’. The member for Lilley—now the Treasurer—notoriously described bonuses paid by the Howard government as ‘not real money’. So we have had this long campaign by members opposite against bonuses, and now what do they do? They now turn to those very bonuses, because they realise that the bonuses have their place, particularly in the sorts of circumstances families find themselves in now.

That is not the only double standard that we have seen from members opposite. At the moment we have the federal Labor government telling us that we face a massive financial crisis that can only be responded to by pump priming and by extra government spending, and we have state Labor governments—most notably the state Labor government of New South Wales—cutting spending and increasing taxes. So on the one hand you have federal Labor saying, ‘Spending is good.’ On the other hand you have state Labor saying, ‘Spending is bad.’ What all of this must be doing is persuading the Australian public that Labor does not know what it is doing—that Labor is essentially making it up as it goes along.

As I said, I do not begrudge the struggling pensioners and the struggling families of this country their extra help. They deserve it. It is a pity, in a sense, that they have had to wait so long for it. It is a pity that the current government, through its inexperience and ill-advised policies, has in many cases made their problems worse. The fact is that these people need the money, and this opposition is certainly not going to stand in the way of them getting it. But I should also point out that the government’s current position is that it is worth going into deficit to avoid a recession. We have government members—ministers and spokesmen—saying: ‘Look, we’re spending the surplus on a good cause. This money is going to save us from a recession.’ Well, I need to point out to the government that it is quite possible to have both a deficit and a recession, and I fear that that is exactly what we will end up with.

I say to members opposite, who have been spruiking this package as some kind of economic panacea, that if in six months time growth has stopped and unemployment has skyrocketed, the people of Australia will not be particularly grateful for a Christmas present this year. By all means let us help struggling families, but what this country needs more than anything is good economic policy, and that is what we are fundamentally lacking at this difficult time for our nation.

Mr SHORTEN (Maribyrnong—Parliamentary Secretary for Disabilities and Children’s Services) (10.50 am)—I rise to
support the passage of the Social Security and Other Legislation Amendment (Economic Security Strategy) Bill 2008, the Appropriation (Economic Security Strategy) Bill (No. 1) 2008-2009 and the Appropriation (Economic Security Strategy) Bill (No. 2) 2008-2009. The last few months have proved to be hard yards for global finance and local confidence. Every economy in the world has been going through a horror stretch, has been brought to a crisis point—there has been HBOS in the UK, Lehman Brothers in the US, Landsbanki in Iceland, Hokkaido-Takushoku in Japan—and has been tormented thereafter by even worse possibilities.

And we are not immune from these devastating aftershocks of the credit crunch—with corporate carelessness, the trashing of communities and threats to neighbourly trust—though I believe we are better placed than most other countries to weather the storm. But we are not safe from the lightning, the hail, the great winds and the turbulence. We are feeling the impacts now, and we will feel them far into the future. Our Prime Minister, Kevin Rudd, has taken decisive early action to protect us from damage, but we must be vigilant because, as in the case of bird flu, if we are not vigilant then we will catch this disease.

More than 25 banks thus far have gone down or have been narrowly bailed out, if only for a time. The US and Europe are on the verge of recession, and even the economic conquering leviathan, China, is now walking with less certain steps. Australia is not safe. We too can be drawn into this awful whirlpool and see our best intentions drowning around us. There are no quick fixes, as the trillions of dollars lately announced around the world to help markets have shown. What is needed to take us out of this maelstrom is that which cannot automatically be commanded, ordered, fabricated or bribed into existence—that is, confidence; the confidence to say in global chorus, ‘Yes, we can.’ For, although we have nothing to fear in the long term, this fear in the short term can be corrosive. China has surprised us, I believe, and done well in the past few days, generously supporting its economy and, indeed, therefore the Australian economy, but whether it is enough remains to be seen.

The Rudd government has committed $10.4 billion through its Economic Security Strategy to help vulnerable pensioners, carers, people with disabilities and struggling low-income families. The bank deposits of all Australians, even the Leader of the Opposition, have been guaranteed by the Economic Security Strategy, whose elements included $4.8 billion as a down payment on long-term pension reform. Single pensioners are to receive a lump sum payment in December of $1,400 and pensioner couples will receive $2,100. Carers are to receive $1,000 for each person they care for—one of the single-largest transfer payments to people with disabilities in the history of Australia’s Federation. There will be $3.9 billion in payments to the families of eligible children under family tax benefit part A. That is $1,000 per eligible child, and we understand there are around 3.8 million eligible children, and their families will receive this valuable assistance before Christmas. This package will double the first home buyers grant to $14,000 and triple it to $21,000 for those who buy a newly constructed home. The number of productivity places will be doubled to 113,000 in this financial year and the government’s nation-building agenda will be brought forward, with new schools and bridges—all of the necessary developments that this nation needs and which were sorely neglected.

The Social Security and Other Legislation Amendment (Economic Security Strategy) Bill 2008 delivers immediate financial sup-
port to pensioners, seniors, people with disabilities, carers, veterans and families with dependent children. The payments to pensioners are an immediate down payment on long-term pension reform—long term and long overdue. These payments will help them get through the eight months between now and when the reforms will hopefully be in place at the beginning of the next financial year. Our elderly are already suffering and will have to put on brave faces and tighten their belts with this economic crisis, but at least we have a government that is concerned and standing alongside people. That is why we are backing these pensioners up for a period until better times emerge, provided that the self-servers in the coalition allow these measures through the parliament and do not fight them, line by line, as their leader, ‘Rumpole junior’, is wont to do.

Unlike the Leader of the Opposition, we are not going to exclude two million carers, people with a disability and married pensioner couples from this payment—this relief, this minimal mercy ahead of longer term reform. Unlike the opposition, we will not deny the millions of pensioners, carers and distressed families the mitigation of their distress. Unlike the Leader of the Opposition, we are not going to shut the door on needy, pressured, buffeted people who are up against it now as never before.

These payments recognise the additional costs single pensioners face relative to couples. For the first time, lump sum payments are being extended to include disability support pensioners, people I have come to know in my time in the portfolio—decent, strong people who have often been struck down by a fate they did not choose or cause. The Rudd government recognises that many people with disability face barriers in society and are struggling with cost of living pressures during this time of global financial uncertainty. For the first time, lump sum payments are being extended to include more than 700,000 disability support pensioners. Carers will also benefit from these payments. The lump sum payment of $1,400 to single pensioners and $2,100 to pensioner couples will be paid from 8 December 2008—three weeks from now.

We have received positive and glad responses to the announcement of the government’s Economic Security Strategy from the National Seniors Association, Carers Australia, the Combined Pensioners and Superannuants Association, the Fair Go for Pensioners Coalition and National Disability Services. National Disability Services, which is an organisation that represents non-government disability service providers across Australia, expressed its support to this package in its media release of 14 October. As its chief executive, Dr Ken Baker, said in that release:

These increases will help ease the financial pressure on people in receipt of Disability Support Pension or providing care and support for a person with disability, while the Government decides on reforms to pensions.

The Rudd government are staying the course. We will keep the faith in the midst of this most difficult economic maelstrom, roaring planet wide. We are adding $4.8 billion to the $7.5 billion in our first budget to bring $12.3 billion to pensioners, carers and seniors. This improvement will commence on 8 December and will sweeten, however frugally, some Christmases, New Years and family reunions. There will be no need for a claim; the payments will not count as income for social security, family assistance or veterans entitlements purposes; and they will be tax free. Payments will be made to people who are receiving any one of a range of qualifying social security and veterans entitlements payments as at 14 October 2008. These qualifying payments include: age, disability support, wife, widow B and veterans
People who on 14 October 2008 were receiving the age pension, parenting payment, special benefits or Austudy or Abstudy living allowance will also attract the payment. The payment will also go to self-funded retirees who on 14 October 2008 held a current Commonwealth seniors health card and to holders of the Veterans’ Affairs gold card who were also eligible for the seniors concession allowance on that date.

The Economic Security Strategy for this group of Australians will provide $1,400 for singles or $2,100 for couples if both members receive a qualifying payment and $1,050 if only one of the couple does. People receiving carer allowance as at 14 October 2008 will get a separate $1,000 payment for each eligible person cared for. If the carer allowance for one care receiver is shared between two or more carers, the Economic Security Strategy payment will be similarly shared. Where receipt of one payment of carer allowance depends on the person providing care for two care receivers, the payment will also be $1,000.

Families with dependent children will also get an Economic Security Strategy payment. A payment of $1,000 will be made for each child who attracts family tax benefit part A as of 14 October 2008. The same $1,000 payment will be made for each dependent child who, as on 14 October 2008, either attracts or receives youth allowance, Abstudy living allowance or an education allowance under the Veterans’ Children Education Scheme or the Military Rehabilitation and Compensation Act Education and Training Scheme. If any of these qualifying payments for families is shared between two people under the usual rules for the payment, the Economic Security Strategy payment will be similarly shared. In my electorate of Maribyrnong over 37,000 people will directly benefit from Economic Security Strategy payments. Indeed, my electorate office has had a number of positive calls from relieved constituents who have complimented the Rudd government on their handling of the global economic crisis thus far and in particular on looking after the needs of the most vulnerable—the pensioners and families and first home buyers.

The Appropriation (Economic Security Strategy) Bill (No. 1) 2008-2009 and the Appropriation (Economic Security Strategy) Bill (No. 2) 2008-2009 are supplementary estimates bills being introduced as part of the government’s response to the global financial crisis. They seek appropriation authority from parliament for the additional expenditure of money from the Consolidated Revenue Fund to strengthen the national economy and support Australian households. Supplementary Estimates Appropriation Bill (No. 1) seeks a total appropriation of $146.054 million for the following initiatives. Firstly, it seeks an investment of over $117 million to create 56,000 additional productivity job seeker places in 2008-09. This funding for the Department of Education, Employment and Workplace Relations is for Certificate II, III and IV levels and in the next two years this government will provide for a total additional commitment of over $187 million to develop the skills that Australian industry needs.

Secondly, funding of $17.2 million is proposed to cover the administrative costs of implementing a one-off lump sum payment to Australian pensioners and families. The Department of Families, Housing, Community Services and Indigenous Affairs will receive some $16.5 million, with additional funds going to the Department of Veterans’ Affairs. The funding will allow the payment from 8 December of immediate financial
support to Australia’s four million pensioners, carers and seniors and around two million low- and middle-income Australian families. The Department of Families, Housing, Community Services and Indigenous Affairs will also receive $11.55 million to conduct a public information campaign to ensure that those eligible to receive the one-off lump sum payment are advised of their entitlement.

Supplementary Estimates Appropriation Bill (No. 2) seeks additional appropriation to implement the government’s initiatives with respect to the first home owners scheme. Under the Economic Security Strategy the government will provide around $1.5 billion over two years to introduce the first home owners boost to stimulate housing activity by assisting more first home buyers to enter the housing market. In addition to the first home owners scheme, first home buyers who purchase established homes will receive an extra $7,000 to take their grant to $14,000 and first home buyers who purchase a newly-constructed home will receive an extra $14,000 to take their grant to $21,000. The first home owners boost will be available to eligible first home buyers who enter into a contract between 14 October 2008 and 30 June 2009. To implement the measure, Appropriation (Economic Security Strategy) Bill (No. 2) 2008-2009 proposes an appropriation of some $1.2 billion for the Department of the Treasury to pay to the states and territories. Those payments will cover the increased costs that the states and territories are expected to incur during 2008-09.

This package will provide a boost and a solace and a leg-up and a sigh of relief for pensioners, carers and families in need. It will provide a kick-start to the construction sector and will rekindle the Australian dream of a family home with a veranda and a backyard and a shed. It will provide a kick-start to new job training, new infrastructure and new and stirring dreams in the small towns and the regions of Australia. It will provide a way through the mire of the next few months and a pair of muddy boots in which to continue our journey to that fair go we all strive for. The Rudd government has been quick to act. It has been responsible, equitable and fair and has shown all the hallmarks of traditional Labor values. In times of greatest hardship the Australian people have always been able to put their trust in Labor to deliver. The Rudd government intends to deliver for all Australians, despite the self-serving logic of those opposite, whose mouths are gorged with sour grapes and whose brains teem with a viral ingratitude. The opposition men and women of Australia, unfortunately, will not get it and never will. I commend the bills to the House.

Mr MORRISON (Cook) (11.05 am)—The coalition takes this package on trust and as the member for Cook I am pleased to support the Social Security and Other Legislation Amendment (Economic Security Strategy) Bill 2008 and associated bills, as there are those in my electorate who will benefit from this package. But I note that the coalition is taking this package very much on trust. That is what the Australian public expects of the opposition in times such as these. But what they do not expect is for such support to be given blindly. They do not expect such support to be given in a way that seeks not to question the government on any matters. They expect an opposition in this country under our system to hold the government to account on every single occasion, asking the questions that the government, I believe, are not asking of their own officials or others about these matters—that is, questions about the likely impact of this package; questions about the bungling of the government’s unlimited bank guarantees; questions about the impact on growth of these packages; and, more significantly, questions
about the impact on future surpluses—or rather whether the budget will go into deficit. The Prime Minister is at the height of arrogance in refusing to answer the very questions that the Australian public expects the opposition to put to the government to ensure accountability and scrutiny through this parliament.

The PM has introduced a new era of what I would call ‘economic McCarthyism’ in this country under the cloak of his confected rhetoric of economic security. The ‘Kevin knows best’ mantra is the prevailing dogma that the Prime Minister seeks to force on economic debate in this country. Frankly, I am not prepared to gamble Australia’s future on that presumption. I am not prepared to gamble the jobs of Australians on the misguided notion that Kevin knows best. The Prime Minister is acting more like, as Glenn Milne recently—

Mr Combet—Mr Deputy Speaker, I raise a point of order. I am reluctant to interrupt the member opposite. However, I think it is important that he refers to the Prime Minister by his title.

The DEPUTY SPEAKER (Mr S Sidebottom)—I remind all members to use the proper protocol in referring to each other in this House, please.

Mr MORRISON—The Prime Minister is acting more like, as Glenn Milne recently observed, the Sun King or, as the Leader of the Opposition recently remarked, Chairman Kev. This is no way to run a country. It is right to question our government. It is even more important that governments and prime ministers answer those questions.

Today we commit more than half the surplus. This is a surplus that took the coalition government, under John Howard and Peter Costello, more than 10 years to build. The coalition first had to pay back $96 billion in debt, which had it still been around would today be incurring an interest cost of around $15 billion. Were it not for the responsible management of the Howard-Costello government we would already be in deficit. But today we are committing the majority of the surplus—and we cannot spend it twice. This is the point of no return. The government’s forecasts represent the line in the sand. The measure of this package will be whether the growth forecasts, to achieve two per cent as outlined in their forecasts, are met and whether the budget remains in surplus, which those forecasts project. It is now true that the only surplus available to the government for infrastructure spending and matters of that nature is what the Howard and Costello years left behind in the form of the Building Australia Fund.

We need to put the decisions we support today in context. Earlier this year the government declared a war on inflation. They fuelled inflationary expectations earlier this year, egging on the Reserve Bank at every opportunity. The result was a 50 basis point increase in interest rates, due to their irresponsible egging on of the inflation crisis and the inflation war, as they described it, referring to genies and bottles and monsters. They argued for a contractionary budget, which combined with the 50 basis point interest rate rises following their egging-on of the Reserve Bank to put the brakes on the Australian economy just when it needed support. They called it wrong. And, if you are going to be honest and upfront with the Australian people, you are honest when you get it wrong. When you get it wrong, you say you got it wrong—and that is not something we have seen this government do. In many ways the Prime Minister is like the Fonzie of Australian politics: he is unable to announce the word ‘wrong’ at any occasion in relation to himself. Australian homebuyers have paid the price for that with the increase in interest rates earlier this year as a result of those
government decisions. The government increased taxes in the budget, including on motor vehicles—another area reeling in the wake of the government’s other ill-considered decision—to introduce an unlimited bank guarantee. In fact, the only genuinely stimulatory component of the federal budget was the measure that was put forward by the member for Higgins in the last election campaign—the tax cuts. That was the only one.

After the war on inflation we had the war on the global financial crisis, where too many Australians have been taken out in the friendly fire of the government’s bungling of the unlimited bank guarantee. Mortgage fund and property fund investors, car retailers, small businesses looking to access and roll over finance, housing developers looking to bring their supply onto the market and unable to raise capital are the victims of the friendly fire from the bungling of the government through this global financial crisis. The wars on inflation and on the global financial crisis have, we learnt yesterday, evolved into a war on unemployment. We note that, according to the government’s forecasts, there will be more than 200,000 casualties of this war by the end of the financial year, up from 134,000 predicted in the May budget.

I fear that the next war will be a war on the deficit that will be created by the government. They have been running around the country preparing the ground to go into deficit. Just this week we have seen a deficit announced by their Labor mates in New South Wales. And what we see in New South Wales in how the New South Wales Labor Party runs the show is what we will ultimately see here in Canberra. What we see in New South Wales is a glimpse of the future for this country under a Labor government. I fear that this war on the deficit will then become a war on debt. It will join all the other wars—the war on alcopops, the war on obesity, the war on homelessness and even the war of the Minister for Youth on fashion, of all things. I think it is time for the war to end all the wars—that is, on the PM’s overblown and confected rhetoric. It is time for the Prime Minister to sue for peace on the Australian economy.

The stimulus package in this bill provides $1.5 billion over two years to increase the first home owners grant to $14,000 for existing dwellings and $21,000 for new dwellings. The coalition introduced the first home owners grant in July 2000, including a differential higher payment at that time of $14,000 for new dwellings. As shadow minister for housing I have expressed particular support for the increase in the first home owners grant for new dwellings due to the need to provide a stimulus to the residential construction industry. The trend for building approvals since September 2000 has fallen by 14.5 per cent. Housing finance figures released just this week show that finance for new dwelling construction has fallen each month for the past 15 months. It is now down 17½ per cent on trends since November last year. Questioning in estimates revealed that no modelling or advice was provided on the likely impact of this stimulus on house prices or rents, in particular from the minister’s department. They have no idea, frankly, of what the potential impact will be, particularly of the first home owners grant increase for established dwellings. The government’s forecasts also reveal that dwelling investment in 2008-09 following the delivery of this package is expected to be not the two per cent that was forecast in the budget but zero per cent. That is the forecast released by the government for increases in dwelling investment.

I have also asked questions about the impact of this package on the increase in the first home owners grant for established
dwellings—the impact it will have on rents and on artificially inflating house prices, given the structure of our housing market. These are simple questions and I raise them because these are questions the Minister for Housing should know the answers to. She should know the answers to the questions about what these measures will do to housing affordability, particularly for those who pay rent and for those who are not first home buyers but who are also seeking to pay mortgages or seeking new properties. We need to look at all the housing market, not just those elements that the government seeks to pay particular attention to. These are questions the government needs to know the answers to. As we went through the estimates process I was disturbed to find that there has not been any work done by the department. There does not seem to have been any questions asked and there has been no modelling. The answer is, ‘We simply do not know, but we are going to do it anyway.’ These are the rigorous answers I would expect from a government doing its job, and the simple fact that it has been unable to answer these questions over recent weeks is a matter of concern.

As I have noted and expressed publicly, the first home owners grant changes are welcome, but they do not address longer term issues in the Australian private housing market. This is a package designed to introduce a stimulus to the Australian economy, not to solve the problems of the Australian housing market in the longer term. I am not suggesting in any way that the government is trying to do that with this stimulus initiative—it is a stimulus initiative—but it is timely to reflect as we talk about housing affordability in this country, as many speakers in this debate have, on what the real issues are for housing affordability in the private housing market in Australia. Australia faces a chronic housing undersupply challenge, estimated to reach a shortfall of 200,000 dwellings by 2010. It is the key housing affordability challenge—the road block to Australians seeking to be self-supporting in the private housing market, which must be the ultimate overall objective of all housing policy in this country—to ensure that the maximum number of Australians are able to support themselves in the Australian private housing market.

The mismatch between supply and demand is evident in escalating rental costs, further placing housing affordability out of the reach of more Australians and placing strain on household budgets. Vacancy rates are at between one and two per cent in virtually all capital cities and increases in rents, along with fuel prices earlier this year, were the key drivers of inflation highlighted by the Reserve Bank. We have seen fuel prices come down now, but rents continue to rise. The major causes of undersupply are the failure of state planning, infrastructure and land release policies that have constrained supply. They are what have been driving up rents and home prices around the country. If anyone wants to take the time to read the various reports from the economists and those who make a living out of operating in this market—they know what make it tick—they will tell you that those are the things that have been driving the market for the last five to 10 years at the very least.

The Rudd government has put in place a number of measures which have come through this place already, but these measures do not really address the fundamental points that I have raised. The National Rental Affordability Scheme addresses the social housing sector, not the private housing sector. It is seen as an arm of the social housing policy of this government. The Housing Affordability Fund rewards, rather than seeks to reform, the failure of state governments by simply writing a cheque—direct subsidies for their excessive taxes and charges. As I
noted before, the Building Australia Fund, funded by the Howard-Costello surplus, is now only replacing state expenditure on infrastructure, not adding to it, as we saw in the New South Wales state minibudget yesterday. The first home saver accounts are overly complex and have not been taken seriously by the banking sector or depositors alike.

I note that the National Housing Supply Council has not even met yet with Infrastructure Australia, let alone made a submission on infrastructure needs to unlock housing supply. For this government, housing is an island—cut off from economic policy, cut off from infrastructure policy, cut off from environment policy and looking increasingly like a well-intentioned social exercise with little dividend. A comprehensive economic reform plan is needed to address housing supply in this country dealing with capital, land release, infrastructure planning, federal-state reform, to keep a lid on building costs and to understand the impacts of immigration and population pressures on future demand.

To keep Australians in their homes, the Prime Minister must keep Australians in their jobs. The Australian housing market is, as I have said in this place before, in a relatively strong position in comparison with overseas markets. This is due to the already noted undersupply of housing stock, which is completely different to the situation in the United States, where there is a massive over-supply. There is a low level of exposure to subprime mortgages here, with non-conforming loans comprising around one per cent of mortgages in Australia compared to 15 per cent of subprime loans in the US. Our loans are full recourse, so there is not the option for those who are in a position of default to throw their keys in the door and allow the stock to be dumped on the market and have a run made on the housing market. And there is a relatively low level of foreclosures. According to RBA statistics for August, delinquent home loans accounted for 0.4 per cent of banks’ balance sheets in Australia, compared to 2.2 per cent in the US and 1.3 per cent in the UK.

Delinquency in home loans is what this is all about at the end of the day. I note it was significantly greater for Australian banks in the late 1980s and the early 1990s. Even more specifically, it is a third less today than it was in 1996 before the coalition came to office, when Paul Keating was Prime Minister. Why was that? Why was delinquency on mortgages so much higher back then? Because unemployment was so much higher back then. Unemployment is the key thing that underpins the performance of the Australian housing market at the end of the day, and it is unemployment that we need to focus on to ensure that this government does something to generate jobs in this country.

Strong growth in employment was a hallmark of the Howard-Costello years. More than two million jobs were created during that time. Real incomes grew by more than 20 per cent, and that assisted families to be self-supporting in the private housing market. According to the Reserve Bank of Australia, despite strong growth in real house prices over the last 25 years—these are Reserve Bank figures—growth in real disposable incomes of younger Australians in the home-buying cohort, after paying for accommodation, was higher in 2007 than at any other time in their records. The major concerns for Australian banks with respect to the home loan portfolios that they hold are the risks of delinquency from rising unemployment and job insecurity. The government’s new forecasts show that unemployment will hit five per cent and it will put an additional 200,000 and more out of work, up from the 134,000 forecast in the May budget.
So, as we look at this package today, and as the coalition takes the government on trust on this issue, we draw a line in the sand. The global financial crisis and the management of it by the Rudd government are now very much matters of their responsibility and their accountability. The budget must stay in surplus, and that is what is in the government's own forecast. Failure to deliver that growth and failure to keep the budget in surplus will be seen as a failure of this package. The other thing that must be achieved is this: we need to keep Australians in their jobs, because if we keep Australians in their jobs and put Australians in jobs we will keep Australians in their homes.

Mr HALE (Solomon) (11.23 am)—I rise today to offer my strong support for the Social Security and Other Legislation Amendment (Economic Security Strategy) Bill 2008, the Appropriation (Economic Security Strategy) Bill (No. 1) 2008-2009 and the Appropriation (Economic Security Strategy) Bill (No. 2) 2008-2009. In order to strengthen the national economy and support Australian households the appropriation bills seek authority for the additional expenditure of money from the consolidated revenue fund. The social security and other legislation amendment bill amends various laws to provide payments to pensioners, seniors, people with disabilities, carers, veterans and families with dependent children. These payments will provide immediate financial support during the global financial crisis.

On 14 October the Prime Minister and the Treasurer announced a $10.4 billion Economic Security Strategy to deal with the challenges of the global financial crisis, to support continual positive growth in the Australian economy and to provide practical support for households. The Prime Minister took decisive and early action to protect the Australian economy from the global financial crisis which started in the United States and has rapidly spread throughout the world. The Rudd government prepared well ahead for this set of circumstances by ensuring in the May budget a strong buffer for us for the future. Globally, around 30 banks have failed or been bailed out, with nearly every country in the G7 having recorded negative growth. The downturn is not just confined to the developed economies, with the latest IMF and World Bank information indicating developing economies will also be acutely impacted.

The Australian economy remains sound but we are not immune to the global slowdown and the real possibility of a global recession. There are no easy solutions or quick fixes to the global financial crisis. This is going to be a long, drawn-out crisis which will have a real impact on Australia, leading to slowing economic growth and increased unemployment. That is why the Rudd government is taking decisive and early action to protect the economy and all Australians from this crisis. The ESS will stimulate economic activity and protect vulnerable groups in our society, especially the thousands of pensioners, carers, disabled people and low-income families. This strategy builds on the decision already taken by the government to guarantee the bank deposits of all Australians. This strategy addresses the challenges we face in five key areas.

The first measure is for Australia's four million pensioners, carers and seniors, who will share in a $4.8 billion immediate down payment on long-term pension reform. The first $4 billion of this will be made available through direct payments of $1,400 to single pensioners and $2,100 to pensioner couples. Australians who are receiving the carers allowance will receive $1,000 for each eligible person they care for. As I have said, these direct payments are a down payment on longer term pension reform while we wait to see the recommendations from the Harmer committee of inquiry. These payments will
provide additional financial support in the months between now and the middle of next year. In Solomon we have almost 5,000 pensioners, carers and seniors who have been doing it pretty tough, and I have felt their pain when they have told me about having to cut back on things like food, medicine and trips to the shops. Over the past couple of weeks I have met with pensioners and carers in Darwin and in Palmerston, as well as the President of the Council on the Ageing in the Northern Territory. The feedback I have received regarding this direct payment has been outstanding. It will definitely relieve some of the financial pain our seniors and our carers have been feeling.

The second measure is a $3.9 billion payment that supports low- and middle-income families. The Rudd Labor government will provide a $1,000 payment for each eligible child in their care—that is, for whom they currently receive support through family tax benefit A—and for dependent children who receive youth allowance, ABSTUDY or benefits from the Veterans’ Children Education Scheme payments. That means the families of about 3.8 million Australian children will be eligible for a $1,000 one-off payment. These payments will be made from 8 December this year. These payments are going to those in our community who really need it. In my seat of Solomon that means this payment will benefit over 16,000 kids and over 8,000 families.

I spoke to some friends of mine recently about the payments they will receive. They are pretty typical of a lot of families I know in Darwin. These guys have a couple of kids and they both work hard, and when I asked them to describe their current financial situation they described it as working poor. They struggle with paying bills and the cost of day-to-day living expenses. They do without any luxuries and, like so many people I know, they live from pay packet to pay packet, week to week. I asked them what impact the government’s strategy payment would have for them and they simply said ‘massive’. For them, it will mean the difference between just going through the motions of Christmas and the New Year and being able to buy necessary items for the kids and the family home—things that would otherwise have been well and truly out of their reach. That means money will be spent at local shops around Darwin and Palmerston. I have spoken to some of the small business owners in Solomon and, like so many small businesses in rural and remote Australia, they are doing it tough. Their cash registers have not seen much money passing through them recently, and they are definitely looking forward to seeing their customer numbers increase, particularly over the Christmas period. These payments will mean an injection of cash that will stimulate economic activity.

The third measure is a $1.5 billion investment to help first home buyers purchase a home. Currently first home buyers are eligible for a $7,000 grant. After consultation with industry and others, the government decided to act decisively in the housing sector. Decisive action means that for the duration of 2008-09 the first home owners grant will be increased from $7,000 to $14,000. On top of that, first home buyers who purchase a newly constructed home will receive an extra $7,000 to take that grant to $21,000. In other words there is a doubling of the first home owners grant if you are buying your first home and a tripling of the grant if you are buying a newly constructed home. This is designed to support activity in the housing sector because the housing sector is critical to the overall performance of the economy. This measure is fantastic news for the people in the Territory, with the creation of three new suburbs in Palmerston in the near future as well as the suburb of Bellamack coming to life next year. The assistance will be huge
for not only first home buyers purchasing a home but also the businesses associated with the housing industry. In fact, only last week it was reported in the news that the NT’s Housing Industry Association expects a recovery in new home approvals during the next few months—just the news my mates in the building game up in Darwin wanted to hear.

The fourth measure is that the government is going to provide $187 million to create an additional 56,000 new training places in 2008-09. This is great news for both employers and people wanting to get into the workforce. From now till the end of the financial year, the number of productivity training places will double from 57,000 to 113,000. As my son comes to the end of his school years, it is great that he will have opportunities to get some training. It means great opportunities for hundreds of small to medium sized businesses in Solomon which need a skilled labour workforce.

The fifth measure of the ESS brings forward the implementation of the government’s nation-building agenda. Bringing forward the priorities list for both the Building Australia Fund as well as the areas of education, health and hospital areas will bring greater employment opportunities and assistance in stimulating economic activity. Last week’s Mid-Year Economic and Fiscal Outlook showed just how important it was that the government acted decisively with the Economic Security Strategy. Recent figures make it very clear that our economy is crying out for a boost, and that will be provided through the ESS. At the time of the announcement of the ESS, the Leader of the Opposition had this to say:

Well we welcome the Government’s announcement today…

Now this is also a very significant economic stimulus; a significant fiscal stimulus.

But nonetheless we are not going to argue about the composition of the package or quibble about it. It has our support. It will provide a stimulus to the economy, that’s for certain. And above all it gives justice to Australia’s age pensioners in particular, who have been doing it especially tough.

He went on to say:

Well we support it. As I said, we’re not going to argue about the composition of the package.

He went on to say:

The bulk of the money of course has gone to pensioners and to families. So that’s where the bulk of the commitment has gone.

He also went on to say:

… we welcome the whole package. It has our support. We’re not going to, you know, go through it line by line and say if we were in government we would have done this rather than that. It has our support, it has our bipartisan support, but we are particularly pleased that the pensioner issue has been addressed and that pensioners, now the fact of the matter is the pensioners will get this extra money.

He was adamant. He was out there with the shadow Treasurer supporting it on 14 October. This is a very important stimulus. It is a very important package.

I put up a private member’s motion in the Main Committee on Monday night and there were some comments made by those opposite with regard to it, so I went looking around to see what other comments had been made. I was going to have a look in the Age, the Fin Review, the Australian or the Courier-Mail, but I decided just to look up the Liberal Party website because they have all the information there for you. Maybe those opposite should read some of their own leader’s press releases before they make outlandish statements like those that were made in the Main Committee on Monday night. Remember there is a bipartisan approach to
this. But on Monday night, in debating my private member’s motion on the Economic Security Strategy, the member for Fadden said:

The fallout from the global economic crisis was seen as long ago as 2006, when $2 trillion of money was lent for residential mortgage backed securities.

... 

The coalition saw it coming. We warned, before the election, of the storm clouds gathering.

Yet, when talking about the international financial crisis, his leader said this in a press conference on Tuesday, 30 September, this year. This is on the Liberal Party website, so you can look it up if you want. He said:

These are very uncharted waters. There is nobody that would have predicted these events a year ago or even a few months ago.

He also said:

There is nothing about this; none of these events would have been forecast as recently as only a few months ago.

He went on to say:

... we’ve got new problems that could not have been foreseen as recently as only a month or a few months ago ... So the problem, the global problem has become more and more serious and it’s important to recognise that.

Four times on the website he says there is nobody who would have predicted these events a year ago or even a few months ago. So maybe the member for Fadden, when he found out in 2006 and saw the storm clouds, should have given the now Leader of the Opposition a ring or spoken to the member for Higgins, because that was around the time that they were ignoring warnings from the Reserve Bank that there were problems on the horizon. The member for Fadden did not finish there on Monday night. He started his response to my private member’s motion by saying:

The question must be asked: what is this so-called Economic Security Strategy all about? Is it about helping Australia in the face of a global financial crisis? Is it about assisting struggling families? The member for Solomon’s motion would claim that it is both. The stark reality is that the government’s strategy has not adequately addressed either problem.

Yet the Leader of the Opposition said:

The bulk of the money of course has gone to pensioners and to families. So that’s where the bulk of the commitment has gone.

... 

Well we welcome the Government’s announcement today ...

So, while the member for Fadden believes that it has not addressed any problems, the Leader of the Opposition tends to differ from what the member for Fadden is saying.

Then we have the member for Tangney, who made his contribution on Monday night as well. Let us remember what he said back on 20 October. The member for Tangney came in on the doors and said, ‘He hasn’t been doing too bad a job of it.’

Mr Ciobo—That’s how some people get in!

Mr HALE—Some of us sneak in the back door. I will take that interjection. He said, ‘He hasn’t been doing too bad a job of it,’ in response to it, while the voting public has taken a different view, with the latest Nielsen poll showing 56 per cent of people supported Mr Rudd’s response to the crisis. So the Liberal member for Tangney, nice fellow that he is, said that he has not been doing too bad a job of it. Yet on 10 November, on Monday night, the member for Tangney said:

The government had an opportunity to prove they could handle the economy. I think that the rushed, uninformed, go-it-alone attempt at their rescue package shows that Australia is in real trouble with these clowns at the wheel.
So some of them come out and speak in support of it. The Leader of the Opposition spoke in support of the package and yet some of his backbenchers in the Main Committee do not. That shows you where they are at with it. They are walking both sides of the street. What do they do then? They thrash around, trying to find some traction: ‘We want to get stuck into this lot over this, but we don’t want to criticise it too much because we know that struggling families, pensioners and carers are in need of this. We know that first home owners are crying out for assistance.’ They pride themselves on fighting for small business, so they have to be really careful how they go about this. They put their heads together in their party room—it would have been an interesting meeting—and they think about how they can come up with a way to discredit the government over this. So what they decide to do is attack Ken Henry.

All of us in public life have to be accountable and Mr Henry is no different. I do not have a problem with that. The problem I have is that the Leader of the Opposition stands in this place and speaks about Mr Henry in glowing terms—terms that he said would make even Mr Henry’s mother blush. He speaks like that but then he lets the attack dogs out the front discredit not only Mr Henry but also his position. They also discredit the Reserve Bank. They have a go at everyone. No-one is immune to it. They do it out the front door, and the Leader of the Opposition should be standing up and calling the attack dogs off. If he really does feel like that about Mr Henry, he should go out the front and do it himself. That is the way it should work. If he has a criticism about what is going on—and I am not saying that Mr Henry is above criticism; of course he is not—the Leader of the Opposition should not come in here and talk about Mr Henry as if he was one of his best mates and say that he has a lot of respect for him, then let some of his members, the attack dog squad, go out the front and discredit him at every opportunity. That is wrong.

If the Leader of the Opposition has got the courage, he should be the one out the front having a go at Mr Henry. They talk about business confidence and all they are doing is undermining it at every opportunity. They are attacking the Reserve Bank. They are attacking the people in the regulatory domain. They are attacking those types of people and they are also undermining the strategy that we have formulated to deal with this financial crisis.

Let us not forget who caused it. Let us not forget that Malcolm, the Leader of the Opposition, is very close to the merchant bankers of the world—some people call him the Merchant of Venice—because they are the ones that started this. And he brings that slippery type of stuff into this parliament—slippery, sly work where he goes in and says one thing in here and then he does something else outside. He says one thing in here and then he sends out the attack dogs, and they get out the front and try to discredit the people who are in here and people that are working towards trying to solve this problem.

If we had not acted decisively, economic growth would have been much weaker than currently forecast, with flow-on impacts for employment. The strategy is expected to result in a boost to the level of real GDP of between half and one per cent. At a time when we need it most, the strategy will immediately improve the lives of thousands of Australians who are finding it really tough at the moment—the pensioners in Darwin, small business operators in Palmerston, farmers and their families in Humpty Doo. When the Prime Minister announced the measures, he said they were ‘an economic security strategy to help underpin positive
Mr CIOBO—We see the true gravitas of the government on dealing with such weighty matters. Nonetheless, the Prime Minister made comments that the Australian Labor Party were all about ensuring that they were dealing with substantial economic concerns for Australia in a way that was consistent with the past performance of the coalition. Why would the Labor Party not try to emulate the previous coalition government? Let us be clear about the kind of economy that the Australian Labor Party inherited.

When the coalition were first elected in 1996 what we inherited, after 13 years of Labor government, was a $96 billion budget deficit. We inherited a $10 billion budget black hole and we had unemployment at record levels, coming off a peak of 11 per cent of Australians unemployed. That is what the coalition government inherited when we came into office in 1996. But after about 12 years of consistent, responsible, strong economic management the Howard government were able to pay off $96 billion of Labor Party debt, bring our unemployment rate from 11 per cent, where the Labor Party had it, down to a record low of four per cent—in fact, at one stage the coalition got unemployment down to 3.9 per cent—and ensure that we moved the budget from being a $10 billion black hole back into the black. That is what the coalition did with no assistance from the Australian Labor Party, who time after time after time in this House and in the Senate steadfastly and resolutely opposed to the very measures the coalition took that put this country back onto the strong economic footing that it had.

That is Labor’s record in opposition, and then they came to the election. The Prime Minister said, ‘You can trust me; it’s okay, I’m an economic conservative.’ We heard that from the Prime Minister in advertisement after advertisement paid for by the $100 million worth of campaign donations.
that the trade unions made to the Australian Labor Party. If there is one thing we know about the Labor government, it is that they are just puppets on a string. They are puppets controlled by this man, the Parliamentary Secretary for Defence Procurement, at the table, by the ACTU and the trade union mates. The unions are the puppeteers and they control the puppets at the front. That is what we know about the Labor government.

Kevin Rudd, the Prime Minister, made the comment that he would be an economic conservative. But what have we seen? The language of the buck stopping with him, the language of him being an economic conservative, has all radically changed in the past 12 months. Now, when Australia has faced international economic tumult, which is not the first time, we suddenly see the Australian Labor government say: ‘You know what? Everything’s up for grabs. We can’t control the fact that unemployment is anticipated to increase now. We can’t control the fact that the budget is likely to go back into deficit. We can’t control the fact that we as a government are going to start building up debt again.’ The Australian people should not be surprised, because Labor have form.

We do not have to hark back to 13 years ago when Labor were last in power; we can talk about what Labor do at a state level. They have been in power across this country in every state government for about a decade. What is their track record at a state level? This is the same party that controls the economic levers of this country today. I will tell you about Queensland. In that state there is nearly $90 billion of public debt, accumulated by that one state government alone. That is their track record. In New South Wales what is the situation? We know that the forecast for the New South Wales state budget next year is a $1 billion budget deficit. That is Labor’s track record at a state level. In fact, in every state where Labor are in power they have completely mismanaged and destroyed their state economies, so it is no wonder that, in the face of this international economic tumult, we will see the Australian government make the problem worse. We will see this problem continue to get worse and we know that the Prime Minister says—

Mr Hale interjecting—

The DEPUTY SPEAKER (Hon. DS Vale)—Order! The member is entitled to be heard in silence.

Mr CIOBO—We know that the Prime Minister makes comments that it is not his fault. We know now it has suddenly all become the responsibility of the global financial crisis. So much for the end of the blame game. You can take that notion and throw it out the back door, as the Prime Minister is so fond of saying. That notion that the buck stops at the Prime Minister or that the Australian government is in charge of the Australian economy can go straight out of the back door because if there is one thing we hear time and time again from the Prime Minister and from the Treasurer it is that it is all the result of the global financial crisis.

Let me take this opportunity to highlight that it is not all a result of the global financial crisis. The package of measures that we are talking about today incorporates a number of payments—half the budget surplus—that the Australian government is about to spend across the Australian economy. Certainly, the coalition welcome some economic stimulus. Not for one moment does the coalition not believe that there needs to be an economic stimulus. What we are saying and our charge against Kevin Rudd, the Prime Minister, and the Treasurer, Wayne Swan, is that they are taking a bad problem and they are making it so very much worse. In the past when Australia faced, for example, the Asian financial crisis, do you know what
happened? Australia actually fared very much better than all of our regional counterparts. But in this circumstance we see the slow massaging of Australian public opinion by the Treasurer, who then turns round and says, ‘Look, the global financial crisis is very bad and it is likely to get a lot worse.’

Let us look at one of the key measures that the government took, which, of course, was the unlimited bank guarantee that the Prime Minister announced. What we know is that the Labor government initially came out and said that they would be seeking to guarantee bank deposits to the amount of $20,000. That was Labor’s policy position in the middle of this year—a $20,000 cap on guaranteed bank deposits. The coalition came out on 10 October and asked for that cap to be $100,000 because that, based on experience of the member for Wentworth, the Leader of the Opposition, seemed to be the appropriate amount consistent with the information coming from the financial markets and with past comments made by our financial regulators. Not to be outdone, the Prime Minister said: ‘Oh no, we won’t have a $100,000 cap; the Labor Party will have an unlimited guarantee.’ It was important to the Prime Minister and the Treasurer, Wayne Swan, to be seen politically to be outdoing the Leader of the Opposition. So they went out there and said: ‘You know what? We’re going to have an unlimited guarantee. That’s the best course of action for this country.’

What transpired after Labor adopted this position? We saw what was a bad problem in this country get so much worse. That is what we saw transpire. In their recklessness and in their bungled attempt to fix this problem, we saw this bungling Labor government, with very little economic experience, take a bad problem and make it so much worse. What we saw was a rush of funds from those previous market linked investments back into the safe haven of the banks. Because the same risk rating is now in place for building societies and credit unions, they are out there in the marketplace providing very high deposit rates because they can take a riskier profile now that they are government backed. Those are two immediate examples of what we have seen.

The impacts of this government’s bungling are still only just beginning to be felt. Following the decision of GE Money and GMAC to pull out of car financing, as a direct result of this government’s bungled attempt with their unlimited guarantee, the Motor Trades Association of New South Wales has said it anticipates that 40 per cent of all New South Wales car retailers will go to the wall by Christmas. It forecasts that 30,000 jobs will be lost in New South Wales as a result of this government’s bungling of the bank guarantee. The government have the audacity to come into this chamber and claim that they are concerned with economic security. What about job security? Is there any bigger and more important guarantee of economic stability than having a job? That surely has got to be the most significant guarantee that exists.

Under the Labor Party, we know that the forecast for unemployment—in stark contrast to the coalition’s track record of performance—is not for a decrease in unemployment but for an increase in unemployment. That will be the track record of this Labor Party. We know already that the forecasts for unemployment continue to creep higher and higher. The Deputy Prime Minister will not even utter what the forecast is. The words cannot pass her lips. What we know from the forecasts—and there are a range of forecasts—is that unemployment is anticipated to reach six per cent on some forecasts, seven per cent on other forecasts and eight per cent on other forecasts that I
have seen in the media—right through to, for example, JP Morgan’s forecast, which is that unemployment in this country will hit 10 per cent. I sincerely hope that that is not the case. But let it be said that there are economists out there forecasting that Australia’s unemployment rate could, sadly, once again, hit 10 per cent—and it is little wonder when we see 30,000 jobs in one industry in one state alone being directly threatened as a result of this government’s bungling of the unlimited guarantee.

Westpac is on board. The CEO, Gail Kelly, came out and said that she supported the Leader of the Opposition’s call for a $100,000 cap on bank guarantees. Had that $100,000 cap been put in place, none of these ramifications that we are now seeing would have taken place. There would not have been the rush of money from the market linked investments into the banks. There would not have been the closure of GE Money and GMAC. These occurrences have all been the result of this government’s bungled introduction of the unlimited guarantee, and that would not have happened if the $100,000 cap had been in place.

As shadow minister for small business can I say that the impacts of this are wide reaching among the small business community as well. Some of the principal drivers and funders of small business credit are market linked investments. Market linked investments provide much of the money that the small business sector use to finance their cash flow. As a consequence of this government’s bungling of the guarantee, we are now seeing that the small business sector do not have anywhere near the same access that they had to small business credit that was provided from those market linked funds. The impact of that is yet to be felt. The beginning of that impact is now emerging, but the true and full extent of that impact is yet to be felt. What we know is that Australia’s 2.2 million small businesses employ around four million Australians. As that credit dries up and as businesses in this country struggle, let me assure you that the unemployment rate will continue to go up. It will not be 400 people in a factory, which seems to be the only pressure that Labor responds to. It will, unfortunately, be one or two people in each of several thousand small businesses across this country, which will drive our unemployment rate up by thousands, if not tens of thousands. That will be Labor’s legacy as a result of their bungling of the government guarantee.

I would like to touch on some other measures as well. This government likes to claim that as a result of its economic stimulus package we will see funding of about $4.8 billion for pensioners, carers, senior health care card holders and veterans; $3.9 billion for families; $1½ billion for first home buyers; and $187 million for training. That might be good for some, but what compassion do we hear from this government, for example, for the many self-funded retirees and partial pensioners who live in my electorate of Moncrieff? These people are relying on their investment income. These are people who are not beneficiaries of this stimulus package that the government is putting forward but people who rely on the interest that has accrued on their investments, which, in the main, are invested in market linked funds. What have we seen? We have seen a record number of these market linked funds frozen as a result of this government’s bungled introduction of the unlimited guarantee. All of a sudden, partial pensioners and self-funded retirees are having their income and their ability to redeem their cash frozen as a result of this government’s bungled attempt with their bank guarantee.

What did we expect to see from the government? Rightly, we expected to see some compassion, we expected to see some leader-
ship and we expected to see some ‘decisive
decision making’—as they are so fond of
saying over there. But what did we see? We
had the spectacle of the Treasurer of Aus-
tralia saying to self-funded retirees and partial
pensioners, ‘If you can’t access your cash, go
to Centrelink.’ That was the response. Labor
only made that comment after I questioned
the minister in question time in the House.
Prior to that they were blissfully unaware
there was even a problem. We had market
funds left, right and centre freezing redemp-
tions—freezing investment income. The La-
bor government was completely, blissfully
unaware of all this. I raised it in question
time. The minister gave absolutely no re-
sponse at all. Then, two days later, we saw
the Treasurer go out and say, ‘Look, if you
are doing it tough, go to Centrelink.’ If that is
the kind of economic leadership that the Aus-
tralian people can expect from the Australian
Labor Party then our problems are very seri-
ous indeed.

But there is more than that. I know the
member for Solomon made some comments
earlier about this problem all being started by
merchant bankers, so I would like to take this
opportunity, given that the member for
Solomon is still in the chamber, to educate
him a little bit about what actually caused
this problem. Far from being the Wall Street
crowd, it was in fact interventionist, left-of-
centre governments that created this whole
problem. The proof is very clear.

Mr Combet interjecting—

Mr CIOBO—I will educate the member
at the table as well. Let us explore how this
actually happened. There was a left-of-centre
President of the United States by the name of
Bill Clinton, who in 1991 was merrily issu-
ing press releases left, right and centre claim-
ing how wonderful it was that his left-of-
centre interventionist government was going
to ensure that lower socioeconomic people in
American society would be able to access
housing credit. They boasted it from the hill-
tops. The United States President was mak-
ing sure that Fannie Mae and Freddie Mac
would make credit available to those who
would not ordinarily be able to get the credit.
That is where it all started. Do not blame the
Wall Street crowd. If you want to blame any-
one, put the blame back where it started,
which was the United States President, Bill
Clinton, when he instructed Fannie Mae and
Freddie Mac to give money to those people
who ordinarily would not be able to apply
for it. So, if they want to know where the
subprime crisis started, let them look a little
further, let them dig a little deeper and let
them extend their brainpower a little bit fur-
ther to understand where it actually came
from, which was a no doubt well-intentioned,
left-of-centre, interventionist
government that thought that it knew best.

Any time this left-of-centre crowd starts
thinking that they know better than the mar-
et, we see the implications of their deci-
sions. The more that we see these interven-
tionists stick their noses into the market-
place, the more we see the long-term conse-
cquences of their decisions. It is that same
kind of flawed logic where the government
thinks that it knows best. It stepped in to en-
sure that it would fix the bank guarantee
problem, and we saw all the consequences
flow as a result of that intervention as well.

Increasingly, despite the rhetoric of the
Prime Minister, who talks about ‘extreme
capitalism’ and ‘extreme greed’ and all of
these kinds of things, we actually know that
the people the Australian people should be
most afraid of are those well-intentioned in-
terventionists from left-of-centre govern-
ments who take a bad problem and make it
so very much worse. In the same way that
that has occurred in the United States, it is
now unfortunately occurring here in Aus-
tralia. The coalition certainly supports the no-
tion of there being an economic stimulus package. I am pleased that there is money going towards pensioners, carers, Commonwealth seniors health card holders, veterans, families and some first home buyers, but what is clear is that, in the same way that this government has form when it comes to making a bad problem much worse—for example, the bank guarantee—this government’s attempts to blow half the budget surplus in one fell swoop with no economic modelling is very likely to make a bad problem much worse. I look forward to hearing what the government’s response will be.

Mr ZAPPIA (Makin) (12.03 pm)—I welcome the introduction of the Social Security and Other Legislation Amendment (Economic Security Strategy) Bill 2008 and cognate bills, which put into place some of the Rudd government’s key measures. If time permits, I will respond to some of the nonsense I have just heard from the member for Moncrieff, but quite frankly I want to put my own case first and then I will see how my time goes. In summary, these measures will deliver $4.8 billion for an immediate down payment on long-term pension reform, $3.9 billion in support payments for low- and middle-income families, $1.5 billion to assist first home buyers and $187 million to create 56,000 new training places in the year 2008-09. The package also brings forward the commencement of investments in nation-building projects to 2009. For pensioners, including age pensioners, veterans, disability support pensioners and carers, the $4.8 billion will from 8 December provide a payment of $1,400 for single pensioners and $2,100 for couples. For people receiving the carer allowance, it means a payment of $1,000. The $3.9 billion family payment package will provide financial support to around two million Australian families, with a one-off payment of $1,000 for each eligible child of families who receive family tax benefit A. The package also includes payment to families of another 220,000 dependent children who received youth allowance, Abstudy or a benefit from the Veterans’ Children Education Scheme.

In my electorate of Makin, the Rudd government’s Economic Security Strategy will benefit over 14,000 age pensioners, around 5,000 disability support pensioners, around 900 self-funded retirees who hold a Commonwealth seniors health card, around 2,000 service pensioners and war widows, almost 3,000 carer allowance recipients, around 800 carer payment recipients and almost 13,000 families who receive family tax benefit A. Contrast this with the proposal that had been put up by the Turnbull led opposition, in which some 2.2 million pensioners would have received nothing. Furthermore, in my electorate, which has a very high proportion of young people, raising the first home assistance grant from $7,000 to $14,000 and to $21,000 for newly constructed homes will bring welcome relief to many young people and to their concerned parents. Not surprisingly, the Rudd government’s Economic Security Strategy has been enthusiastically received by the majority of people I have spoken with.

The financial turmoil we are seeing throughout the world is likely to be a once in a lifetime experience for most of us. As some have already observed, it is a crisis largely brought about by greed—not only the greed of individuals but equally the voracious appetites of corporations to increase their market share by whatever means they could, to the point that many of them acted recklessly and callously. In doing so, they drove the economy to an unsustainable level, which many economists predicted would reach breaking point. Sadly, they were proved right. Consumers and businesses were taking on debt that they could never repay, creating a domino effect which has resulted in the
financial shake-out that we may still have not seen the last of.

I want to make two points about the global financial turmoil. The corporate greed and the obscene payments being made to corporate CEOs in recent decades is a matter I briefly referred to in my first speech in this place and a matter which should have been more publicly exposed and on which action should have been taken years ago. I say that because the performance of those CEOs never justified the payments they were receiving. That point has been exposed in recent months. Many of the financial institutions that have crashed in recent times were some of the very corporates that were paying their CEOs and board members more than generous remuneration. It was a combination of negligence, incompetence and recklessness and those responsible were in turn generously remunerated for it. If they had been competent and worth the remuneration they received they would not have allowed their organisations to become vulnerable. In any other situation those same people would have been dismissed or even prosecuted.

The question of prosecution is the second point I wish to make about the global financial turmoil. Many of the actions of these corporations were taken by board members and senior executives who knew they were passing on bad debts to others, who knew they were giving loans to consumers who could not repay them and who knew, or at least should have known, that the nature of their business operations was unsustainable. At best it was moral fraud and at worst it was criminal fraud. Many of the victims have been left shattered, have lost their life savings and have been left emotionally and financially bankrupt. Yet many of the executives responsible have walked away with golden handshakes when they should instead be facing criminal charges.

On that matter I want to quote from an article which appeared in the Australian on Wednesday, 8 October. It is written by Susanne Craig from Washington, and I suspect the article was a take-out from the Wall Street Journal. I quote on the matters of the corporate payments that were being made and on the issue of prosecution. The article says:

Lehman Brothers agreed to pay a total of more than US$23 million … to three executives leaving the securities firm just days before it collapsed.

… … …

The disclosure came as a House committee grilled Lehman chief executive Richard Fuld Jr and painted a picture of a financial firm that operated like a casino run by greedy executives.

The article goes on to say:
Meanwhile, lawmakers estimated that Mr Fuld pocketed roughly US$480 million in pay since 2000.
He in turn suggested that it was only US$350 million. That is just one of many examples I could quote where senior executives have been paid ridiculous amounts by the organisations for whom they work when, in fact, the organisations did not perform to the standards expected by their shareholders or by the broader community.

I now turn to another article in the same paper of the same day, written by Amir Efrati and Susan Pulliam, relating to the question of criminal charges. The article says:

At least three US attorney offices are probing whether Lehman Brothers misled investors before its bankruptcy filing, as pressure grows to hold individuals accountable for the financial crisis.

It goes on to say:
… was Lehman saying publicly that its financial condition was sound while acknowledging behind the scenes that its situation was dire?

The article goes on further to say:
The US attorney’s office for New York’s Southern District, in Manhattan, is investigating whether
Lehman valued its assets at artificially high levels …

The last quote I will read from the same article is:

The US attorney’s office in New Jersey is investigating whether Lehman misled New Jersey’s pension fund when it provided information about its financial health in connection with a US$6 billion stock offering in June. New Jersey invested US$180 million in the offering. Its loss on the investment is about US$116 million …

In other words, about two-thirds of the money was lost. I quote those articles because I believe they reflect a much wider problem that exists in the corporate world. I am sure that many of those same accusations could be levelled against many of the other firms that have since also crashed. For those reasons I believe the executives and the boards that, through their recklessness, are responsible for those kinds of outcomes which cause hardship, suffering and misery for others should face criminal charges. That would be one of the regulatory responses that world governments should consider in the wake of what has happened because that would be in my view one of the best forms of regulation—to make people accountable for their actions.

Thankfully Australia’s regulatory system, overseen by the Australian Prudential Regulation Authority, has ensured that Australian financial institutions have operated much more responsibly than many of their overseas counterparts. The strength of our key financial institutions, combined with Australia’s strong economy and the Rudd government’s responsible economic strategy and good fiscal policy, has meant that Australia is in a much better position to weather the financial turmoil than many other countries. But when you operate in a global economy, as Australia does, you cannot make your country entirely immune from the overseas financial turmoil. The recently released Mid-Year Economic and Fiscal Outlook confirms that. But what the Rudd government can do and has done is to act decisively with a package of measures directed at stimulating the Australian economy.

The Rudd government has acted decisively to guarantee all deposits held in Australian owned banks, Australian subsidiaries of foreign owned banks, building societies and credit unions. The Rudd government has acted decisively to make available to Australian owned banks, Australian subsidiaries of foreign owned banks, building societies and credit unions a guarantee on eligible wholesale borrowings. The Rudd government has acted decisively and announced the direction to the Australian Office of Financial Management to purchase residential mortgage backed securities from a wide range of Australian lenders in initial tranches totalling $4 billion. The Rudd government has, furthermore, determined that an additional $4 billion of funding is required for the purchase of residential mortgage backed securities from Australian lenders who are not banks, building societies or credit unions. And the Rudd government has acted decisively by providing the $10.4 billion Economic Security Strategy contained in these bills.

At a time of financial turmoil and economic uncertainty right across the world, the response from the Rudd government to calm the nation, to restore confidence in Australia’s financial institutions, to ensure Australia’s economy remains sound and to ensure that Australians can continue to look to the future with optimism should be commended. Not surprisingly, it has been, by most objective commentators and by the majority of the Australian people. This is a response which demonstrates the Rudd government’s sound economic judgement, financial competence, foresight and leadership. It also demonstrates the Rudd government’s understanding of and concern for the needs of all Australians.
It was the Rudd government that framed the May budget and it was the Rudd government that responsibly set funds aside for contingencies. It was the Rudd government that set aside $40 billion into future funds for education, health and infrastructure, and it was the Rudd government that brought in a responsible level of tax cuts for Australian taxpayers. It was the Rudd government that had the foresight to frame a budget which enabled it to release the financial package we are now debating. Had the Rudd government been reckless with its first budget, these measures would now not be possible. It was not luck, as the Deputy Leader of the Opposition implied in an address on an earlier bill; it was good fiscal management by the Rudd government—and the money needed to fund this package would not be there if the opposition members had had their way, because they opposed a number of the tax-raising measures that were proposed in the budget. Had they had their way, they would in fact have wrecked our budget surplus, at a time of great economic difficulty. But, thanks to the Independent senators, the opposition have not been able to totally obstruct the first Rudd government budget.

Governments are elected to deliver the best possible outcomes for the people they were elected to serve. The test of good governments is how they manage that responsibility when times are tough and difficult decisions need to be made. The Rudd government has, through its series of responses to the global economic challenges facing Australia, demonstrated that it has the leadership, the competence and the resolve to steer Australia through these tough times and that it will not be sidetracked by the political stunts of the opposition. In the time I have left, I want to talk briefly about some of those political stunts.

It seems that the opposition, on the one hand, support this economic package but, on the other hand—from listening to the speakers that have debated this matter so far—oppose most of what is in it for one reason or another. They offer support for it in one breath and then criticise it in the next. They offer support for measures one day and then criticise those same measures in the parliament the next day. As the member for Solomon quite rightly pointed out, the Leader of the Opposition, the member for Wentworth, comes into this place and talks about bipartisanship and support for a number of these measures and then sends members of his own party out to do media interviews criticising the package and the people who were behind putting the package together. You cannot have it both ways. I understand why they do that. They do that because they know full well that this is a responsible package. They know full well that it is a package that has been embraced by the Australian people at large. They know full well that it is the kind of package that is required in these very difficult times—and they want to take some credit for it in one way or another. The truth of the matter is that they cannot take credit for it if they are going to criticise it, as they continuously do, and they cannot take credit for it when the fact is that it is a package that was put together under the good economic management of the Rudd Labor government.

I want to talk briefly about that very point, because speaker after speaker from the opposition has come into this place and talked about how this is only possible because of the strong economy that was left to the Rudd government by the previous, coalition government. If the economy that they left to this government was so strong, why did they leave a housing market in crisis? It was in crisis when the Rudd Labor government came to office. Why did they leave a health system in crisis around Australia, why did they leave an education system that was shameful when compared with education...
systems around the world and why did they leave the infrastructure bottlenecks that this government is now having to fix? If the economy was so strong, why did we have all of those problems? And, if the economy was so strong, why did the Australian people turf out the coalition government in the last election? It is because they understood that those problems were out there in the community and they understood that the previous, coalition government could have done something about them but did not. That is the first point.

The second point is that the opposition come into this place week after week and blame this government for all of those same woes. They talk about the health system, they talk about housing, they talk about education and they talk about infrastructure. If it is good enough for them to accuse the Rudd government of being responsible for all those things after only a few months in office, then they have to be consistent and at least give the Rudd government credit for the budget it set in May. You cannot have it both ways. You cannot criticise the government for the things you want to and then not give the government credit for other things they are also accountable for and responsible for during their term in government.

The truth of the matter is that the Rudd government could have put together a budget in May that would not have allowed any of this funding. We could have spent all of the money that was available to the government and not held back a surplus. The government did not have to put money into infrastructure, education and health funding for the future, but it did. It did so because it is a responsible government, with the full knowledge that it had to act responsibly in ensuring the security of the future for all Australians—and that is what it did.

The other comment that I want to respond to is one that is consistently raised—and it was raised again by the member for Moncrieff just a moment ago—about how this package does little for the businesspeople of Australia and in particular the small business people of Australia. I was a small business person before I came into this parliament. Like most of the other small business people around Australia, I have a family and children. There are children of families in small business who will benefit directly from this package. But, just as importantly, this package is about stimulating the economy. If the economy remains strong then the opportunities for businesses will remain strong. So for members opposite to come in and say that this does nothing for small business is absolute nonsense and shows how little understanding they have when it comes to managing an economy.

I will finish by talking about a couple of other comments. Just before I do, I want to respond to something else that the member for Moncrieff said in comments about bank guarantees and finances under state Labor governments. In terms of the bank guarantees, had the Liberal Party had their way, 40 per cent of deposits in funds would not be guaranteed, and that includes funds owned by those self-funded retirees that the member for Moncrieff was alluding to. I can assure him from my discussions with people in my community that people out there were not happy about having the limit at $100,000 only.

Secondly, he talked about the financial woes of the states. Perhaps the member for Moncrieff is not familiar with South Australia. When the Labor government in South Australia came to office in 2002, the financial situation of our state was not terribly good. It took a Labor government to bring the finances back to a level where the government now has a AAA rating. (Time expired)
Mr BROADBENT (McMillan) (12.23 pm)—I rise to speak to the Social Security and Other Legislation Amendment (Economic Security Strategy) Bill 2008 and related bills. The bills will provide for Economic Security Strategy payments to be made to pensioners, seniors, people with a disability, carers and veterans. The bills will also provide for Economic Security Strategy payments for families with dependent children.

While the opposition supports this strategy, it comes after some doubt and concern across the parliament, particularly on the government side, that pensioners would ever get relief from the ever-increasing cost of living, including high fuel prices, increases in the price of food and increasing inflation across all their outlays. At a time when the cost of living has been exacerbated by the ever-developing financial crisis sweeping the world, these payments have been called a one-off. The Treasurer, Wayne Swan, in the past called the Howard government’s one-off child payment in 2004 ‘irresponsible’ and ‘bad social policy’. Entering into government at the last election, this government has found—and the member for Makin may have missed this—that governing is not as easy as it looks to be from opposition.

These pension payments in this package do not include any consideration of the base rate. No doubt pensioners will welcome this payment, but what will happen in the longer term? How will pensioners cope with future cost of living increases? The coalition took steps to address this issue as far back as September with a bill introduced into the Senate. The bill was a first step in a coalition policy regarding pensions, income support, veterans support—and I know, Madam Deputy Speaker Vale, that you are very close to veterans issues—and carers. This was to be developed over time. From the opposition’s point of view, assisting pensioners was an immediate priority—a priority at the time ignored by the Rudd government until it was shamed into it by the circumstances of the day and the urging of the coalition, its leadership and its members across Australia. Over 928,000 pensioners, including 857,000 single age pensioners, 700 widow B pensioners and 70,900 single age service pensioners, would have stood to gain a financial boost from the coalition’s bill had it been taken up by the government.

Australia’s pensioners cannot wait for a Prime Minister who is content in every area to establish yet another review before acting. Being the Prime Minister and being in government mean actually having to make decisions on behalf of the nation, having regard to the best policy outcome that we can get for the funds that are available to us. We say that from little things big things grow. Policy takes time to develop. But the government said that they had a plan. When it comes to implementing their plans to do with our economic wellbeing, it is up to the opposition to at all times take careful account of what the government are doing on a daily basis. Of course we broadly support the government in this financial crisis and with the difficulties that are facing them today, but in turn we must demonstrate our active intention to hold the government to account for all the decisions that they make.

We are going to be talking about another Prime Minister through this week, one who demonstrated a great ability to make decisions, though he was not of my political persuasion. Andrew Fisher, whose 100th anniversary as Prime Minister we celebrate this week, was a former miner from Ayrshire who became the first Prime Minister of a majority government. He left school early to work in the coalmines of Scotland, educating himself at night. He benefited through the miners of the time, who decided that they would give the opportunity to younger, brighter miners
to be educated to take on roles that were previously prohibited, examples being engineers, accountants, mine managers and engine drivers—not train engine drivers but mine engine drivers. Andrew Fisher grasped the opportunity, educated himself and achieved great things, as David Day has written in his recent book entitled *Andrew Fisher*. He served ‘three terms from 1908 as Prime Minister, serving Australia longer than John Curtin, Ben Chifley, Gough Whitlam or Paul Keating’ and ‘he launched a massive nation-building program, which included the establishment of the national capital, the Commonwealth Bank, a transcontinental railway line’ and old age pensions—one of the issues that we are debating today.

And now, as we fast approach the end of the year and our thoughts turn to the celebration of Christmas and all that it encompasses for our families and for the communities we serve and are part of, I realise—of course, it is the realisation of all members of parliament—the great gift that education has bestowed on the generations of our children. As I move around my electorate of McMillan, I cannot fail to recognise the commitment of teachers, the enthusiasm of the students and the ongoing support from parents and families. At this time many families across the world will look forward to celebrating Christmas, but many will not be able to celebrate their children having the education opportunities that we enjoy in Australia. We live in times of financial difficulties and worry, but we must not forget the great advantage of living in this great south land—Australia.

Today I remember the gift of education that empowers our children and, therefore, the nation. The most precious gift we give our children is an education. Nations have successfully evolved, despite opposing forces, by giving the peoples of the world the freedom gained by the provision of a free education. Nations have been empowered, oppressed minorities have been unshackled and the poor have been enriched as education and knowledge release the generations of our youth to a future of hope where there was hopelessness and opportunity where there was none. The barriers to a life of wellbeing, increased wealth and life expectancy are broken by the universal engagement afforded through our education system. Even the opportunity of a minimal education can and has in the lives of many, including the rich and famous alike, ignited the fulfilment of astonishing stories—stories of overcoming deprivation, disadvantage and disability to achieve merited acclaim.

We in this House and we as a nation cannot know, nor can we tell, which students will claim a mantle of success or who will turn a dream into a reality. But there is one thing we can do: we can give each child in our care the basic opportunity to reach their full potential and, in turn, become a gift to this nation. And so I turn to a negative action of the government. I am perplexed and surprised that the Minister for the Environment, Heritage and the Arts, Mr Garrett, has axed the Australian National Academy of Music in Melbourne, removing its funding. It is one of our centres of excellence. Once the Australian National Academy of Music is gone, it is suggested, there will be nowhere for Australian elite musicians to go except overseas—away from this country.

Labor’s decision to axe this funding demonstrates that the Rudd government has no commitment to an elite training institution for classical musicians. It is not distanced from us ordinary members of the public, who will never reach these great heights in a particular field. But we believe that, through our taxes, we can invest in people with amazing talent. Money is being thrown around like confetti by this government at the moment—in my humble opinion, in many areas it is
being thrown in the right direction to support people who need support right now and to support organisations that need support—and very difficult decisions have been made. But why, for $2½ million, would you have a crack at a group like this? I can tell you one thing: we would not do it to a sports academy in this country. Shadow minister Steven Ciobo said, ‘Whether they are elite sportspeople or first-class musicians, Australia’s best and brightest deserve an academy of excellence in which to pursue their passion.’

Mr Debus—He’s not taking the money away, you know. He’s just rearranging things.

Mr BROADBENT—He is rearranging them out of the area—that is what he is doing. In their first budget, Labor cut funding to both Chamber Music Australia and the Australia on the World Stage program. There is also funding for the Regional Arts Fund. I will interrupt myself here to say, with regard to that interjection, that it is not a matter of just rearranging the funds if you are removing a service from a particular area, which is the outcome of what is happening here. Whether it is an attack on Victoria or whether there is something behind this that I do not know about and that Mr Garrett has yet to explain I do not know, but what I do know is that there are as many on the government side who are discomfited about this issue as there are on this side of the House. So, when ministers or those at the table decide to interject, let us be reasonable and fair about exactly what is happening here. I have been in this place in opposition before today; I have been here in government. I know there can be a dyspeptic relationship between the backbench and the frontbench and those in between. The frontbench can become vastly distanced from the backbench. It is up to both sides’ frontbenches to listen to their backbenches, and I think that, if Mr Garrett spent a bit of time with his backbench, he would find that this $2½ million could be best rearranged and reafforded back to this centre of excellence. They have already cut funding to both Chamber Music Australia and the Australia on the World Stage program. The Regional Arts Fund has been reduced from $16.4 million to just $11.7 million, and in this process we are losing our best.

If you want to talk about losing one of our best programs—I appeal to the frontbench and backbench of the Labor Party on this—then one of the great programs that the Howard government put in place was Investing in Our Schools. I know the current Labor government will say: ‘Look, you were only propping up the states. That’s all you were doing. You were propping up the states who were failing in their processes to fund education properly.’ The Investing in Our Schools Program in McMillan was the best thing that happened to schools in my electorate. Did we make some mistakes? I am sure we did. I am sure there were some schools that were funded and then closed and that a few things went wrong. But basically we took away that burden from parents and school communities to have to raise those funds for the shadecloths and the playgrounds and all those wonderful refurbishments they did at their schools—especially our small country schools.

I come from a rural electorate. The member for Gippsland is in the room and he would know exactly what was provided in Gippsland and in McMillan and the benefit to all of those communities. Everywhere I go, principals are still saying to me: ‘What a great program. I’d love you to come along and have a look at what we’ve done. Have a look at the other money we included to go along with Investing in Our Schools money. It’s a great program.’ The member for Makin may smile, because he is getting the benefit at all of his schools, and it was provided by
the Howard government. Go and talk to your schools about the Investing in Our Schools Program and you will find that the benefit to them was not about politics; it was a great opportunity for this government to invest in our children.

I have just been to the opening of the drill hall at Korumburra. The government now has the infrastructure fund, and $200,000 was put into refurbishment of the drill hall. It was promised by the former member for Gippsland, Peter McGauran, and was delivered by the current member for McMillan, Russell Broadbent, but it came from the infrastructure fund. Fifty thousand dollars would finish that drill hall, yet so far the government has not announced one program to which these great people in Korumburra could apply to just finish the kitchen and the meeting rooms in the drill hall. It is a fantastic program. A lot of community work and effort, as well as a lot of in-kind contribution, has gone into that drill hall. It was a great opening the other night. I enjoyed having the first dance with Jennie Deane on the drill hall floor. The Victoria Police Band was there for the opening. It was a gala event for Korumburra, and it was a great investment. I would encourage the government to look closely at how it is going to fund local organisations. I know we have a national crisis on our hands with regard to the finances of this nation. At the same time, the outlays that can help small communities like Korumburra if we invest, say, another $50,000 will make a lot of difference.

I want to address the funding for coordinators of Landcare. Most of them are volunteers. An army of volunteer labour is slowly dissipating. We are losing talented and knowledgeable people because of the lack of money to coordinate this program. It is a most effective and worthwhile program; it is very cheap to run and the results far outweigh the costs. One of the great stories of the Howard government was its investment in the environment through all of the Landcare providers. I have been on a tour just of parts of my electorate where you see magnificent work done. I am sure there is not a member in this House who does not have a good story about Landcare. I think it is something in which the government needs to invest. One of my pets is that one day there will be no ocean outfalls and that one day our investment in trees will continue. We need to regreen this nation. We need to regreen the southern part of the nation.

Regarding the provision of adequate broadband, the lack of government progress on this is causing hardship across a lot of country areas—around rural areas especially. Parts are not serviced by cable or ADSL and still rely on dial-up. It is totally outmoded, and in the most extreme circumstances their only option is to go for satellite, which is subsidised by the government. That was an initiative of the previous government. Even that is suffering, with providers having issues themselves.

Health and ageing is very important. With the financial crisis, there is the deposit guarantee for the holding of bonds of amounts over $1 million. That amount of money is held by aged-care facilities on behalf of their clients. In most cases they will now attract the charge that will come for the prudent arrangements that the government is putting in place—the charge on amounts of funds held over $1 million. This needs to be looked at. Perhaps they can be corralled or provisioned elsewhere. Aged-care homes, even the smallest, would often hold over $1 million in aged-care bonds, so the government needs to look closely at that area and the effect that will have on small, not-for-profit aged-care facilities. We have received an answer back, but there is really no answer as to how the government will respond to that issue.
Pensions are on the long-term agenda. We need to cover the confusion as to when pensioners will get a rise in their pensions. The Rudd government has instead provided for a $4.8 billion one-off payment to the four million pensioners, carers and seniors, and yet a headline in the *Age* today was about the financial crisis hitting by Christmas. I do not believe that most of these people will be spending this money; they will be paying off debt—they will be paying off accounts and bills that they have not been able to pay at this stage. So, whilst the package for pensioners is important, particularly across my electorate there have been some difficulties. This has been an issue. The day-to-day costs are probably the most difficult.

The May budget, as outlined by the member for Makin, turned out to be wrong on inflation and wrong on interest rates. We were not to know at that stage that we were about to be hit by a financial tsunami. That has hit and it grows. We have to remain positive because Australia was left with a very strong economy by the Howard government. Mr Deputy Speaker Bevis, I want to leave you with this: without the fiscal responsibility of the Howard government, we would not be in the position that Australia is in today in order to face up to the consequences of the financial meltdown.

Mr COMBET (Charlton—Parliamentary Secretary for Defence Procurement) (12.43 pm)—The three bills before the House—the Social Security and Other Legislation Amendment (Economic Security Strategy) Bill 2008, the Appropriation (Economic Security Strategy) Bill (No. 1) 2008-2009 and the Appropriation (Economic Security Strategy) Bill (No. 2) 2008-2009—deliver the $10.4 billion Economic Security Strategy that was announced by the Prime Minister and the Treasurer last month. The strategy is unashamedly aimed at trying to protect the Australian economy as far as is possible from the impact of the global financial crisis. The government is taking action to strengthen the Australian economy with five key measures contained within these bills. Firstly, there is $4.8 billion for an immediate down payment on long-term pension reform. Secondly, there is $3.9 billion in support payments for low- and middle-income families—the people who need that support the most. Thirdly, there is $1.5 billion in investment to help first home buyers purchase their first home. Fourthly, there is $187 million to create 56,000 new training places in 2008-09—a huge commitment. Finally, there is the acceleration of the implementation of the government’s three nation-building funds and the bringing forward of the commencement of investment in nation-building projects to 2009. That, on any measure, is a significant package of support for the Australian economy, designed to support jobs and economic growth.

The legislation that the House is debating goes to the first four elements of that particular strategy. The fiscal stimulus is clearly needed in these very difficult financial times to ensure that demand in the economy is sustained as strongly as possible. Even though the fundamentals of the Australian economy remain sound, it is inevitable that the loss of confidence and willingness to provide credit that has been caused by the global financial crisis will continue to impact on Australia.

It should be noted, particularly in response to some of the comments I heard from the member for McMillan only a moment ago, that the government is only able to provide this $10.4 billion injection because, in the preparation of the last budget in May, it reintroduced discipline to the budgetary process, whereas the former government had a very poor level of fiscal discipline with unsustainably strong growth in government expenditure. Difficult decisions were made. A $22 billion surplus was delivered in the May
budget and it is only because of the hard work that took place in the development of that budget that we are now able to ensure that the government can provide this package in economic security.

The Social Security and Other Legislation Amendment (Economic Security Strategy) Bill 2008 will deliver immediate and much needed financial support to pensioners, seniors—including self-funded retirees—people with disabilities, carers, veterans and families with dependent children. The scope and breadth of this package is unprecedented. The financial support to pensioners, carers and seniors is in the form of a $1,400 payment to singles and a $2,100 payment for couples. The payments will be delivered in early December, only several weeks away, easing some of the extra financial demands that occur at this time of year. It is worth noting that the payments to pensioners also constitute an immediate down payment on long-term pension reform, something that the previous government failed in 12 years to deliver. The payments to pensioners will also provide relief until more long-term measures are delivered next year.

In my own electorate of Charlton—and a number of other speakers have commented on the significance of this package to their own electorates, including some of the speakers opposite, who sound as if they oppose the package but welcome the payments—this package means that 25,000 pensioners will enjoy these one-off payments. I think that the member for McMillan, the previous speaker, said that the government was somehow shamed into making these payments and did nothing in the last budget. It is important to recall a couple of things. Firstly, the previous government failed in 12 years to engage in long-term pension reform. Various bonuses were paid but no structural improvements were made to the pension system. They did nothing. It is worth reflecting on the reasons why, after 12 years of the previous government, so many pensioners are doing it so tough. It is because the Liberal Party failed in government to deliver sufficient support for the pensioners in our community. That is the evidence; it is incontrovertible. The evidence is also that in the lead-up to and in the May budget this year this government did support pensioners with the payment of an additional bonus and also committed to a long-term pension review. I will say more about that in a moment.

It is indisputable that working families and other households are being squeezed by higher living costs and by the effects of the global financial crisis. The Economic Security Strategy and especially the social security bill will deliver relief to people. Unlike the previous government, we are committed to supporting working families and pensioners. Furthermore, unlike the opposition, we will, as I said a moment ago, undertake long-term reform of the pension which will be based on a sound analysis of the issues accompanied by rational, thought-out policy prescriptions.

The opposition’s attempts in this field in more recent months have been farcical. At any particular time, there were several different policy proposals flying about. The suggestion that a $30 increase in the pension was not funded and was discriminatory in how it was applied was purely a piece of political theatre. The government, in contrast, is doing the detailed work of looking at long-term pension reform. But the opposition’s policy was also incredibly divisive on the issue of the pension. The opposition’s proposal excluded two million carers, people with a disability and married pensioner couples—a ridiculous position to put forward. Under Labor’s Economic Security Strategy, over 5.2 million pensioners, carers and families will receive one-off payments. In contrast, the coalition’s pension proposal would
have excluded over 4.3 million people in the categories that the government is making payments to. 5.2 million people are eligible for payments under our package; 4.3 million of those would be excluded by the coalition’s pension proposal.

Under the government’s package, for the first time the lump sum payments are being extended to include disability support pensioners. This neglected group of pensioners often face pressure as great as if not greater than other recipients of government support. It is lamentable in the extreme that disability support pensioners were ignored under the previous government on a consistent basis. The support for pensioners in this package is worth $4.8 billion and complements the $7.5 billion in support provided in the May budget. Since the election of this government in November last year, there has been no less than $12.3 billion in additional spending on pensioners, seniors and carers. That is extremely strong evidence of the commitment of this government and the values that it represents in supporting people most in need in the community.

Carers are not neglected in the package. People who receive the carer allowance will get a separate $1,000 payment for each eligible person cared for. Self-funded retirees in receipt of a seniors card will receive the $1,400 and $2,100 bonuses for the first time. The member for Moncrieff was carrying on in the chamber earlier on about the alleged exclusion of self-funded retirees from the government’s consideration. I would invite him and his colleagues to have a look at some of the details of the package, because self-funded retirees in receipt of the seniors card are eligible for the bonuses.

Families with dependent children will also be beneficiaries of the Economic Security Strategy package, and a payment of $1,000 will be made for each child who attracts family tax benefit part A. Again, in my own electorate of Charlton almost 12,000 families will be eligible for this important payment. We understand, of course, the financial strain that many working families are experiencing, and this will be of significant benefit. One woman who has three children rang my electorate office after the announcement of the package and her family is eligible under family tax benefit part A. Just imagine how important a $3,000 payment from government is for them and many others. The sociodemographic nature of my electorate means that many families will benefit from this payment in a significant way. The same $1,000 payment will be made for each dependent child who either attracts or receives youth allowance, Abstudy, living allowance or an education allowance under the Veterans’ Children Education Scheme or the Military Rehabilitation and Compensation Act Education and Training Scheme.

I turn to Appropriation (Economic Security Strategy) Bill (No. 1) 2008-2009, which is one of the bills before the House. The first appropriation bill seeks a total appropriation of $146 million, $117 million of which will be used to fund the 56,000 additional productivity job seeker places in this financial year. This funding is for training at certificate II, III and IV levels. In the next two years the government will fund an additional commitment of over $187 million to develop skills that Australian industry needs. I know from my own involvement in the defence industry just how absolutely necessary that investment by government is. This commitment doubles the number of productivity places from 57,000 places to 113,000 places this year alone and takes the government’s total investment in training places to more than $400 million since April this year. These, on any analysis, are very significant commitments made by the government to boost the level of training. With a slowing global
economy, ensuring that job seekers have access to as much training as possible that is relevant to the labour market is essential to supporting employment.

These new places will help maintain the momentum we have begun in training since the government assumed office almost a year ago. Increasing productivity and investing in skills is also central, of course, to the government’s longer-term economic platform. Almost 1,000 job seekers that were referred to training by employment service providers have already changed jobs under a number of the initiatives taken by the government to date. Included in the 56,000 places are 10,000 places allocated as structural adjustment places. These places will be devoted to providing retraining opportunities and targeted support to displaced workers. This is a very important commitment at times of continuing structural adjustment in the economy as it is inevitable, perhaps, that some industries will come under more competitive pressure due to the global financial crisis than others. In these industries it is vital that any worker who may be displaced be offered as much support as is possible and practical to establish the skills to attain employment in other parts of the economy. The cumulative impact of this measure is to take the Labor government’s commitment to the Productivity Places Program to more than $2 billion in financial commitment, thereby creating a total of 700,000 new training places over the next five years.

Appropriation (Economic Security Strategy) Bill (No. 2) 2008-2009 is directed at the third measure in the Economic Security Strategy, which is the extension of the first home owner scheme. This bill will appropriate $1.2 billion to introduce the first home owners boost. The boost will double the $7,000 grant first home buyers receive when they purchase an established home. Importantly, the grant for first home buyers who purchase a newly constructed home will be $21,000. This boost will apply to the end of the financial year and it will implement and perform two vital functions. Firstly, it will increase the affordability of housing for first home buyers in the market. Secondly, it will support demand in the residential housing industry. This is extremely important because, as many members would be aware, the indicators in the housing market are that levels of investment in the development of new construction are under pressure as a result of the credit crisis. Whatever the government can do to support demand in this important sector of the economy is surely an important contribution. Again, although I gather it is welcomed by some of the members opposite—or those I have heard speaking on these bills—you would take from the tenor of the argument that there is somehow some regret about it or indeed some opposition to it.

These are extremely important measures in difficult times like this when credit for the business community is difficult to attain. To sustain investment in the residential construction industry, it is very important that the government provides this form of support. It is estimated that over 150,000 first home buyers will benefit from this scheme. It will be part of the Labor government’s broader initiatives to increase housing affordability, and the policy initiatives on that front continue to include a National Rental Affordability Scheme to build 50,000 new affordable rental properties, a Housing Affordability Fund to reduce the cost of bringing new homes to the market and the first home saver accounts to encourage young people to save for a new home. By the way, these are proving to be popular in the Hunter region, where a number of the mortgage providers and banks are marketing them quite strongly.
Housing affordability is an issue that affects a great number of Australians and yet again the previous government ignored this pressure. The Labor government is committed to reversing that policy neglect and making housing more affordable for Australians. Affordable housing should be considered a right in our community and it demands the attention of government. How you could be in government for 12 years, neglect the rising pressures in the housing market and on housing affordability, see housing rates under such pressure and vacancy rates in the rental sector so low and rents climbing and ignore that as a public policy matter for 12 years escapes me.

At the time the first home owners boost is introduced it will help overcome some of the subdued demand in the housing market. According to the Australian Bureau of Statistics, lending for housing has declined this year by 26 per cent compared to 2007. That is a very worrying figure. The housing market is particularly subdued in the eastern states and is having a significant impact on economic activity. I know that in my home state of New South Wales this is particularly the case.

The global financial crisis will impact on this issue by reducing confidence and by restricting credit available to homebuyers. The first home owners boost will help address this issue—as I have described—as will the decision by the government to support competition in mortgage lending by directing the Australian Office of Financial Management to invest in AAA rated Australian residential mortgage backed securities in two initial tranches of $2 billion each. The residential mortgage backed security market is an extremely important market in the domestic economy in terms of raising funds that assist mortgage providers to make available the lending for people to buy homes. Once that residential mortgage backed securities market comes under pressure, and as a result less credit is available for home lending, it is inevitable that there will be great downward pressure on the level of lending for housing. The initiative by the government to make available two tranches of $2 billion each is already having an effect in restoring confidence in that market and enabling the availability of credit for mortgage lending.

Only by acting in a whole-of-government manner can we overcome these challenges and maintain confidence in the Australian economy. That is relevant to the final measure in the government’s Economic Security Strategy because we must look overall at the measures being taken by the government. The final measure involves the acceleration of the implementation of the three nation-building funds announced in the budget. This will bring forward the commencement of investment in a number of nation-building projects to 2009. At the moment ministers of the government are bringing forward their interim infrastructure reports so that work can commence in 2009 on projects in education and research; health and hospitals; and transport and communications. These nation-building projects will have two purposes, one short term and one long term. In the short term the early commencement of these projects will provide a significant stimulus to the national economy. In the long term these important infrastructure projects will begin to reverse the decade-long neglect of investment in infrastructure that we saw under the previous government. They will help boost the productive potential of the economy and contribute to Australia’s international competitiveness. The societal impacts will also be significant. By reinvesting in hospitals, schools and higher education institutions we will help build the social fabric—the social infrastructure—of the nation. These projects will improve the quality of life of working
families, and there can be no higher duty for a government than that.

In conclusion, the Economic Security Strategy will strengthen the economy in the face of the gravest global financial crisis since the Great Depression. It is naive to think that the present crisis can be limited to financial markets. The impact of the financial crisis is already being felt in the real economy, in diverse areas such as a loss of confidence, falling retirement incomes, declining commodity prices and restricted credit for business investment—it is a lengthening list. The Rudd government is acutely aware of the lessons of history. We know that strong, decisive action is required of governments in these circumstances. That is the commitment of this government. The opposition does not demonstrate any understanding of what needs to be done. The government intends getting on with the business.

Mr SIMPKINS (Cowan) (1.03 pm)—I welcome the opportunity to rise and speak on the Social Security and Other Legislation Amendment (Economic Security Strategy) Bill 2008, the Appropriation (Economic Security Strategy) Bill (No. 1) 2008-2009 and the Appropriation (Economic Security Strategy) Bill (No. 2) 2008-2009. It is important to be relevant and to the point in this matter. The government has committed to a $10.4 billion stimulation of the economy. That is about half the forecast surplus of around $21 billion. I wonder what Treasury recommended about this whole package. For some reason, what they specifically recommended has not been broadcast yet. Perhaps when the Prime Minister decides to make himself accountable and make a prime ministerial statement on this matter in this place some clarity will emerge about the matter. But the Prime Minister’s view of accountability has all the clarity of a Beijing day of haze and smog.

Questions to the Prime Minister do not seem to be answered anymore in this place. Indeed, they are met with indignation that the Prime Minister’s personal infallibility should be challenged. It would appear that the Prime Minister’s view is, ‘How dare the opposition attempt to analyse government policy?’ as if that is not an integral part of the parliamentary system. So I ask: why do we call it question time when the Prime Minister does not answer the questions and resents that they are even asked? Why don’t we just move to the Channel 7 option and name the period from two o’clock each day in this place An Audience with the Prime Minister?

What this is all about is an unbridled arrogance and contempt for the institutions of this great democracy by the Prime Minister. Yet, although my comments are highly relevant so far, I will return to this one-off economic stimulation package. I know that $1,400 will be made available to a range of pensioners and to those on various types of payments. For those receiving the carers allowance, a payment of $1,000 will be made for each person cared for. A payment of $1,000 will be made for each dependent child who attracts family tax benefit part A, and there are other payments to specific areas as well. I do not think there is any doubt that these one-off payments will be welcomed by those who receive them. A lot of the money will flow into the economy and I imagine that retail sales for Christmas will be strong. I think, however, that it is a good time to try to buy Australian made products and to keep more of the money moving around our own economy.

I would also reiterate the point made by others that I hope this money is put to good, appropriate and, of course, legal use. By that I mean that I certainly hope that the TABs do not get a boost immediately after the payments are made. Also, I am sure that the Minister for Health and Ageing would join
with me in hoping that alcohol sales do not rise more than is usually seen in the festive season. I would also like to think that drug dealers, those evil merchants of death, will not have a good week following these payments.

Consistent with my comments, I think the state governments should keep a careful watch on their lottery bodies to ensure that there is no Saturday, 13 December lotto superdraw—although, considering the dependence of states apart from Western Australia on gambling revenue, perhaps the states will encourage spending of these one-off payments through poker machines. Sadly, there are some people in this country who, unfortunately, hope they can win their way out of adverse situations by buying that lucky ticket.

Having pointed out some of the more negative effects that could come from this one-off outlay from the surplus, I would also state that it is always up to the individual what they spend their money on. Individual responsibility is, of course, always a Liberal Party tenet. Nevertheless, I will make some suggestions about what the money could be spent on. Parents could spend the money on their children—of course, on something which would be positive for the child. People could also pay off debt to help lighten the load of interest after these one-off payments are a distant memory. Pensioners could save the money so they do not have to go without the basics when that next big power or other bill comes in. But, as I said, my view remains that it is always up to the individual. Spend it or save it; if you spend it on goods and services, try to make it count for Australia. But, whatever you do, do not gamble it or spend it on drugs; just make it count in a good and positive way.

I have a personal view on these one-off payments. I think that lightening the load on Australians should have been achieved through tax cuts and reform of pensions and other payments. I reiterate that Treasury advice should have been followed on the amount that should be spent. Sadly, it appears that no modelling was done by Treasury, so the effects of the stimulus package—what impact it will have—remain a mystery in many ways. This is confusing when one considers that over 165 committees, reviews et cetera were set up to analyse policy, yet a decision of this magnitude was made without appropriate analysis of the outcomes.

I also think that the Reserve Bank and the government should have seen this coming. Interest rates should not have been increased by so much at the end of 2007 and earlier this year, when we were already talking about this. Let us face it: at the end of 2007 we were already hearing about the subprime crisis. I also think that the government should not have talked up inflation and named it as their priority target only for it to drop so fast right now. We do know why that was done, however. The Rudd government needed to attack the economic legacy of the Howard government. They needed something to help them rewrite history, something which they could use to persuade Australians that this country was on its knees economically.

The government now continues to gloss over all the hard work and economically responsible policies of the Howard government, which were required to eliminate the $96 billion debt left by the Keating government. This cannot happen overnight, despite all the fairytales spun by the government. The reality is that it was only through the regulatory reforms and the strong budget bottom line that the money was even available for this economic stimulus package.

Getting back to my point, in the name of political manoeuvring the Treasurer and the...
Prime Minister ended up encouraging the Reserve Bank of Australia to lift interest rates, which then slowed the economy and economic growth. The point is stark: it was a grievous error that highlights that the Rudd government is concerned with politicking before the national interest. Strangely, now even the Treasurer does not know the figure for inflation, ensuring it is buried in his notes so that even he cannot find it, let alone remember it.

Of course, if this were the only limitation the government had, it would be merely embarrassing, but I should mention the interesting circumstances around the Mid-Year Economic and Fiscal Outlook and the growth forecasts. I admit it was the subject of questions in this place in recent days, but the response remains the questionable part. I understand that the growth prediction by Treasury was two per cent. I also understand that the growth prediction from the Reserve Bank was 1.5 per cent. Isn’t that a big difference! The Treasurer noted on Tuesday that these figures are ‘broadly similar’; 0.5 per cent difference between the two leading professional government financial bodies in this country is not broadly similar but rather concerningly different.

Here is the point: apparently for the first time Treasury determined its growth figures by factoring in projected interest rate cuts. So now Treasury is making predictions of monetary policy movements and interest rates are going down. Of course, if it had not factored in those predictions, GDP growth would have been under two per cent. As factual and realistic as that would have been, there was a slight problem: a figure below two per cent would have been inconsistent with the Prime Minister’s response to a question on 15 October. Therefore, another question must be asked: why did the Treasury change the way it makes these assessments? Was it asked to? If so, by whom? The answer is probably obvious, as there is very clearly a motive for the government to direct Treasury to follow a new formula. The other questions are not so clear and are in need of answering. But I will leave that subject there, as I think we will have the answers on another day.

I will, however, move on to speak of another concern about this government’s credibility. I quote from Jennifer Hewett of the Australian, whose column yesterday stated, in respect of the government’s unlimited retail deposit guarantee, that it:

… went much further than almost all other countries despite the relative strength of the major Australian banks. It also caused immediate and massive dislocation …

She went on to say about the fee for deposits above $1 million that it will:

… not resolve the problems in the funds management industry, problems that have been greatly exacerbated by the Government’s “decisive” action.

I think her point is that, while the government may roll out its classic buzzword ‘decisive’, reckless haste is just recklessness that causes harm.

It is at this point that I share with the parliament my theory of why we have got to the point where, in trying to solve problems, the government have proceeded recklessly with either a disregard for the consequences or a blind ignorance of the risks. This is an obvious example of policy on the run. The way I see it is that it is actually Malcolm Turnbull’s fault. I know that the government are used to blaming us for everything, but in this case I think they can blame the Leader of the Opposition. Malcolm has been the cause of great frustration for the government. He has been a step ahead the whole time. He was right about the RBA not increasing interest rates early in the year. He was right about the level of bank deposit guarantees. It is important to realise that official interest rates have
been reduced to stop a recession, not because the government has moved to reduce the inflation problem that the Treasurer said was out of control. Preventing a recession is more important to the RBA now than inflation. I think that the RBA made a serious error when they lifted interest rates late last year and early this year—and they now know it. But Malcolm was there first, and he was right.

With regard to the Treasurer, he is simply out of his depth, playing shortstop when he should be ‘left right out’. His continued blundering through this year has not instilled any confidence at all in the Australian economy. Indeed, just this week business confidence fell to yet another low. The problem with being a step ahead is that your opponents get frustrated and feel forced into extreme action as they try to catch up to you. It is a matter of the government trying to go that extra distance to achieve that extra point of definition from Malcolm Turnbull, and I think that is what has happened with these errors by the government. I think this whole business about the Prime Minister’s grandstanding to journalists regarding the conversation with President Bush is not about Malcolm Turnbull; it is about the need to stand out. In that way the Prime Minister’s character is predisposed towards frustration and making mistakes when he cannot keep up with Malcolm Turnbull’s ability and economic—

Mr Gibbons—Mr Deputy Speaker, I rise on a point of order on relevance—

The DEPUTY SPEAKER (Hon. AR Bevis)—I have been listening quite carefully and I was going to say at the conclusion of the member for Cowan’s speech that he has been extended a good deal of latitude from the chair. His opening comments were clearly not relevant to the bill. The Leader of the Opposition did take a point of order during question time—I think yesterday or the day before—requesting that he be referred to by his proper title, and the member for Cowan may want to take it on board as well. If it is going to be applied, it should be applied from both sides of the chamber. I think that the comments that the member for Cowan is now making are relevant enough to the bill. Had you taken a point of order in the opening couple of minutes, I would have agreed with the member for Bendigo.

Mr SIMPKINS—Thank you, Mr Deputy Speaker. The overall point that I am trying to make here is that frustration, together with a will to comply with the buzzword ‘decisive’, has led this government to its repeated examples of reckless haste. The Prime Minister and his advisers even saw fit to introduce these measures without getting advice from the Treasury.

I will now return to the specifics of this economic stimulus package of $10.4 billion. Of course, this represents more than half the surplus spent in one-off payments. Let me turn to what is in it for the pensioners. In the electorate of Cowan there are over 10,700 age pensioners and about 3,500 disability support pensioners. I know that the $1,400 for single recipients and the $2,100 for couples will be very useful in the home budgets. Yet I note with incredulity that the Minister for Families, Housing, Community Services and Indigenous Affairs stood up yesterday in this place and spoke about how inclusive the $4.8 billion, which applies to pensioners, was of different pensioner and other categories. I found it incredible because before this economic stimulus package was announced the government was sticking to the line that no pensioner was going to get anything more until the next budget. It would seem that memories are very short in the ministerial wing. Yet it is good that the sustained pressure provided by the coalition has been successful, although what was really needed was
an increase in the base rate of the pensions. This, however, is not part of this package. What was needed was a longer term solution, and I look forward to that occurring as soon as possible for the benefit of the pensioners in Cowan and in the rest of Australia. The base rate of the pension must be increased, and this is coalition policy.

With regard to dependent children, there will be $1,000 for those families on family tax benefit part A. I am sure that families will appreciate those one-off payments, yet it is again evidence of the short-term memory of the Treasurer, who in 2004 described lump sums as ‘irresponsible’ and ‘bad social policy’. Also, just last year, the now Minister for Housing said that the baby bonus should be paid fortnightly to take out the ‘jackpot effect’. The Treasurer also viewed such one-off payments as ‘not real money’. This is just another example of blatant hypocrisy. Perhaps it does validate the comments by the Minister for the Environment, Heritage and the Arts last year, when he said, ‘Once we get in we’ll change it all.’ What the Labor Party did not change, however, was their policy on hypocrisy.

Yet the fact remains that this appropriation of money will go through for 8 December. $4.8 billion will go to pensioners and $3.8 billion to families. I am certain that those eligible to receive these one-off payments will appreciate them and I reiterate that it is my hope that the money will be appropriately spent for the maximum benefit of the recipients and of this country.

Mr RIPOLL (Oxley) (1.19 pm)—There is no doubt that the current economic circumstances that we find ourselves in are perhaps the most dire that the world has faced in 100 years—certainly since World War I or World War II—and require a global response and global action. They also require national action here in this country, and that is exactly what has taken place. The Rudd government has moved swiftly and decisively. I know that the opposition may not like to hear those words, but that is simply the case. The case is that we have moved swiftly, we have moved decisively and we have taken appropriate action to ensure that national confidence, the security that we all enjoy in terms of our position in the world of finance, is maintained.

Listening to a number of speakers on the Social Security and Other Legislation Amendment (Economic Security Strategy) Bill 2008 and the associated bills that are before us, it is interesting to note what their views are on these bills and the view of the opposition in terms of what is required. It becomes very clear to people listening, I think, that the opposition are taking a bet each way saying that they knew this was all going to happen, that they knew about the global financial crisis and that somehow the right honourable Leader of the Opposition, Malcolm Turnbull, knew about—

The DEPUTY SPEAKER (Hon. AR Bevis)—Just ‘honourable’. I think that I am right when I say that there are no members of the House these days who are ‘right honourable’.

Mr RIPOLL—Thank you, Mr Deputy Speaker. I was just trying to follow the lead of some of the opposition members. The reality is that the opposition are taking a bet each way. They are saying that, yes, pensioners do need support; yes, help is needed. But it is not enough, it is too late; they know better or somehow they would have done a better job.

Even worse than that, they are saying that had they still been in government somehow all of this would have been averted because they would have seen it coming and they would have understood the circumstances and, in fact, that the current Leader of the
Opposition actually predicted all of this. We just heard that moments ago from the member for Cowan. Nothing could be further from the reality, nothing could be further from the truth and certainly nothing could be further from the government’s commitment to trying to enhance people’s lives and to take some of the sting out of what is happening in the global financial crisis for the ordinary budgets of ordinary people trying to make a go of things.

Let me just detail some of what our package will deliver, and then I will have a look at what I think are just complaints at this stage, rather than comments, by opposition members about our package and the impact it will have. The bills before us will amend the social security law, the family assistance law, the Veterans’ Entitlements Act 1986 and the tax law to provide payments for pensioners, seniors, people with a disability, carers, veterans, and families with dependent children, as was announced by the government on 14 October this year. It is a key part of our $10.4 billion Economic Security Strategy, and I take umbrage at the comments by the opposition that ‘that is all it is’—that it is just $10.4 billion. The reality is that it is much, much more than that. It is not just this $10.4 billion; that is part of a package of more than $55 billion in terms of investing in and stabilising the economy and making sure we can work through what is a global financial problem.

The payments are strategically designed to have a particular impact in relation to the effects of the global financial crisis on ordinary Australians. The payments will be made very shortly, in the fortnight commencing on 8 December. No-one will need to actually put in a claim. The payments will not count as income for social security, family assistance or veterans affairs entitlements purposes, and they will of course be tax free. The bill will also include an administrative scheme to provide the capacity to make payments in circumstances where the regime does not necessarily produce an appropriate result.

Going to the detail of the Economic Security Strategy payment for pensioners, seniors, people with disabilities, carers and veterans, it is a substantial payment of $1,400 for single recipients or holders of one of the stipulated cards. For couples it will be a combined payment of $2,100 under the same conditions. For a couple where one has an entitlement and the other does not, it will be a single payment of just $1,050. The benefits and cards attracting the Economic Security Strategy payment are as follows: age pension, disability support pension, wife pension, widow B pension, service pensions, income support supplement, carer payment, partner allowance, widow allowance, bereavement allowance, parenting payments, special benefits, Austudy payments, Abstudy, Commonwealth seniors health card and veterans affairs gold card. For those on carer allowance there will also be a payment of $1,000, which will generally be made for each person who is cared for.

The reason I have gone to the trouble of listing all of those is, firstly, that it is important for people to understand who is eligible and who is not. I would say that at this stage people do understand whether or not they will be receiving a payment on 8 December. But I also wanted to make the point that it is an extensive package that covers a whole range of people who are in need. I will turn later to some of the comments by the opposition, but if we compare the number of people we cover in our package and what was called for by the opposition—an extra $30 for pensioners—which supposedly led to this package, we can see a huge difference, a massive gap. Under our Economic Security Strategy, more than 5.2 million pensioners, carers and families will receive one-off payments. Un-
der the coalition’s proposal, which I am assuming they still stand by, more than 3.3 million of those pensioners, carers and families would have been given no financial relief whatsoever. I think that is a key point. The opposition tried to make a lot of hay while they believed their sun was shining, taking advantage of what is a global crisis and the impact it is having on ordinary families here to call for increases to pensions and so forth. We understood the hardship, but ours was not a knee-jerk reaction, as the opposition might have you believe. We actually took a considered and measured approach, with a forward strategy. It was not merely a one-off or just about certain pensioners; it included a whole suite of pensioners. We did not want people to be left out, because we understood that the pain was being shared across a whole range of people in receipt of pensions and other benefits and entitlements, unlike the coalition, who thought it was okay for one small slice of people to receive assistance while others completely missed out.

It is also interesting that coalition members have come in here and talked about the package as though it is just a one-off, saying, ‘How dare you as a government use a one-off payment?’ because we have been critical of one-off payments in the past. I would say that they really need to consider the circumstances of one-off payments. I think bonuses and one-off payments simply in the good times, when perhaps they are not so needed and you could be making structural changes and reforms and looking at the basics of the system to see how pensioners are provided for, are wrong in those circumstances. But in the circumstances we find ourselves in today, when there is a need for a boost and for an immediate injection of funds and capital into the economy, there is no better way than a direct one-off payment of a substantial size—as this package is substantial, with $10.4 billion specifically for what I am talking about here, for a broad range of areas. Then it is the right thing to do.

That is the big difference between what we have done—we have done it for the right reasons at the right time—and what the previous government did, which was basically politicking. What they did was give bonuses only before elections and time bonuses for election campaigns. They did not necessarily do it in times of need, because pensioners were certainly in need at that time. The better option at the time the coalition was in government would have been to do the structural reforms, make the necessary baseline changes to pensioner entitlements and measure those out over fortnightly payments to give people a real boost in their income, rather than just doling out cheques. When the coalition members come in here they ought to think a little bit more about just what it is that this package represents, rather than their short-term approach of one-off bonuses which were clearly—to use a better word—just inducements at a time when the money could have been better spent.

I am more than proud to be standing here saying that we are doing the right thing on a whole range of fronts, not only to deal with the impact the global financial crisis is having on ordinary people in Australia—pensioners and families—but with the timing of our bonus, the way it is delivered and the fact that it is a one-off strategic bonus. The Economic Security Strategy we are legislating today does not end here. It is not just about the one-off; it is actually about the reform. That is why we have the pension review on right now, because we believe that we need to do more. We cannot sustain a system by merely topping it up with one-offs. We have to do it properly and structurally, and that is what we have embarked on doing.
Strangely enough, we embarked on doing that very early on. Almost immediately on being elected we began the process of reform while coming under considerable pressure from the opposition, who thought they were very clever by putting pressure on us and whipping up a furore among pensioners about getting some more dollars. They never dealt with the issues at hand about how that would play out strategically in the long term, the structural reforms required or the proper way to deliver income for pensioners. Instead, they just whipped up a bit of a furore and fury out there with pensioners while at the same time ignoring the vast bulk, about 80 per cent, of them. The irony of what they were trying to do was to get in there, whip up the hysteria, promise them an extra $30 but then forget to tell them that 80 per cent of them would not get it.

That is not what we have done. We have actually tackled it on both those fronts: the long-term strategic review—how we improve the retirement incomes of ordinary Australians and how we improve the lot of families—while at the same time delivering an immediate cash bonus to deal with the global financial crisis that we find ourselves in. These payments are intended to provide additional support in the nine months between now and when long-term reforms are introduced from the beginning of the next financial year. We have taken that into consideration. The global financial crisis is placing increasing pressure on budgets already stretched by rising costs of living, and we will be delivering these specific payments to 5.2 million pensioners, carers and families.

We have not just stopped there, and I want to make particular mention of veterans because they are an important group of people. They are an important group of people in my electorate as they are in other electorates as well. I have talked to my veterans and they are certainly very pleased about what we as a government are doing and the way that we have been able to deal with those two interplaying issues of the long term and the immediate circumstances we find ourselves in. They will also benefit from the package that the Rudd Labor government has put forward. From 8 December, payments will be made to all service pensioners, including partner service pensioners; all war widows receiving income support supplement, all gold card holders, including war widows receiving seniors concessions; all those who are above the veteran age, males of 60 years and females of 58.5 years; all disability pensioners at 100 per cent or above who are over veteran pension age; Commonwealth seniors card holders; and a range of others I have already mentioned. We have taken into consideration that they are important people in this as well and we ought to be doing everything that we can for them.

I said at the beginning of my speech that the global financial crisis is probably the most significant upheaval in living memory. The government is taking very decisive action. Not only are we introducing the $10.4 billion Economic Security Strategy to at least tide us over—to bring people through this crisis and to keep the economy going—but we are doing much more than that. We have understood that you need to invest and to ensure that the economy continues to grow or that it slows at a slower rate. We are investing in infrastructure and jobs, and we are making sure that the infrastructure agenda does not fall off the table because times have gotten harder. That is the right course of action. At a time when we know unemployment will rise—it is happening around the world in every Western and developed economy—we cannot for a moment think that somehow we will be isolated from those circumstances. It is important for us to understand that we need to build the drivers of employment, we need to continue our mas-
sive infrastructure agenda and we need to work quickly, and that is what we are doing.

We are taking further steps. We recognised that, given the current global circumstances and uncertainty in markets, there was a range of other things that needed to be acted on, and acted on very quickly. One of these was guaranteeing people’s bank deposits. We do not shirk our responsibility in that area or walk away in any way from what we have done, because it was absolutely necessary. If you have a look at the banking sector, all those involved—even those who have not been advantaged as much as others in the measures that we have taken—are supportive because they understand the absolute necessity of what had to be done at that point. This is not a time for dilly-dallying around and waiting to see what happens. It might be okay for the all-seeing, all-prescient Leader of the Opposition who, as we heard from opposition members, knows all. We have one member of the opposition on the Hansard record as saying that the Leader of the Opposition knows all, saw everything, had a crystal ball where he saw everything and then it happened. Those were the words of one of the members of the opposition—it was a beautiful thing to listen to and absolutely incredible.

I have to take some umbrage with words that were spoken by members of the opposition, particularly the last speaker—that is, that in one way it was okay for pensioners to get this extra bonus but only if they spend it on good and legal things. He lectured that pensioners are not to spend it on Lotto, not to spend it on gambling and, particularly, not to spend it on 'evil drugs'. It is an unbelievable circumstance to hear a member of the opposition coming in here—speaking on behalf of his leader, of course—and saying, ‘You pensioners are going to get some money from the government but don’t go spending it on those evil drugs.’ People would be well served by reading the Hansard to see the words that were said.

Mr Gibbons—No, they wouldn’t.

Mr RIPOLL—You are right; they probably would not be well served. It is sad that that is the view of the opposition today, because I can assure you that it was not the view of the opposition when they were in government. When they were in government they thought that, six weeks out from an election, handing out some $500 bonuses was a great idea or that, at consecutive elections or particular periods when the polls were not doing so well, handing out money was a really great idea. Given the circumstances we are in today and the things that we are picking up on after winning government late last year, I say that this package is not only absolutely necessary but absolutely right. It delivers for families and pensioners, and it delivers at the right time, in the right amount and for the right reasons. This is not just a matter of choice. We want to see long-term reform, and that is what we are embarking on. But at the same time you need to make sure that you tide people over through the Christmas period. We need to make sure that families and pensioners are looked after. We have taken on that responsibility. We are in government. We are not going to blame anyone else for the situation and circumstances we find ourselves in as a national economy, but we will make the tough decisions and make the right decisions. (Time expired)

Mr ROBERT (Fadden) (1.39 pm)—I rise to provide some very reserved support for the government’s Social Security and Other Legislation Amendment (Economic Security Strategy) Bill 2008 and related bills, though I maintain grave reservations concerning the assumptions, the research and the modelling that this package was based on, if indeed it was based on anything. We took the govern-
ment on trust with the bank guarantee, and we found that this government’s trust is based on shifting and moving quicksand. The last few months have shown that this government is incapable of not making things worse. Thus, whilst reserved support is given, as this is what the nation is looking for, it is done with grave reservations.

If you look back at history it will show the way to the future. In 1996 the Howard government inherited an absolute nightmare. We inherited $96 billion in debt from the previous Labor government—$8 billion in per annum interest payments and a hole of over $60 billion in unfunded liabilities for military and public sector super. We saw unemployment at high rates, and we saw hopelessness endemic. Even the then Minister for Finance, Kim Beazley, said that the budget was balanced when the fact was that it was $10 billion in deficit. The coalition inherited deceit, mismanagement, waste and an economic basket case that would have seen public company directors facing significant penalties. Our response to that level of deceit was acts of parliament like the Charter of Budget Honesty, which requires books to be opened, election promises to be scrutinised and costed, and a mid-year economic and fiscal outlook to be provided.

Twelve years on from that 1996 election, the world-proclaimed economic miracle of the Australian economy under the Howard-Costello years has seen all of those perverse excesses of the Labor government swept away. In November last year, the new federal government, the Rudd government, inherited a great economy. It was debt free. Successive surpluses had been delivered, unemployment lowered to four per cent, over $60 billion in super liabilities catered for and the deceit and the financial cover-ups dispensed with through legislative requirements for disclosure. Furthermore, the strengthening of the independence of the Reserve Bank, the creation of the Australian Prudential Regulation Authority, APRA, in 1998 and the strengthening of ASIC have all ensured that our regulatory environment has coped well with the current global financial crisis. Our banks are sound, though the financial market has been distorted by the Rudd government’s knee-jerk unlimited financial guarantee. Our companies remain profitable and, thankfully, our federal government is, for the time being, debt free and able to deal with issues as they arise.

This government was left a surplus in the 2007-08 year of $18 billion that allowed it quite easily to generate what was a $22 billion surplus for the 2008-09 year. Yet the Rudd government has made a series of errors in response to the global financial crisis that now sees the surplus reduced by over 75 per cent to just over $5 billion, and it appears that, within 18 months, the budget may well be in deficit again. It took the coalition 11½ years to pay off Labor’s debt, get budget surpluses in place and get the government to start saving. It appears that this typical Labor government will reverse it all and put the nation in debt in a little over two years. Warnings about the growing crisis were made from mid-2007 but the new Rudd government ignored these. The former Treasurer, the member for Higgins, warned that the impact of the subprime loan crisis was the main game. He knew, as did many other economic commentators, that even in 2006 up to 25 per cent of the $2 trillion loaned in the United States for people to buy houses was loaned to those with no income, no jobs and no assets. They were NINJA loans. This was always going to come home to roost. You cannot lower interest rates in the States between 2000 and 2003 from six per cent to less than one per cent without having adverse consequences. Yet the Prime Minister and the Treasurer, rather than focusing on the future and looking at this financial tsunami that was
Cresting the horizon, decided to blatantly attack the economic legacy of the Howard government, claiming emphatically that inflation was out of control. In fact, the Treasurer claimed that the inflation genie was out of the bottle. The Prime Minister backed it up by saying that the inflation monster was wreaking damage across the economy. Clearly this put pressure on the Reserve Bank to raise interest rates at a time when other comparable nations were reducing interest rates because of the concern of the growing financial crisis. In the May budget, whilst other comparable nations were increasing spending and reducing taxes, what did this Treasurer do? He increased tax by $19 billion and cut spending to critical economic institutions like APRA and the Australian Bureau of Statistics. History will judge this Labor government harshly.

On the economic stimulus package, on Tuesday, 14 October the Prime Minister and the Treasurer announced a package of spending totalling $10.4 billion, with $9.65 billion to be spent in the current financial year and the rest in the next financial year. There is $4.8 billion for pensioners, carers, seniors health card holders and veterans; $3.9 billion for families; $1.5 billion for first home buyers; and $187 million for training. This package represented half the forecast budget surplus, yet incredibly the Prime Minister and the Treasurer have admitted after persistent questioning that the government announced this package without any economic analysis from Treasury. There was no modelling, no analysis, no regulatory impact statement and no substantial research on whether this input into the economy would actually meet the stated requirement of stimulating consumption. Indeed, Secretary to the Treasury Ken Henry, when questioned at the National Press Club less than an hour ago about what the likelihood was of people receiving this money and not spending it, indicated that that would most certainly be the case in some areas. Half the forecast surplus has been spent without any modelling, any research or any knowledge of the impact. Ten billion dollars has been spent without any idea of its impact.

The government tell us to take them on faith—to trust them. Well, let us have a look at the basis of this trust and faith. We have a Prime Minister who will not accept any scrutiny of decisions. During the censure motion yesterday he did not even have the courage to stand up at the dispatch box and speak for himself, sending the Minister for Foreign Affairs in his stead. We have a Treasurer who took over two minutes to tell the media what the forecast inflation rate was. Inflation a few months ago was apparently the almighty wrecking monster, the all-powerful menacing genie and the Leviathan of the deep. Now it barely rates a mention. In the Treasurer’s case, he could not even remember the core inflation rate. That is like a doctor walking into the operating theatre and saying: ‘I’ve forgotten where the heart is. Scrub nurse, can you let me know what side of the body it’s on?’ and then all of us having to wait two minutes while he figures it out. We have a Prime Minister who cannot even keep confidences when speaking to world leaders and instead lets his ego run riot.

Mr Gibbons—Mr Deputy Speaker, I raise a point of order on relevance. The member is straying from the text of these particular bills. He has either brought the wrong speech in or is deliberately getting away from the topic. I urge you to bring him back to the text of the bills.

The DEPUTY SPEAKER (Hon. BC Scott)—This is a wide-ranging debate. There has been some accommodation for people in this place over many years to broaden their comments. I ask the member for Fadden to
make sure he continues his speech in the context of the bills before the House.

Mr ROBERT—Thank you, Mr Deputy Speaker. The government have no modelling, no analysis and no research on $10.4 billion worth of expenditure. They are asking this nation to take them on trust. I am simply pointing out why you cannot trust this Treasurer and this Prime Minister. This Treasurer changes his mind daily. On Wednesday three weeks ago he indicated that a deposit tax would be compulsory over $1 million. The next day he changed his mind and Friday he changed it again. We have a PM that unconditionally guarantees deposits without any modelling, research or analysis, causing 13 of the 20 top cash and property management trusts to freeze redemptions. That has left something like 200,000 Australians without access to their money. And the member for Oxley has the hide, the audacity and the blatant effrontery to walk into this House and say that all Australians are happy with the unconditional guarantee and that even those who it does not affect are happy! Perhaps the member for Oxley should speak to the 200,000 Australians who have redemptions frozen and ask whether they are happy! Perhaps the member for Oxley should speak to the 200,000 Australians who have redemptions frozen and ask whether they are happy! We have a Treasurer who changed his mind three times regarding covered or naked sells. The trouble with his policy position caused the stock market to delay opening by an hour as the position was worked out. If this is the basis upon which we are called to trust the Prime Minister and Treasurer, forgive me if I do not share that trust.

Labor have always contended that one-off payments are somehow evil, yet here they are spending $8.7 billion on one-off cash payments. Let’s look at their history. Minister Macklin said in 2004 that her No. 1 concern about the baby bonus was that it was being paid as a lump sum. The member for Sydney said in 2007 that the baby bonus should have been paid fortnightly to take out the jackpot effect. The Treasurer called the Howard government’s one-off child payment in 2004 shovelling out cash as an election bribe and said that the lump sum was irresponsible. In 2004 the current Treasurer said that the baby bonus being paid as a lump sum represented bad social policy. On the ABC’s Insiders on 27 June 2004 the now Treasurer made Labor’s disdain for one-off payments clear:

BARRIE CASSIDY: You have a problem clearly with these family allowances and the maternity payments being paid out in a lump sum?

WAYNE SWAN: We certainly do. It’s simply dishonest and irresponsible for the Federal Government to be making lump-sum payments.

I can only assume the Treasurer has had something of an epiphany with respect to lump sum payments. Then there is the more infamous example of the Treasurer denying the Howard government’s family lump sums were being paid, even as they were going into bank accounts. According to Mark Latham’s diary, the now Treasurer was asked how Labor would explain its desire to abolish the payment. His infamous response was simply, ‘Just say that it’s not real money.’ Why not give him a red nose, a funny wig and a funny hat while we are at it! This government is out of its depth. It is drowning and it has shown in the lead-up to the bill through its bank guarantee and the Mid-Year Economic and Fiscal Outlook that it is clearly not up to the job.

Let us focus on this bank guarantee to get a clear view of the moribund decision-making process of this government. It was announced mid-year that it would introduce a government guarantee to cover deposits up to $20,000. On Friday, 10 October, the coalition called on the Rudd government to increase that guarantee to a minimum of $100,000 in response to reports of deposits being moved from second-tier banks, building societies and credit unions to the big four
banks. Not to be outdone, though, on 12 October our Prime Minister announced the introduction of an uncapped guarantee for all deposits in Australian banks, building societies and credit unions and in Australian subsidiaries of foreign banks and for wholesale term funding.

The Prime Minister said he had sought the advice of our financial regulators. However, through detailed questioning we later found out the Prime Minister had in fact not received direct advice from the regulator responsible for Australia’s banking system, the Governor of the Reserve Bank. During question time the Prime Minister revealed that the Governor of the Reserve Bank and the head of APRA were not even in the room when the decision was made.

Clearly, this decision has created turmoil within the Australian financial system. Tens of thousands of Australians have had billions of dollars frozen in savings and investment funds, and funds have flooded into the major four banks, straining the market for commercial funding. Major providers of credit to car retailers, such as GE, have withdrawn from the Australian market due to problems accessing commercial funding. The Chief Executive of the Motor Traders Association of New South Wales has said that 40 per cent of all car dealers may go to the wall by Christmas with 30,000 jobs lost if this government does not take action to support the market. Westpac CEO Gail Kelly has called on the government to place a cap of $100,000 on the deposit guarantee.

If we look to the Mid-Year Economic and Fiscal Outlook, the coalition has been calling on the government to release current economic forecasts for more than a month. The Treasurer released the Mid-Year Economic and Fiscal Outlook, the MYEFO, on the day of the United States election. Why would you release the MYEFO on the day of the US election? I look at the member for Eden-Monaro. Why would a government do that? For one reason and for one reason only—to hide it from the Australian people because the evidence of the government’s bumbled handling of the economy was so clear to be seen by all. MYEFO revealed there has been a dramatic turnaround in the figures that this government inherited when it came to office in November. At that time all the economic indicators were heading in the right direction, courtesy of the coalition legacy. But now they are heading in the wrong direction, courtesy of the management, leadership and lack of confidence generated by the Rudd government.

The MYEFO has reduced the surplus to a little over $5 billion whereas many commentators and big bankers, as reported in the media, believe the budget may well be in deficit now. Considering the smoke and mirrors in the budget and in the MYEFO, it is fairly hard to disagree. The budget in May for the first time included second round effects, adding an extra $2 billion of income as a second round effect of income due to immigration. If that immigration does not come off, the second round of income will not either. The tax on alcopops will not deliver the targets as, clearly, young people are changing to harder spirits.

The capital gains receipts and company tax receipts will be substantially less. This is backed up by the most recent National Australia Bank index of business confidence, which shows that confidence has hit a new low of negative 29 after a record fall of 21 points in October. The monthly survey has found trading conditions and profits were down in the month and employers are laying off staff. NAB’s chief economist, Alan Oster, says that forward orders are at 1991 levels—and 1991, as we all know, was that great Labor recession that the member for Solomon
knows was the recession ‘we had to have’.
NAB’s chief economist went on to say:
Forward orders has a long history of being a really good indicator of where we’re going forward and they were at levels that were really surprising …
He says the survey’s readings point to more sharp slowing in the economy. He said:
The mind set very much is they’re scared there’s a recession and when they look at their forward orders they see very sharp deteriorations and that makes them feel even more nervous.
The MYEFO also for the first time changed the way that growth is calculated. As the Secretary of the Treasury said an hour and a half ago at the Press Club, for the first time in living memory they changed the way they take into account potential interest rate cuts.
The MYEFO states on page 29:
Interest rates are expected to decline broadly in line with market expectations. This is a departure from the usual assumption of unchanged interest rates …
So this led to the government showing a growth forecast of two per cent, yet the Reserve Bank is saying 1.5 per cent. And the National Australia Bank has not changed its economic forecasts and is still predicting the economy to expand by only 1.25 per cent next year. Furthermore, the Treasurer told Sky News:
There is a difference in terms of the Reserve Bank and the Treasury forecasts because the Treasury forecast does take into account the loosening of monetary policy.
The Rudd Labor government has got to level with the Australian people. It has to stop changing the boundaries and the smoke and mirrors of budgets and MYEFO forecasts. It has to level with the Australian people with its assumptions, with its modelling and with how it is basing its figures. The Australian people deserve to know exactly how the government is reaching and arriving at its decisions, and they deserve to know the direction this government is taking rather than knee-jerk decisions being made on the spur of the moment.

Mr SIDEBOTTOM (Braddon) (1.59 pm)—In the little time available to me I would like people in this House to know that the mob on the other side say they support the stimulus package, this package that will bring relief to Australian people and their families. They do not believe it. They are living in the past. They are going down memory lane, and I have news for them: the Australian people do not support you and will not support you. I hope to return to continue my speech.

The SPEAKER—Order! It being 2 pm, the debate is interrupted. The debate will resume at a later hour this day when the honourable member for Braddon will have a chance to complete his remarks.

QUESTIONS WITHOUT NOTICE
Automotive Industry

Mr TURNBULL (2.00 pm)—My question is to the Prime Minister. Having regard to the stressed financial position of both General Motors and Ford, how will the Prime Minister ensure that none of his $6 billion car plan is used to prop up the ailing balance sheets of the parent companies in Detroit?

Mr RUDD—First and foremost in our assistance to the Australian auto industry, we believe it is necessary to provide that industry with confidence for the long term, because we have in that industry many, many thousands of Australians employed and many further tens and hundreds of thousands of Australians who are employed indirectly as a consequence of the auto industry in this country, in the parts and supply industry. It is because of the significance of the industry to jobs in Australia that the government has taken action. We have taken action both in this area and in our broader economic stimu-
lus package because we are engaged in a war against unemployment. We are engaged, therefore, in taking all necessary actions to ensure that we support positive growth in jobs into the future.

On the specific part of the question which was raised by the Leader of the Opposition about the construction of the financial package for the auto companies, the honourable member will be familiar with the fact that the dollars provided in that package are entirely conditional on co-investment from the companies concerned and, as a consequence of that, that investment has to be delivered in order for payments to be paid. There is, therefore, an appropriate guarantee for the Australian taxpayer and appropriate support for Australian jobs going forward.

Indonesia

Ms REA (2.02 pm)—My question is to the Minister for Foreign Affairs. How is Australia working with Indonesia to advance the relationship of trust and cooperation between our two countries?

Mr STEPHEN SMITH—Relations between Australia and Indonesia have never been in a better state. Relations between Australia and Indonesia have never been at a higher level. There are, I think, three reasons for that. Firstly, there was the signing and bringing into force of the Lombok-Perth Treaty earlier this year, brought into force by me on behalf of Australia and Minister Wirajuda on behalf of Indonesia. Secondly, there is a realisation that after many years of friendship and partnership, which started with Australia’s support of Indonesian independence, we came to appreciate there could be things about which we might have a different view which did not disturb the basis and the nature of the relationship—which did not disturb the respect, the regard and the trust between our two nations. Thirdly, as I have said publicly in the past, and I repeat it today, whilst it is the case that the relationship has never been at a better level, the current government did inherit from the previous government a relationship with Indonesia in very good order. This has not always been the case, but we inherited a relationship in very good order which we have taken to a new level.

Today I can indicate to the House that we conducted the 9th Australia-Indonesia Ministerial Forum, which saw a meeting of over a dozen ministers from both our countries. Can I acknowledge on the floor of the chamber my counterpart, Minister Wirajuda, and the Minister for Law and Human Rights, Minister Mattalata. I warmly welcome them to the House, and I know that sentiment is shared by all members of the House. The coming to Australia of half-a-dozen Indonesian ministers brings to 29 the number of two-way ministerial visits since the government came to office. This includes two visits to Australia by Minister Wirajuda, the Minister for Foreign Affairs, and two visits to Indonesia by the Prime Minister and by me. This high-level exchange is very, very important and very, very productive.

The 9th Australia-Indonesia Ministerial Forum was very instructive and very productive. A 47-paragraph communique has been issued reflecting the array of interests between our two nations: from security and counterterrorism cooperation to cooperation against people smuggling and illegal people movements; cooperation in partnership development and assistance; our cooperation so far as addressing the global financial crisis is concerned; and our cooperation on democratic matters, including our very strong support for the Bali Democracy Forum, which the Prime Minister hopes very much to attend in December and co-chair a session of with the Indonesian President. On Australia’s support of Indonesian democracy, I can announce to the House a contribution of more
than $6 million from Australia to assist the Indonesian Electoral Commission in the running of the Indonesian elections, both parliamentary and presidential, in April and June of next year respectively.

We had a long conversation, the foreign minister and I, about not just the good nation-to-nation relationship and not just the good government-to-government relationship but also the need to consolidate this first-class relationship with people-to-people exchanges. Central to that is education. I am very proud that this parliament and this government is in the middle of a program to build 2,000 schools in Indonesia—2,000 schools for Indonesians built by the Australian people and the Australian parliament. This is a terrific contribution that we make. Those young Indonesians, when they finish their education, will end up becoming ambassadors for Australia because they know that their education has in part been provided by Australia. The same is true of our extensive scholarships program.

Can I finish by making this point. Recently we saw the 20th anniversary of the Australia-Indonesia Institute, which has done very good work in building people-to-people exchanges between our two countries. There are three documents every member of the House should have to refer to the modern Australia-Indonesia relationship: the Lombok Perth Treaty, the communique issued today and Minister Wirajuda’s speech on the 20th anniversary of the Australia-Indonesia Institute in Jakarta on 4 November. I thank Minister Wirajuda, the Minister for Foreign Affairs, and Minister Mattallatta, Minister for Law and Human Rights, for coming to Australia and for coming to question time, and I warmly commend our relationship to the House and to the Australian people.

**DISTINGUISHED VISITORS**

The **SPEAKER** (2.07 pm)—As preempted by the Minister for Foreign Affairs, I inform the House that we have present in the gallery this afternoon His Excellency Mr Hassan Wirajuda, Minister for Foreign Affairs; His Excellency Mr Andi Mattalatta, Minister for Law and Human Rights; and Ambassador Thayeb, who regrettably will soon be leaving our shores to take up a senior position in Jakarta. To the ambassador, selamat sukses; to our visitors, selamat datang. On behalf of the House I extend a very warm welcome to our visitors.

Honourable members—Hear, hear!

Mr **TURNBULL** (Wentworth—Leader of the Opposition) (2.08 pm)—Mr Speaker, on indulgence, may I say on behalf of the opposition how much we share the sentiments expressed by the Minister for Foreign Affairs. Both sides of the House are committed, and we have demonstrated in government how committed we are, to a strong friendship with Indonesia. That friendship is not just between two nations; it also a very warm relationship between many members of this House, and indeed the other house, and their counterparts in Indonesia. The ministerial meetings have been continuing for a very long time and we look forward to them continuing for many years into the future.

**QUESTIONS WITHOUT NOTICE**

**Automotive Industry**

Mr **IAN MACFARLANE** (2.08 pm)—My question is to the Prime Minister. Given that the Prime Minister will be travelling to the Americas not once but twice in the next 10 days, has the Prime Minister arranged to meet with the global heads of General Motors and Ford to obtain cast-iron guarantees to secure jobs in Australia in the automotive industry as a result of the car plan?
Mr Rudd—I thank the honourable member for his question. The car companies based in Detroit are of course critical to the future of the global car industry, whether we are talking about GM or Ford or, in the case of the United States, Chrysler as well. For Australia, the other big player of course is Toyota and its headquartered operations in Nagoya. On an earlier visit to Japan I spoke with the CEO of Toyota, Mr Watanabe, and also on a subsequent visit to Australia by Mr Watanabe in Melbourne. The industry minister himself has been to Detroit and spoken with the heads of the two car companies in recent times. Of course, discussions have occurred with greater intensity in recent times between the Australian heads of the car companies concerned and they in turn have been in contact with their headquarters.

The bottom line is this, and I say to the former minister: this proposal by Australia for the future is to support our car industry, which employs directly and indirectly 200,000 Australians. We take that as a serious responsibility for the future. When the car industry in Australia is under challenge from the global financial crisis and the global economic downturn, when the car industry globally is facing similar challenges, either you can stand idly by and allow problems to simply mount or you can assist. We have chosen a path of active assistance but a path of active assistance which has conditionality attached. The conditionality, for the benefit of the information of the honourable member, are those I described before—that is, we are only investing in the future of the car industry based on explicit commitments to invest from the car companies and on a specific co-investment ratio, which was articulated clearly in the statement issued by the industry minister on the day this package was announced.

Child Care

Ms Saffin (2.11 pm)—My question is to the Minister for Education, Minister for Employment and Workplace Relations and Minister for Social Inclusion. Will the minister please update the House on the latest developments with ABC Learning centres and in so doing advise the House on the policy failures and other actions that lead to the current situation with ABC Learning Centres?

Ms Gillard—I thank the member for Page for her question. I know she is very concerned about the future of child care in this country and the future of ABC Learning. Yesterday I informed the House that the receiver of ABC Learning is undertaking a review of the operational data of ABC Learning Centres. I also informed the House that my department’s task force has engaged the insolvency firm PPB to work with the receiver on this matter. I would like to give some further details to the House about the role of PPB in this situation.

PPB is one of Australia’s foremost insolvency firms. Mr Steve Parbury, a partner of the firm, is working closely with the department’s task force. He, of course, has performed work for previous governments on complex insolvency issues. For example, he was engaged by the former government in relation to the Ansett matter. Steve Parbury represented FAI as a special-purpose liquidator when HIH collapsed, so Mr Parbury is no stranger to complex situations. Mr Parbury has previously played a prominent role in the Insolvency Practitioners Association and he is able to provide objective and highly informed advice on how the government can most constructively play a role in dealing with the situation with ABC Learning.

The receivers have advised the task force in my department that the quality of ABC Learning data and their information management systems are poor. Therefore, PPB
and the receivers, McGrath Nichol, have had in effect to start from scratch and work out what to do with the centres, particularly those that are currently understood to be unprofitable. Obviously, you do not need to be an insolvency practitioner to intuitively work out that this is a difficult, time-consuming and complex task. They have developed a work plan to compile, assess and analyse data and information on ABC Learning Centres that have been identified as unprofitable under the current business model.

Firstly, a template will be designed for assessing and compiling key financial and other data from ABC Learning’s systems on a centre-by-centre basis. The templates will include costs, revenues, occupancy and trends for each of the centres, and that work has started. The team will need to then take data and financial details and verify those against the records and documents of individual centres. This will be done by tracking back to the original source documents. For example, this could include lease documents, invoices for food, toy delivery invoices and/or, depending on the circumstances, staff pay records. This is clearly a time-consuming task but the work is proceeding and people are working hard on it.

Of course, there is a question of: how did we end up here? We ended up here because of the neglect of the former government over more than 10 long years when they let the market rip. It is not often that one would come into this parliament and refer to the Nationals leader in the Senate, Senator Barnaby Joyce, as a man of great and quiet reflection, but today I will refer to him because he is clearly thinking about the circumstances of ABC Learning. He said publicly today:

The reason we have got such a fiasco with ABC—

and then he diverted a little by saying that he agrees with the Greens—

… is because one organisation dominated too much of the market. That is what you get when you get market centralisation.

Senator Barnaby Joyce is thinking about these issues, thinking about the policy and thinking about the consequences of letting the market rip. Over there we have the Liberal Party, which has not reflected at all on its policy failures. The Liberal Party was not just neglectful when it came to ABC Learning; it was complicit and connected with the circumstances of ABC Learning.

Let us take one example of that connection—the member for Dickson. He and his family own a building leased to ABC Learning for $100,000 per annum. We know that in the recent election campaign the member for Higgins, the then Treasurer, toured an ABC Learning Centre with the member for Dickson for the publicity that it would generate. And the member for Dickson has referred to Eddy Groves as a friend and supporter. This shows the connection—

Mrs Bronwyn Bishop—Mr Speaker, I rise on a point of order. The minister is reflecting on members on this side of the House, which is not permitted under the standing orders in this form of proceedings of the House, and I ask for her to desist and indeed withdraw the insulting comments.

The SPEAKER—I will listen very carefully to the Deputy Prime Minister’s response. I remind her of her obligation not to stray into territory that would require a substantive motion.

Ms GILLARD—Thank you very much, Mr Speaker. If the member wants to learn about the connection between the Liberal Party and ABC Learning, I will refer her to the pages of the newspapers where these things are spelt out day after day. These connections are well known. While the Liberal
Party refuses to address the consequences of its more than a decade of neglect in this area, its failure to act and its degree of connection, the Rudd Labor government will get on with the job of ensuring that families that rely on ABC Learning Centres have the stability and security they need in this difficult situation.

Economy

Ms JULIE BISHOP (2.18 pm)—My question is to the Prime Minister. Given that the Secretary of the Treasury told the National Press Club today that last week’s government projected growth of two per cent was based on a market anticipated cash rate of 4¼ per cent by June next year and that the markets are now pricing the cash rate at around 3¼ per cent for June next year, what is the government’s revised growth rate for the Australian economy?

Mr Tanner—You want to revise it up? What a brilliant question!

Mr Hockey interjecting—

The SPEAKER—Order! The Prime Minister has the call.

Mr RUDD—That was well interjected by the Minister for Finance and Administration, who may have written that question. I say in response to the Deputy Leader of the Opposition’s question that there is a very simple alternative here: we stand by the Secretary of the Treasury and the Treasury and their independently determined forecast for the Australian economy and the opposition does not.

DISTINGUISHED VISITORS

The SPEAKER (2.20 pm)—I inform the House that we have present in the gallery this afternoon Chris Gallus, a former member for Hindmarsh and parliamentary secretary. On behalf of the House, I extend to her a very warm welcome.

Honourable members—Hear, hear!

QUESTIONS WITHOUT NOTICE

Economy

Mr CHEESEMAN (2.20 pm)—My question is to the Prime Minister. Will the Prime Minister update the House on national and international efforts to stabilise financial markets?

Mr RUDD—I thank the honourable member for his question. In recent weeks, many governments have taken steps to provide guarantees and other support to depositors and banks borrowing in global capital markets. A variety of bank guarantees have been implemented by governments across the developed world—in the US, the UK, the euro area and Korea. Emerging economies such as Indonesia have also implemented guarantees for their own banking sectors. While conditions remain fragile across the global economy, there is beginning to emerge evidence that these guarantees have boosted confidence and bank funding costs have begun to come down. Although it is very early days, these guarantees appear to be having an early effect.

For the benefit of honourable members, I will draw their attention to what has happened in a number of foreign jurisdictions. On 3 November the United States increased coverage of its deposit insurance scheme from deposits of US$100,000 to US$250,000 per depositor through to 31 December 2009. In the United States indicators are that US bank funding costs have declined since the guarantee was introduced, with the US dollar three-month LIBOR falling from 4.21 per cent at the close of business on 2 October to 2.18 per cent as of 11 November. In the UK on 3 October the government raised the value of deposits it ensures and, following this, the three-month GBP LIBOR has fallen from 6.28 per cent at close of business on 2 October to 4.38 per cent at the close of business on 11 November. The LIBOR is the
London interbank rate, by the way. On 7 October the European Commission increased the minimum level of coverage of deposits from €20,000 to €50,000, and the three-month euro LIBOR has fallen from 5.34 per cent at close of business on 6 October to 4.3 per cent at close of business on 11 November.

I draw honourable members’ attention to the following, which was contained also in the recent statement by the Reserve Bank of Australia and which says:

Following the announcement of these policy actions designed to improve confidence in financial systems, US dollar term spreads began to narrow in mid to late October. There has been increased debt issuance in money markets at terms longer than one week. These are very early tentative beginnings of some form of normalisation in global financial markets. There is still a long way to go but these are welcome, albeit small, developments. In Australia, following the announcement of the government’s guarantees on 12 October, spreads have begun to fall. Liquidity as measured by the spread between the 90-day bank bill and three-month overnight index swap in the Australian dollar market has fallen from 93 basis points down to 47 basis points as of yesterday.

Australian banks were also experiencing some success with liquidity-raising efforts, and the cost of wholesale funding has begun to come down. Since the Australian guarantees were introduced, the 90-day bank bill—that is the proxy interbank rate for the Australian dollar market—has fallen from 6.03 per cent at close of business on 10 October, which was just prior to the bank guarantees being implemented, to 4.87 per cent at close of business on 11 November. Again I would say these are very early days but we begin to see some small evidence of the beginnings of a return to some level of normalisation in financial markets here. There is still a long, long way to go and the path will not be even.

At the upcoming meeting in Washington, governments around the world will be acting together on how to bring about appropriate regulatory changes to deal with the future demands of financial markets as well. A lot has been achieved so far on the national front; much more needs to be done on the international and co-ordinated global front. Therefore, at the Washington meeting on Saturday, there will be intense discussion of new proposals dealing with financial markets and the world economy. The summit will address the financial and economic challenges the world faces from the ongoing global financial crisis which, as honourable members will be aware, has also become a global economic crisis in terms of the impact on growth and jobs.

Around the globe more cooperation is needed to deal with these challenges, and that means that we need an appropriate response to regulatory reform based on transparency, market integrity, responsibility for risk management and a proper approach, globally, on the question of remuneration packages for executives within systemically important financial institutions as well as effective cross-border consistency.

We are still in the midst of this crisis and there is a long, long way to go. But Australia will work with other leaders to commission a broad program of reform and strengthening of financial markets and institutions. The work will be brought back to leaders for further deliberation and decision. We will be discussing specific proposals, including improving the representativeness of key bodies like the Financial Stability Forum and strengthening the range of lending facilities available from the IMF and the World Bank.

These are important matters for the global community, as is the following: how the
countries of the world combine in terms of coordinated or cooperative macroeconomic action, fiscal policy stimulus and, where possible, monetary policy stimulus in order to engender greater economic growth, given the shock which has been delivered to real growth rates around the world as a consequence of the global financial crisis.

This financial crisis is moving into an economic crisis affecting jobs in the real economy and therefore the need for coordinated or at least cooperative fiscal and monetary policy action across the principal economies of the world has now become necessary. The move by China that we discussed in the parliament briefly the other day is welcome. We need to see more coordinated action across the major economies of the world, given the large amount of activity which is being sucked out of the global economy as a consequence of the crisis, and therefore the role of governments at this critical juncture is to support growth in the difficult period ahead.

The Australian government will work cooperatively and collaboratively with our international partners in order to address the challenges on these three fronts: regulatory change now, regulatory change for the future for the financial system and coordinated, where possible, action on fiscal and monetary policy stimulus, with the end point being to support growth and to support jobs. We, the world community, are all in this together.

**DISTINGUISHED VISITORS**

**The Speaker** (2.27 pm)—We have in the gallery this afternoon Malarndirri McCarthy, the Northern Territory Minister for Children and Families, Minister for Child Protection, Minister for Statehood, Minister for Senior Territorians, Minister for Young Territorians, Minister for Women’s Policy and Minister Assisting the Chief Minister on Multicultural Affairs. On behalf of the House, I extend to you a very warm welcome.

**Honourable members**—Hear, hear!

**QUESTIONS WITHOUT NOTICE**

**Diplomatic Protocol**

**Mr Turnbull** (2.27 pm)—My question is addressed to the Prime Minister. I refer to yesterday’s extraordinary refusal by the Prime Minister to stand up confidently in this House and confirm whether or not he or any of his staff were responsible for the false and damaging leak about his 10 October conversation with the US President. I ask further: did the Prime Minister or anyone from his office brief the Australian that the Prime Minister had told the President:

… that he had heard “through back channels” that the Chinese believed the economic collapse underscored the inherent failures of capitalism and the benefits of a planned economy.

**Mr Rudd**—The exponents of extreme capitalism opposite should reflect carefully on their remarks and intervention in this debate. I would have thought the member for Goldman Sachs would have thought twice before asking a question of that type. The question relates to the reported comment that appeared in a newspaper on 25 October. The explicit purpose of my call to the President of the United States was to discuss the role of the G20 in responding to the global financial crisis. Any suggestion that the President was not fully aware of the role of the G20 is not accurate. The White House, the United States ambassador and I have confirmed and made it clear that the reported comment was never made by the President of the United States and was therefore inaccurate. That has been my position since the beginning of this matter; that position has not changed. I would note also that the US ambassador in his remarks has made it clear that the matter is now concluded, and that is our view as well.
Economy

Mr SIDEBOTTOM (2.29 pm)—My question is to the Minister for Finance and Deregulation. Minister, why is it important that Australia maintains effective regulatory arrangements in the face of the global financial crisis? Minister, what is the government’s response to recent attacks on regulators?

Mr TANNER—I thank the member for Braddon for his question. At the heart of the global financial crisis lies a failure of regulation, not just regulation in the United States but also international regulation. It is not a problem of insufficient regulation; it is a problem of inadequate regulation. That is something that the Prime Minister has addressed in his recent speech to the UN General Assembly and that the government will continue to prosecute in international forums.

Australia is fortunate to have avoided the excesses of the subprime era in the United States—but that is not an accident; it is because Australia has a strong regulatory framework run by world-class regulators. But we should never be complacent. There is always room for improvement, refinement and reform, and the government is continuing to work with the Australian regulators to pursue any strengthening and improvement that is appropriate. That is why the government has tightened rules regarding credit rating agencies, for example, requiring them to hold financial service licences and to undergo annual compliance reporting to ASIC. The government will continue to work with the regulators to ensure that we navigate the global financial crisis in the best possible shape and to ensure that we maintain our strong regulatory arrangements.

It is particularly disappointing to see the opposition engaging in a persistent pattern of vicious personal attacks on the key regulators in Australia’s financial architecture. Several weeks ago we had the member for Canning attack the Reserve Bank governor, clearly suggesting that the Reserve Bank’s decisions on interest rates were driven by political bias. A couple of weeks ago we had the Secretary of the Treasury accused, by the Leader of the Opposition, of lying, and then the following day he was accused of lying to the Senate by Senator Abetz. In both cases there was not a skerrick of evidence and not one hint of a suggestion of any substantiation of these accusations, notwithstanding the fact that these are about the most serious accusations you can make against somebody like the Secretary of the Treasury.

But yesterday we had the member for Goldstein—a senior frontbencher; not a rogue backbencher like the member for O’Connor or the member for Canning—sent out to allege that the Secretary of the Treasury, and, indeed, the Treasury, had cooked the books. That was the nature of the allegation: that the Secretary of the Treasury and the Treasury had cooked the books. Again, there was not one scintilla of evidence advanced to support this claim. There was not one shred of evidence advanced to support this claim.

Then of course, just to add to the general milieu of all of this, we had, predictably, the member for Canning allege that because the Secretary of the Treasury was addressing the National Press Club this made him a political activist. There was no mention of the fact that the former and current head of the Department of Foreign Affairs, Michael L’Estrange, addressed the National Press Club in 2006. There was no mention of the fact that the former and current head of the Australian Federal Police, Mick Keelty, addressed the National Press Club in 2004. Then of course you had, right on cue, the member for O’Connor engage in the usual additional barrage of personal vituperation.
and nonsense. And subsequently we have had Senator Coonan, another senior front-bencher, confirm the accusations by the member for Goldstein, saying that the Treasury figures seemed suspicious.

Why is this happening? Why do we suddenly get this pattern—an orchestrated set of attacks on Australia’s regulator? Most Australians support our regulators. Most Australians think it is important to have a strict set of rules and fair dinkum, impartial, tough umpires. But there are, sadly, some people in the community who do not. There are some people in the community who do not like regulators and who do not like tough rules. The sharks and the shonks and the spivs that inevitably populate the nether regions of the financial world do not like regulators. Unfortunately they have taken over the Liberal Party. The sharks and the shonks and the spivs have taken over the Liberal Party. There has always been a factional tension in the Liberal Party—not between the wets and the dries but between old money and fast money. And fast money has taken over.

Mr Hockey—Mr Speaker, I rise on a point of order on relevance. Going back to the question that was asked, we are happy to join in this conversation about margin lending and a range of other things.

The SPEAKER—The Minister for Finance and Deregulation was asked to comment on any comments made about regulators. I would remind him that this is what he was asked. The minister will continue with his response.

Mr TANNER—The Leader of the Opposition is showing his true colours. He is a weak leader and he is a front for spivs and shonks and sharks. He has refused to repudiate the attacks on the Secretary of the Treasury by the member for Goldstein. He therefore effectively associates himself with this those—

Mr Abbott—Mr Speaker, I rise on a point of order. Under the standing orders the concluding remarks of the minister were certainly untrue and they were definitely offensive, and they should be withdrawn. I ask for them to be withdrawn.

The SPEAKER—I suggest to the minister that it would suit the convenience of the House if he withdrew the remarks that were the early part of his resumption.

Mr TANNER—I am not sure which remarks he is referring to but I withdraw.

The SPEAKER—Unconditionally.

Mr TANNER—It is time that the Leader of the Opposition took a stand on this matter. It is time that the opposition leader either stands up and substantiates the claims that the Treasury has cooked the books or he withdraws them on behalf of the opposition and apologises to the Secretary of the Treasury. Those are his choices: he either puts up or backs down.

Diplomatic Protocol

Mr Turnbull (2.37 pm)—My question is addressed to the Prime Minister. Has the Prime Minister asked his staff members individually whether any of them were responsible for the leak of details of his conversation with the US President? If he has not asked them that question, is he by definition negligent in the discharge of his responsibilities as Prime Minister of Australia?

Mr Rudd—The Leader of the Opposition’s question relates to the newspaper article that appeared on 25 October. I would draw the Leader of the Opposition’s attention to my answer to the earlier question.

Taxation

Mr Craig Thomson (2.37 pm)—My question is to the Assistant Treasurer. Will the minister outline to the House recent developments in the public debate on fuel taxes
and the importance of consistency in policymaking?

Mr BOWEN—I thank the honourable member for his question. The centrepiece of the Liberal Party’s policy on fuel has, of course, been a 5c a litre cut on fuel excise. In fact, it is the only policy that the Liberal Party has announced since the last election. Costed by them at $2 billion a year, this policy would provide relief to motorists of about $2.50 a week if fully passed on to Australian motorists. We know that the—

Mrs Bronwyn Bishop—Mr Speaker, I rise on a point of order. The minister has been asked a question which pertains to matters over which he has control. Liberal Party policy is not one of those matters.

The SPEAKER—Order! The question went to the debate on pricing policies for petrol and consistency in policy.

Mr BOWEN—We know that the Leader of the Opposition feels that this is bad policy. In fact, he even felt that when he was known as the humble member for Wentworth before he became Leader of the Opposition, because he sent an email to his good friend the member for Bradfield. And he was right—it is bad policy. When he was elected Leader of the Opposition, on his first day as Leader of the Opposition, when asked, ‘Will it remain Liberal Party policy?’ he said:

In terms of the fuel excise policy, we’ve made that policy commitment and we stick to it, we honour it, that is our commitment. We made it as a party.

That is what he said. Strong words—a rolled gold commitment from the Leader of the Opposition. But then, on Friday, the Leader of the Opposition walked away from that commitment. He told the West Australian that it was a promise ‘made in the context of a by-election in Gippsland’.

So, apparently, if a commitment is made in the context of a by-election it is not a commitment at all. Yesterday, we had the member for North Sydney nuancing the arguments a little further for the reasons for the backflip. He said the reason the opposition has changed its mind is that the government did not adopt the policy. He said that because we, the government, have not adopted the policy:

Therefore you’ve got to move on; otherwise, if you keep fighting yesterday’s battles you’re never going to move forward with a forward agenda.

So there you have it—a commitment from the opposition is only a commitment if we adopt it. That is a new definition of a non-core promise. Of course, it is right and proper that the Liberal Party drop this ridiculous policy, because it is bad policy. But what does it say about the credibility of the honourable gentleman who sits opposite when (a) he said it was bad policy, (b) he then supported it as a firm policy commitment and (c) he is now scrapping the policy—that is more flip-flops than you would see at Bondi Beach on a Sunday in summer. We see this continual backflipping and flip-flopping from the opposition, but that is what we have come to expect from the Leader of the Opposition.

I am asked about the importance of policy consistency. We have seen the same inconsistency from the opposition in relation to the government’s bank guarantee. When the Prime Minister announced the bank guarantee, the Leader of the Opposition said:

We welcome this measure, we support it and we will give the Prime Minister every assistance.

Now, of course, he says it was a blunder and a failure. Our old friend the shadow Treasurer, in a doorstop interview yesterday morn-
said the bank guarantee was causing ‘more dislocation in Australia than any other factor’—more dislocation than even the collapse of world financial markets. We know she did not plagiarise that; nobody else would have been silly enough to say that. The Leader of the Opposition told the Australian on Friday:

I place a very high premium on consistency and integrity in politics.

I do not question the honourable gentleman’s integrity, but he has all the consistency of a chameleon. If the Leader of the Opposition wants consistency, he could start by consistently asking and requiring the members for Goldstein, O’Connor and Canning to apologise to some of Australia’s finest public servants. It is just another reminder that, when it comes to the Leader of the Opposition, you have to look at what he does and not what he says—because what he says has no credibility.

Diplomatic Protocol

Mr TURNBULL (2.43 pm)—My question is to the Prime Minister. Will the Prime Minister cooperate fully with any police investigation into the leak of false and damaging details of a private and confidential conversation with the President of the United States of America?

Mr RUDD—The honourable Leader of the Opposition’s question goes to the newspaper article of 25 October. Again, I would draw his attention to the answer to the earlier question. I also ask him to reflect on what did happen in the Andrew Wilkie affair, when I seem to recall that an ONA classified document found its way into a Melbourne newspaper in a quite mysterious set of circumstances. Perhaps the Leader of the Opposition, or those opposite who were party to that, could inform the House as to what then transpired.

The SPEAKER—I call the member for Fremantle.

An opposition member—Not another Dorothy!

HMAS Sydney II Commemoration

Ms PARKE (2.44 pm)—I know that there are a few friends of Dorothy on the opposition benches! My question is to the Minister for Defence Science and Personnel. Will the Minister for Defence Science and Personnel update the House on the HMAS Sydney II commemorative services planned for 19 November?

Mr SNOWDON—I just happen to have something that you will be interested in! I thank the member for Fremantle for her question. She has been able to provide me with from Beaconsfield Primary School a commemorative plaque which reads: ‘A souvenir of action between HMAS Sydney and Bartolomeo Colleoni resulting in the sinking of the Italian cruiser.’ As far as I am aware, this is the only such souvenir, though there may be others. In the context of my discussions over the last few months this is the only item that I have seen actually from the Sydney and we understand it to be a part of the funnel damaged in that battle with the Colleoni off Cape Spada in Crete on 19 July 1940. I want to thank the member for Fremantle and also the member for Brand for bringing this to my attention. The member for Brand, of course, hosts Fleet Base West at Stirling in Western Australia and has a significant interest in this issue.

More importantly, on the 11th of the 11th 67 years ago HMAS Sydney II departed Fremantle. She departed Fremantle escorting the troopship Zealandia. On 17 November she transferred that responsibility to the British ship Durban and she was to have returned to Perth on 20 November, and we know that she never arrived. She was sunk.
You recall that after searching for this vessel earlier this year there was a national commemorative service at St Andrews in Sydney on 24 April. On 16 April a small ceremony off the Anzac had been held over the site of the sinking of the Sydney. Next week on 19 November there will be a series of national events. One of those will be at the Geraldton War Cemetery, where we will lay to rest a sailor believed to have come from the HMAS Sydney II, whose remains were exhumed from Christmas Island. After significant efforts at DNA testing family members of crew members from the Sydney, we have yet to identify this person. However, he is to be buried at the war cemetery in Queens Park on the 19th at Geraldton. Significantly, on that day we will be holding on board HMAS Manoora, over the site of the HMAS Sydney II, a service which will be for family members of the Sydney. Two hundred and eighty family members will be on board for this service. The City of Geraldton-Greenough will also host their annual sunset memorial service at the Dome of Souls at Geraldton on the 19th.

On 27 October I advised all members of a series of national events including ones to be held here in Canberra, in Sydney, in Brisbane, in South Australia and in Fremantle. I would encourage members to attend if they possibly can. I would also advise that the member for Brand is very active in this area. He is organising a display at his community stall on the 15th and 16th in addition to the commemorative service and presentation planned for 19 November. This is a very important memento of Australian history and I would encourage members when they are contemplating the sinking of the Sydney and the loss of those 645 souls to understand the bravery with which those men served and the honour that they have brought to this nation.

**Child Care**

Mr HOCKEY (2.50 pm)—My question is to the Prime Minister. Prime Minister, in the light of the Deputy Prime Minister’s claim that the problems of ABC Learning are a result of ‘letting the market rip’ and given that there is no suggestion that the growth of the company breached the Trade Practices Act, what changes to the Trade Practices Act does the Prime Minister propose to introduce to place further restrictions on market forces?

Mr RUDD—I thank the honourable member for North Sydney for his question, and it goes to how we ended up in a situation where one company had 25 per cent of market share. That is what is at stake here. It is a very big public policy question. How did we end up in a situation where one company with 25 per cent of market share could be responsible—

Mr Dutton interjecting—

The SPEAKER—Order! The member for Dickson.

Mr RUDD—I think that the member for Dickson protests too much! When you have a company like that, with 25 per cent of market share for long-day places in Australia, there is a problem for mums and dads right across the nation if something goes wrong for that single provider. That is the problem we face. It is a problem of market concentration. I would therefore suggest to the honourable member for North Sydney when he raises this question that he direct his thoughts and his sentiments to the mums and dads out there now desperately anxious about making sure they have got a place to send their kids at the beginning of next year.

The Deputy Prime Minister has acted entirely appropriately in taking decisive action to make sure that we provide for those centres to remain open through December so that kids will not be left in the immediate
lurch. That was the danger we faced quite recently. The Deputy Prime Minister acted entirely appropriately. How would you feel if you had to front on Monday with no certainty of where your kids could go to child care? The impact it would have on people’s ability to conduct their normal lives, to go to work and earn a living would be enormous. The action taken by the Deputy Prime Minister was entirely appropriate.

The policy question which forms the basis of the member for North Sydney’s question is one which we will deliberate on in the future. But can I say this about the level of market concentration: it was monstrously irresponsible of the previous government to allow this state of affairs to occur because of the direct consequence of this level of market concentration on such a large number of kids, mums and dads across Australia should something go wrong with a single company. Something has gone wrong with that single company. We are dealing with the mess that we have been left by those opposite. We will deal with the competition policy questions and other market concentration questions once we are through the current mess.

Occupational Health and Safety

Ms JACKSON (2.53 pm)—My question is to the Minister for Education, Minister for Employment and Workplace Relations and Minister for Social Inclusion. Will the Deputy Prime Minister advise the House on the progress in creating uniform occupational health and safety laws for the nation? What are the impediments to this much needed change?

Ms GILLARD—I thank the member for Hasluck for her question. I know she is interested in occupational health and safety, particularly in having uniform standards around the nation. Obviously there are no quick or easy solutions to the global financial crisis, but the last thing you should do in difficult times is down tools on reform. This government is continuing to deal with necessary reform in this country, and there is no bigger item on the agenda of the business community for regulatory reform than having harmonised occupational health and safety laws around the country so that whether you are running a business in Melbourne or in country New South Wales or in the north-west of this country you know what your obligations are, and those obligations will be the same. In a nation of 21 million people, with more businesses trading across state lines than ever before, obviously having uniform laws is a reform worth striving for. This is something that was not done by the former government. It was talked about, constantly. The Liberal Party talk, but when you examine their actions not much happens—and nothing productive happened on harmonising occupational health and safety laws.

This government in the middle of this year entered into a historic agreement through the Council of Australian Governments to deliver occupational health and safety laws around the country that would be the same. We are on track to deliver those model laws, so that people can see what they will look like, in May next year. In order to drive this work, the agreement between states and territories and the Commonwealth included an agreement to a new national body to lead this work—Safe Work Australia. The membership, structure and voting arrangements of Safe Work Australia were specified in the intergovernmental agreement. As is the nature of negotiations, not everybody got everything they wanted and there were diverse views about how this organisation should be structured. But, with the best of goodwill, people sat around a table and worked their way towards a consensus. The Prime Minister and premiers signed the agreement off, and we have been attempting to implement it. The thing that has stopped us implement-
ing it is the Liberal Party, which continues to seek amendments to this legislation in the Senate which are different from the intergovernmental agreement and which would cause the whole process to go off the rails because we would have to go back to COAG and back to the Workplace Relations Ministerial Council and seek to renegotiate, losing many vital months in the meantime.

The Leader of the Opposition is someone who likes to style himself as understanding the needs of business. But, of course, when it comes to the Leader of the Opposition you cannot listen to what he says; what you have to watch is what he does. Whilst he says he is interested in the needs of business, he is holding up this vital legislation in the Senate. Can I refer him directly to what business has said about this question. The Chief Executive Officer of the Business Council of Australia issued a media release in which she said:

"In the current climate businesses need every help to get on with the job. The amendments sought by the Senate jeopardise moves to make business operations and employment of workers simpler across our jurisdictions …"

"The amendments sought by the Senate in the last sitting are inconsistent with the agreement by all governments at COAG to deliver a uniform national system of … (OHS) laws."

The Australian Mines and Metals Association has called on the Liberal Party to get out of the way. And then we had a Workplace Relations Ministerial Council meeting last week. The Liberal Party was trying to pretend to this parliament that the amendments it sought would be acceptable to workplace relations ministers around the country so this was no problem. Well, that claim is not true, and no-one can pretend that it is true after the Workplace Relations Ministerial Council last week. It was attended for the first time by the new Liberal workplace relations minister in Western Australia. Whilst he did not join with his Labor colleagues on every aspect of the communique, he joined with his Labor colleagues on the following aspects of the communique. He and every other minister from around the states said:

Ministers highlighted that Senate amendments to the Safe Work Australia Bill 2008 were inconsistent with the historic commitment of all governments to uniform national OHS legislation …

And it went on—so the Liberal minister in WA is saying this:

… Ministers noted with much concern that the amendments threatened the harmonisation of national OHS legislation, thereby delaying a significant and long overdue economic reform which would enhance OHS outcomes, reduce red tape for business and strengthen Australia’s productive capacity.

The Liberal Party needs to make a decision here. We will present this legislation to the Senate again. The business community around this nation is calling on you, the Leader of the Opposition, to instruct your senators to get out of the way. Workplace relations ministers around the country, including the only Liberal workplace relations minister, are calling on the Liberal Party and the Leader of the Liberal Party to show some leadership and to get out of the way so that we can get on with this vital task of national reform. In the midst of an economic crisis, the last thing we need is an economic wrecker. We are calling on the Leader of the Liberal Party to get out of the way so we can deal with this important national reform.

**Health Care**

Mr Oakeshott (3.00 pm)—My question is to the local member for Griffith, the Prime Minister. Can you explain why a newly trained GP who wants to set up shop in my less affluent Hastings Valley communities receives no incentive to do so, yet by comparison this exact same GP can set up shop on the more affluent Hastings Street in Noosa and, for doing so, will receive a $60,000 incentive from government? If there
is no logical explanation to this GP version of the ‘Battle of the Hastings’, in the interests of better, fairer and more equitable health care in this country when will you change this flawed national policy?

Mr Rudd—I thank the honourable member for Lyne for his question because it goes to the whole question of the proper provision of GP services right across the country. We on this side of the House, the members of the government, support a universal healthcare system which does not discriminate against people on the basis of how much money they have and should not discriminate against people on the basis of where they live. That is a fundamental principle of social justice and we believe in it. That is why, on this side of the House, we pioneered universal health insurance with Medibank. That is why after the other mob got rid of Medibank—we

Mr Ciobo—Those were the glory days!

Mr Rudd—Yes. That is why after they got rid of Medibank we brought in Medicare, and after 19 attempts by those opposite to sink the stake through the heart of Medicare they finally tapped the mat—sort of—and allowed Medicare to continue. The reason I have made those introductory remarks is to say that on the question of universal provision in the healthcare system we have a 20- to 30-year track record of standing behind this deep principle.

On the question of differential incentives across Australia—and I obviously do not know the circumstances as they apply to the two Hastings concerned—my discussions with the Minister for Health and Ageing, Minister Roxon, have focused in large part on the proper provision—

Opposition members interjecting—

The Speaker—Order! The House will come to order.
advice from the health minister that he referred to in his answer.

The SPEAKER—Order! The member for Dickson will resume his seat.

Renewable Energy

Ms GEORGE (3.04 pm)—My question is to the Minister for the Environment, Heritage and the Arts. Will the Minister update the House on the government’s commitment to a vibrant, renewable energy sector to help Australia tackle climate change?

Mr GARRETT—I thank the member for Throsby for her question and I know that she has an acute interest in this issue, particularly in relation to the development of renewable energy technologies in her electorate. The fact is that the government is committed to a vibrant renewable energy sector to help Australia tackle the challenges of climate change. We do that in the context of modelling from Treasury which shows that we can take action to reduce Australia’s carbon pollution whilst continuing to grow our economy. We understand that there are significant opportunities for economic growth and for employment that lie in having a healthy renewable energy sector. The government has made a number of significant commitments to this comprehensive approach. We are committed to a 20 per cent renewable energy target by 2020. In this 2008-09 period, we are committed to the largest ever Commonwealth investment in solar power, with more solar panels going onto more rooftops than any other year in Australia’s history, and we are committed to introducing a $300 million low interest green loan to make existing homes more energy and water efficient. We have a comprehensive approach to ensuring that we have a robust energy efficiency and renewable energy sector because we know that the challenge of climate change is the most significant one that we face. The Leader of the Opposition says that he also wanted to take action—

Opposition members interjecting—

The SPEAKER—The member for Hume is warned, on behalf of all the rest.

Mr GARRETT—before the last election. We know that he wanted to ratify the Kyoto protocol but he could not convince his cabinet colleagues. The reason he could not convince his cabinet colleagues was an innate sense of scepticism amongst some of his colleagues at that time which lives on in the Liberal Party and in the opposition that sits opposite.

I noticed the member for Goldstein—the member that has responsibilities for assisting the opposition’s emission trading policy—on radio this morning, when he was accusing the government of trying to silence debate, saying on the government’s view, ‘If you question climate change, you’re a sceptic.’ This reminded me of an article in the Australian Financial Review called ‘The Player’, where the member for Goldstein’s views were described as those of someone who saw climate change as a ‘leftist fad’ that will divert resources away from other more needy areas of the economy. In fact, he was quoted as saying that ‘after the fall of communism, it—global warming—’has become a cause celebre for the left’. He went on to say that he had studied the data and, as someone with a reasonable grasp of statistics, is yet to be convinced. He said:

I found that some of the same scientists who in the 1970s were saying we should prepare for an ice age were leading the charge on global warming.

So much for the scientific consensus on climate change, and so much for the advice from our own independent scientific bodies like the CSIRO or the International Panel on Climate Change. Let us put it this way: if it looks like a sceptic, if it talks like a sceptic
and if it walks like a sceptic, then it is a sceptic. But let me say to the member for Goldstein: if you do not believe that climate change is real, I think the Leader of the Opposition does; if you do not believe that humans are contributing to it, I believe the Leader of the Opposition does. It follows as a consequence that the view that is held in this House by this government is that we need to act resolutely on this matter and that the sooner we take that action the better prepared we will be. But on the other side of the House they still do not get it; they still do not get the need for a real renewable energy sector in this country, and they still do not get the need for a comprehensive approach to climate change, because scepticism is alive and well in the hearts and minds of the Liberal Party and it is time the Leader of the Opposition took some action to deal with it.

**Prime Minister**

Mr HOCKEY (3.09 pm)—My question is to the Prime Minister. I refer the Prime Minister to his 2007 declared war on drugs, his January 2008 declared war on inflation and yesterday’s declared war on unemployment. I also refer the Prime Minister to the 2007 ‘Rudd’s war on whalers’, the February 2008 ‘A war cabinet to fight disadvantage’, his February 2008 war on downloads, his March 2008 war on pokies, his May war against doping in sport and his October war on bankers’ salary deals. Prime Minister, how goes the war on everything?

Mr RUDD—I notice that at the end of the member for North Sydney’s question he spoke about a war on bankers’ salaries. I would have thought that that is an interesting observation, given the rolling critique about extreme capitalism coming from those opposite. If you were representing the interests of the merchant banking fraternity of Australia I could understand why you would have some concerns about that, but I will not dwell on that further. The core part of the member for North Sydney’s question is about unemployment.

Our attitude to dealing with the challenge of unemployment is that you can either simply wait for the global financial crisis to become a global economic crisis with real impacts on jobs and real impacts across communities in Australia and do nothing about it, or you can take action. We believe in taking action. That is why we have introduced a $10.4 billion Economic Security Strategy; that is why we have supported a $6.2 billion plan for the future of the Australian auto industry; and that is why we support a nation-building agenda for the future. That is because we believe in supporting growth and supporting jobs. This is a serious business, dealing with a serious problem brought about by a serious global financial crisis. It is a course of action to which the government is wedded. Can I suggest to the honourable member for North Sydney that, rather than simply engaging in petty political point-scoring, the nation would be better served if he joined with the government in a combined effort to deal with the challenges of the national economy.

**Employment**

Mr GEORGANAS (3.12 pm)—My question is to the Minister for Employment Participation. Will the minister outline the history of efforts by the Commonwealth to engage the states and territories in a national approach to employment participation and the government’s current approach?

Mr BRENDAN O’CONNOR—I thank the member for Hindmarsh for that important question. There is no doubt in my mind that the member for Hindmarsh has spent much of his time fighting for workers, and I know it is therefore very appropriate that he ask this question. Two weeks ago I convened a ministerial roundtable of state and territory...
ministers to discuss employment services and those matters that affect employers and job seekers in this country. Indeed it was the first meeting of its type in more than a decade. I am happy to advise the House that in attendance were all governments, other than the Western Australian government. They did indicate that they could not make that particular meeting, and I sincerely hope that they are in a position to attend the subsequent meeting. But it was a very fruitful meeting, because we discussed those things we have in common in terms of government responses to job seeker needs and the needs of industry and employers.

The facts are that we can do a lot more in coordinating our resources collectively as governments in assisting the unemployed and in assisting employers who are looking for skilled labour. Therefore, it was a fruitful meeting, and we decided to have a subsequent meeting in the new year to further consider what more can be done in relation to the state, federal and territory governments working together in this area of public policy. This joint approach by governments is critical, particularly in confronting the challenges of the most significant global financial crisis since the Great Depression, so it was very important that we took that approach.

It is also important to remind the House that the government were reforming employment services well before the global financial crisis hit. That means we are in a very good position to respond to the challenges that lie ahead for job seekers and for employers as the consequences of the economic slowdown take effect. The government’s training agenda, furthermore, was also initiated before the global financial crisis, because the government anticipated the needs of the nation and was indeed redressing the deficiencies of the previous government in not addressing skill shortages in this country. We had a training agenda that commenced at the beginning of this year, but of course we have added to that agenda as a result of the global financial crisis. The government’s training agenda will provide 309,000 extra places for job seekers over the course of the next five years. In keeping with the government’s approach to employment, as the Prime Minister just indicated, we announced this week the New Car Plan for a Greener Future, a $6.2 billion injection into the automotive industry over 13 years, again illustrating the fact that the government will always be about job security, job creation and job training. That is a Labor priority. In the government’s heart of hearts, we believe that employment is critical to national growth and we believe that we must concern ourselves with the plight of working people.

One of the reasons we have had to redress the skill shortage and reform employment services is that those opposite while in government did not do enough to reform employment services and did not do enough to formally address the training needs of this country. We know the reason why. It is that many of those opposite see workers as units of labour only. They do not see them as workers struggling hard to look after their families and their communities. They do not concern themselves with the interests of working families generally. In stark contrast, the government have acted swiftly and decisively in initiating a $10.4 billion package to protect and create jobs in this country, to stimulate the economy and to protect the interests of vulnerable Australians. As a part of the Economic Security Strategy, we have announced a $187 million allocation for an additional 56,000 training places this financial year. So we are making sure that we respond to the needs of workers and the needs of industry in this country. That is why we will continue to work with state and territory governments, industry and job seekers to
ensure that they are better off as a result of our policies.

**Kurnell Desalination Plant**

Mr KEENAN (3.18 pm)—My question is to the Deputy Prime Minister. I refer the minister to an article appearing on the front page of the *Australian* today that details a New South Wales government led union raid on the Kurnell desalination plant building site. Given the minister’s refusal to comment yesterday, will the minister unequivocally condemn these actions, or should we take your continued silence as supporting these actions?

Ms GILLARD—I thank the member for his question. I will say to him what I said to members of the media who asked me about this this morning. That is, everyone should obey the law. Of course everyone in their workplaces should obey the law. The work site that he refers to is a John Holland work site. There has been an ongoing legal dispute there about the nature of right of entry for occupational health and safety inspections. John Holland made the move into Comcare and there is a legal dispute about how right of entry in relation to occupational health and safety should be resolved in the circumstances where John Holland is covered by Comcare but contractors on the site are not direct employees of John Holland and consequently look to New South Wales for their workers compensation arrangements. That matter is before the Federal Court—from recollection it is the Federal Court, but it is certainly before a court and being argued through now. Obviously, I am not going to make a comment about that legal dispute, but the legal dispute is there and is to be resolved. I restate what I absolutely believe in and what my message would be to people in these circumstances and to people in all circumstances. That is, everyone should abide by the law.

**Economy**

Mr MARLES (3.21 pm)—My question is to the Minister for Finance and Deregulation. Why is it important to maintain confidence in Australia’s economic regulatory arrangements, and why have the actions of key regulators been called into question?

Mr TANNER—I thank the member for Corio for his question. Confidence is a central issue in the current economic circumstances facing Australia and indeed the rest of the world. That is confidence not just in wider business conditions but in particular in the strength and integrity of our regulators. It is also particularly important internationally, and that is reflected in decisions being made by international investors and financial institutions with respect to Australia. Those decisions are in turn reflected in things like the interest rates that they charge Australian financial institutions to borrow money from them—which in turn are reflected in things like interest rates that ordinary working people have to pay on their home loans, their credit cards and other financial products.

Confidence in the regulatory structure and confidence in the regulators is critical, particularly in the current circumstances where the government is facing very challenging circumstances as a result of the global financial crisis. Any suggestion that our regulators are not rigorous, are not impartial and that they allow politics to intrude into their decision making undermines confidence in the Australian regulatory arrangements both in this country and overseas. If you want to see examples of that, without naming them, all you need to do is have a look at one or two countries overseas where they have genuinely opaque, genuinely politicised regulatory arrangements and see what that does for confidence amongst international investors and international financial institutions.
Undermining confidence in our regulators seriously threatens the integrity of the Australian economy. The suggestion that the Australian Treasury has been involved in cooking the books, in publishing false forecasts and the suggestion that the Australian independent Reserve Bank has taken political decisions with respect to interest rates undermines world confidence and undermines Australian confidence in our economic regulators.

I am asked why these attacks are happening, why our regulators are being impugned and traduced, why the Secretary of the Treasury is being accused of lying, why he is being accused of cooking the books and why the Reserve Bank governor is being accused of manipulating interest rates for political purposes. The answer is straightforward: this is an orchestrated assault by the Liberal Party. It is according to a plan. It is according to a pattern. It is not a one-off event. It is according to an orchestrated plan on the part of the Liberal Party under the leadership of the Leader of the Opposition, because the Liberal Party now represents the shonks, the spivs and the sharks who have all crawled out from under rocks as a result of the global financial crisis.

Mr Hockey—Mr Speaker, on a point of order: not only is this the same answer he gave a little earlier in question time—obviously he did not get it up for the cameras, the grab—but now it is irrelevant to the question that was asked. We will have a war on relevance in this situation.

Mr Abbott—Further to your comments and on the point of order, something does not become any less offensive because it has been recouched in that way. I certainly believe it is a very offensive reflection on me. I think most of my colleagues would regard themselves as being offensively reflected upon and these comments should be withdrawn.

The SPEAKER—Consistent with the way in which these things have been handled in the past, there have been a number of occasions when I have witnessed similar sorts of accusations being made to large collectives, to which I may have thought I belonged, that may have disturbed me. I think that is the case here. I am indicating to the member for Warringah that the earlier withdrawal was a completely different subject and topic because it was directly reflecting upon the Leader of the Opposition.

Mr Abbott—Mr Speaker, if—

The SPEAKER—No, the member for Warringah does not have the call yet. The member for Warringah on the point of order.

Mr Abbott—Mr Speaker, I appreciate your further entertaining me on this, but if these words were rightly judged to be offensive when directed to the Leader of the Opposition, they are equally offensive when directed to all members of the opposition. I ask you, exercising your discretion and judgement regarding the standards of this House—
The SPEAKER—My difficulty is that, in defending myself, I would have to repeat the remarks that I asked the minister to withdraw. They were completely—to use a colloquial expression—a different kettle of fish to the way in which this has been put to the chamber.

Mr Truss—Mr Speaker—

The SPEAKER—No, I am not entertaining any further points of order on this matter. I think that when people ask me to go and review circumstances, I am happy for people to go over the circumstances and they will come to perhaps other conclusions.

Mr Tuckey—Mr Speaker, on a point of order: I draw your attention to standing orders 88, 89 and 90 and, more particularly, the reference there in the major heading to ‘disorder’. The remarks of the Minister for Finance and Deregulation are an invitation to disorder and if he wants us to talk about Wayne Swan running around with bags of money in Queensland and the disgrace that was delivered to him, let him suspend standing orders and we will get into the shonks.

The SPEAKER—The member for O’Connor will withdraw.

Mr Tuckey—I withdraw to let you get on with this shonky business.

The SPEAKER—The member for O’Connor will withdraw.

Mr Tuckey interjecting—

The SPEAKER—The member for O’Connor will withdraw.

Mr Tuckey—I withdraw, but you can see why these things happen.

The SPEAKER—I name the member for O’Connor without warning, and this is for three days.

Mr ALBANESE (Grayndler—Leader of the House) (3.30 pm)—I move:

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

Question put.

The House divided. [3.34 pm]

(The Speaker—Mr Harry Jenkins)

Ayes………… 79
Noes………… 60
Majority……… 19

AYES

Adams, D.G.H. Albanese, A.N.
Bevis, A.R. Bidgood, J.
Bird, S. Bowen, C.
Bradbury, D.J. Burke, A.E.
Burke, A.S. Butler, M.C.
Byrne, A.M. Campbell, J.
Champion, N. Cheeseman, D.L.
Clare, J.D. Collins, J.M.
Combet, G. Crean, S.F.
D’Ath, Y.M. Danby, M.
Debus, B. Dreyfus, M.A.
Elliot, J. Ellis, A.L.
Ellis, K. Emerson, C.A.
Ferguson, L.D.T. Ferguson, M.J.
Fitzgibbon, J.A. Garrett, P.
Georganas, S. George, J.
Gibbons, S.W. Gillard, J.E.
Gray, G. Grierson, S.J.
Hale, D.F. Hall, J.G. *
Hayes, C.P. * Irwin, J.
Jackson, S.M. Kelly, M.J.
King, C.F. (proxy) Livermore, K.F.
Macklin, J.L. Marles, R.D.
McCllland, R.B. McKew, M.
McMullan, R.F. Melham, D.
Murphy, J. Neal, B.J.
Neumann, S.K. O’Connor, B.P.
Owens, J. Parke, M.
Perrett, G.D. Plibersek, T.
Price, L.R.S. Raguse, B.B.
Rea, K.M. Ripoll, B.F.
Rishworth, A.L. Roxon, N.L.
Rudd, K.M. Saffin, J.A.
Shorten, W.R. Sidebottom, S.
Smith, S.F. Snowden, W.E.
Sullivan, J. Symon, M.
Tanner, L. Thomson, C.
Thomson, K.J. Trevor, C.
Turnour, J.P. Windsor, A.H.C.
Zappia, A.

NOES

Abbott, A.J. Bailey, F.E.
Baldwin, R.C. Billson, B.F.
Bishop, B.K. Bishop, J.I.
Briggs, J.E. Broadbent, R.
Chester, D. Ciobo, S.M.
Costello, P.H. Coulton, M.
Dutton, P.C. Farmer, P.F.
Forrest, J.A. Georgiou, P.
Haase, B.W. Hartsuyker, L.
Hawke, A. Hawker, D.P.M.
Hockey, J.B. Hull, K.E. *
Hunt, G.A. Irons, S.J.
Jensen, D. Johnson, M.A. *
Keenan, M. Laming, A.
Ley, S.P. Lindsay, P.J.
Macfarlane, I.E. Marino, N.B.
May, M.A. Mirabella, S.
Morrison, S.J. Moylan, J.E.
Nelson, B.J. Neville, P.C.
Oakeshott, R.J.M. Pearce, C.J.
Ramsey, R. Randall, D.J.
Robb, A. Robert, S.R.
Ruddock, P.M. Schultz, A.
Scott, B.C. Secker, P.D.
Simpkins, L. Slipper, P.N.
Smith, A.D.H. Somlyay, A.M.
Southcott, A.J. Stone, S.N.
Truss, W.E. Tuckey, C.W.
Turnbull, M. Vale, D.S.
Washer, M.J. Wood, J.

PAIRS

Swan, W.M. Gash, J.
Griffin, A.P. Markus, L.E.
Kerr, D.J.C. Pyne, C.
Vamvakianou, M. Andrews, K.J.

* denotes teller

Question agreed to.

The SPEAKER—This being the member’s second suspension during this calendar year, he is suspended under standing order 94 for today and the next three consecutive sitting days.

The member for O’Connor then left the chamber.

Mr TANNER—It appears that the opposition are rather sensitive about their association with the shonks and the spivs and the sharks.

Mr HOCKEY (North Sydney) (3.38 pm)—I move:

That the member be no longer heard.

Question put.

The House divided. [3.40 pm]

(The Speaker—Mr Harry Jenkins)

Ayes…………  56
Noes…………  80
Majority……  24

AYES

Bailey, F.E. Baldwin, R.C.
Billson, B.F. Bishop, B.K.
Bishop, J.I. Briggs, J.E.
Broadbent, R. Chester, D.
Ciobo, S.M. Costello, P.H.
Coulton, M. Dutton, P.C.
Forrest, J.A. Georgiou, P.
Haase, B.W. Hartsuyker, L.
Hawke, A. Hawker, D.P.M.
Hockey, J.B. Hull, K.E. *
Hunt, G.A. Irons, S.J.
Jensen, D. Johnson, M.A. *
Keenan, M. Laming, A.
Ley, S.P. Lindsay, P.J.
Macfarlane, I.E. Marino, N.B.
May, M.A. Mirabella, S.
Morrison, S.J. Moylan, J.E.
Nelson, B.J. Neville, P.C.
Pearce, C.J. Ramsey, R.
Randall, D.J. Robb, A.
Robert, S.R. Ruddock, P.M.
Schultz, A. Scott, B.C.
Secker, P.D. Simpkins, L.
Slipper, P.N. Smith, A.D.H.
Somlyay, A.M. Southcott, A.J.
Stone, S.N. Truss, W.E.
Turnbull, M. Vale, D.S.
Washer, M.J. Wood, J.

NOES

Adams, D.G.H. Albanese, A.N.
Bevis, A.R. Bidgood, J.
Bird, S. Bowen, C.
Bradbury, D.J. Burke, A.E.
Burke, A.S. Butler, M.C.
Question negatived.

Mr TANNER—As I was saying, many years ago an old colleague gave me some words of advice: when you throw a stone into a pack of dogs, the one that yelps is the one that got hit. How true that was. There is a simple question here for the Leader of the Opposition that has to be addressed. That is: is he going to repudiate the unprincipled, vicious attacks on the Secretary of the Treasury and the Treasury and their integrity by the member for Goldstein? By his persistent refusal to intervene to repudiate these attacks he is embracing them. By his persistent refusal to provide substantiation and evidence of these claims he is showing his true colours. He has all the integrity, courage and ethics of Arthur Daley. That is what the Leader of the Opposition is demonstrating here. He bought his preselection; he wriggled out of responsibility for HIH. He has all the ethics of Arthur Daley.

Mr Abbott—Mr Speaker, on a point of order: I think the minister was plainly intending to be offensive and he ought to be asked to withdraw.

The SPEAKER—I ask the Minister for Finance and Deregulation to withdraw the remark.

Mr TANNER—I withdraw, Mr Speaker.

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

QUESTIONS TO THE SPEAKER

Standing Orders

Mr WINDSOR (3.47 pm)—I wish to draw your attention, Mr Speaker, to yesterday’s matter of public importance in which Independent members wished to participate but, under existing arrangements for the business of the House, were unable to do so until the Leader of the House moved a suspension of standing orders to enable Independent members to participate in the debate. Mr Speaker, one of your important responsibilities is to protect the rights of members of this House, including Independent members.

Mr Bruce Scott interjecting—

Mr WINDSOR—If you want to become an Independent, Bruce, you can. Independent members should be able to participate in matters of public importance without having
to rely on the Leader of the House suspending standing orders to do so. I would be grateful, Mr Speaker, if you might consider this matter that I have raised.

The SPEAKER—The first proviso I would make to the member for New England is that I am not going to revisit actions of the House on an earlier occasion. The House dealt with that matter yesterday in what appeared to be to you and your two Independent colleagues a satisfactory manner. I would simply say that the chair has some difficulties under the standing orders because some of these things are done by agreement. A lot of things that happen around here are through the understanding of the different tendencies of the chamber. If there is a solution that the member for New England can suggest that might be proposed to the Procedure Committee for their study, I would suggest that that would be a course of action. As he and his two colleagues know, my door is open to continuing discussions about any grievance that they might have.

PERSONAL EXPLANATIONS

Ms McKEW (Bennelong— Parliamentary Secretary for Early Childhood Education and Childcare) (3.49 pm)—Mr Speaker, I wish to make a personal explanation.

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

Ms McKEW—I do.

The SPEAKER—Please proceed.

Ms McKEW—The Australian newspaper, on page 2 of today’s edition, includes an article by Patricia Karvelas and Dennis Shanahan. In that article I was quoted as saying:

They may have to look at capping places so that we have a balanced set of providers out there, both independent and community, and we don’t have a dominance of one group.

I did not provide any comment to Ms Karvelas or Mr Shanahan on this matter and did not make the comment attributed to me, so my office has contacted Ms Karvelas, pointing out this error and requesting that it be corrected. I understand that the Australian has undertaken to make this correction.

Mr DUTTON (Dickson) (3.50 pm)—Mr Speaker, I wish to make a personal explanation.

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

Mr DUTTON—Yes, I do.

The SPEAKER—Please proceed.

Mr DUTTON—Earlier on in question time today the Deputy Prime Minister indicated that somehow I was complicit in the downfall of ABC Learning, which is of course ridiculous and laughable. She also made the point that I have a commercial arrangement in relation to a property which is leased to ABC Childcare, which has been noted in my pecuniary interest register from the time I entered this parliament. It seems my sin is that prior to coming into parliament we operated a childcare centre and when I came into parliament I took the decision to dispose of the business, selling it to ABC. We are now in a commercial rent arrangement. To clarify the facts as they are, we entered into a commercial arrangement with ABC Childcare at the time. The rent that is paid by ABC to us is set at a market rate. It was set at the time by an independent valuer. It is indexed to CPI movements each year. It has a market review after five years and it is not linked in any way to profits or occupancy of the centre. It is a perfectly legitimate, normal commercial arrangement. I wanted to place that on the record.

The second point is in relation to the suggestion by the Deputy Prime Minister that Mr Groves is a friend and supporter of mine. Of course, he is a friend and supporter of
people on both sides of politics. As I understand it, he sponsored the ALP state conference in June of this year.

**DOCUMENTS**

Mr ALBANESE (Grayndler—Leader of the House) (3.52 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.

**MINISTERIAL STATEMENTS**

**Global Food Security**

Mr BURKE (Watson—Minister for Agriculture, Fisheries and Forestry) (3.52 pm)—by leave—Food security is one of the most important challenges we face today. It is increasingly clear that the world is experiencing an unprecedented challenge to the security of its food supplies with food shortages triggering dramatic rises in food prices in Australia and internationally. This setting comes against a projected world population of 9.2 billion by 2050, increased demand for higher protein foods, continued subsistence farming in many nations and smaller average harvests around the world as the climate changes.

At one level, agriculture is the most local of all activities. It is reliant on the very land of the nation. However, at the moment, the three biggest factors in the world also happen to be fundamental to agriculture: the global financial crisis, the global food crisis and climate change.

On Remembrance Day yesterday, we acknowledged those Australians who contributed to our war efforts. At the end of the Second World War, the International Federation of Agricultural Producers was formed. This week the federation has been meeting in Canberra. At the same time that the new federation was being formed, new organisations were being established throughout the world—the United Nations and the Food and Agriculture Organisation. There was an immediate understanding that, for these organisations to serve the people of the world best, the people who produce the food on which the people of the world rely had to be well represented.

That central belief and central tenet of making sure that food producers were a critical part of the new international framework represents the birth of the IFAP organisation whose members met here in Canberra this week. IFAP’s role has been critical through two generations now, from the period post war when in so many ways so many countries in the world, particularly in Europe, were becoming very hungry places to be. At a time now when we are dealing with food shortages in a new way, following globalisation, we find ourselves dealing with these concepts as a global phenomenon, not simply a local one.

The continued expansion of populations in China and India will continue to drive long-term demand for our primary produce, both for our food and for our fibre. Since the global financial crisis hit, there has been less talk about the global food crisis. In this environment, some of the immediate pressures with the global food crisis have eased slightly. However, it would be a mistake to think that the issues we were talking about a few months ago have in any way disappeared.

The global food crisis was described, particularly in the North American media, as being something that occurred largely because of biofuels decisions in North America. This was an incorrect analysis. The biofuels decisions in North America, particularly ethanol from corn production, may have caused us to get to a crisis more quickly, but we were always heading to this point, and
the major structural pressures that were caus-
ing pressure on global food supply remain.

Those pressures are affected by lower av-

erage harvests. Harvests go up and down
each year obviously. But lower average har-

vests are affected around the world by cli-

mate change. They also go to more major

weather events—the most recent highly pub-

licised one was in Burma, where major

weather events are having a major effect on

staple food crops.

Beyond that, though, one of the most fun-

damental changes which does not get looked

at nearly enough is a good thing, and that is

that the developing world is getting wealth-

ier. As people get wealthier, there is a stan-

dard change that they want to make every
time, and that is they want more protein in
their diet. They want more meat. And when
people increase the demand for meat and

meat production starts to increase throughout
the world a few things logically follow.

Land that was previously used for crop-
ing is handed over to livestock. The remain-
ing land still used for cropping is used in-
creasingly for stock feed rather than the di-
rect production of staples for consumption.
All of that means that on the same parcel of
land you are feeding fewer people unless you
are making productivity gains. As somebody
who is a dear lover of red meat, I acknowl-
edge that people are better fed in this cir-

cumstance. But notwithstanding that, without
productivity gains you are feeding fewer
people and that puts a necessary increase in
the value of food and starts to create a scar-
city of supply.

The other thing that occurs in nations as
they become wealthier and increase their
demand for protein in their diet is that they
have tended to restructure every part of their
economy except for their agriculture. At
some point you would imagine this would change. But there are very few signs of it yet.
In many nations that are starting to become
wealthier, their farming sector continues to
look very much like subsistence farming.

That creates both responsibility and op-
portunity for a nation like Australia. It does
create responsibility for agencies like the
Australian Centre for International Agricul-
tural Research (ACIAR) to make sure that
they are in the poorest nations in the world
helping them with the technology to be able
to better feed their populations.

The poorest nations in the world some-
times are the victims of aid programs in the
sense that a badly targeted aid program can
wipe out the livelihoods of all the local
farmers by causing them to lose their own
market. An agency such as ACIAR in Aus-
tralia does very important work in making
sure that, for the poorest nations in the
world, they are not just getting their food
supplied through direct aid and through di-
rect provision of food. Rather, ACIAR helps
to ensure they are generating their own food
supply and learning how to feed their popu-
lations.

For the large middle-ranking part of the
market out there, food scarcity is an extraor-
dinary opportunity for an exporting nation
like Australia. It does mean there are nations
where they can afford to buy our produce.
But they would buy it at a premium. The
government has tried at every opportunity to
make clear within Australia we should not
simply look at the global food crisis as being
an aid issue but also as a productivity issue.

For the poorest nations in the world aid is
relevant. And for the poorest nations of the
world technology transfer is relevant as well.
But there is no end of wealthy nations which
will simply demand more of our produce.
Part of our response has to be a productivity
improvement. Part of our response has to be
to produce more food and produce more fi-
bre and take advantage of a deeply signifi-
cant market opportunity that is there right now for a nation like ours.

The bottom line is that the world is facing a new global food production environment. It is an environment that is constrained by the availability of natural resources and by the uncertainty of a changing climate.

**Climate change**

Climate change brings major challenges that we have to deal with—challenges that affect our primary industries directly:

- warmer temperatures
- longer and deeper droughts, and
- more frequent extreme weather events including biosecurity challenges.

And this is a challenge that will impact all nations. All countries must respond to climate change. But, in Australia, we will be hit harder and faster by the impacts of climate change than most nations.

Amid the worst drought on record, it is obvious how vulnerable our primary industries are to those impacts. The seriousness of the challenge was illustrated to me through a report by the CSIRO and the Bureau of Meteorology that I commissioned as part of the national review of drought policy. This study—the first of three stages in the review—looked at the impact of climate change on the nature and frequency of exceptional climatic events.

It dealt with a range of projections and it covered three areas:

- how often we will get exceptionally hot years,
- what is likely to happen with rainfall patterns, and
- what is likely to happen with soil moisture.

In the report’s high-end predictions, events of extreme temperature that used to happen every 20 or so years nationwide will occur every other year by 2040. Droughts would occur twice as often and over double the area they currently cover. Worst case scenarios are always open to debate, but the base projections are consistent from this and other studies: longer and deeper droughts, and more of them. That has obvious implications for our current drought policy settings which we are addressing through the national review.

The key thing to recognise with these projections is that they all carry the same theme: the changing climate will bring us challenges that are much tougher than any we have faced in the past. The World Bank has estimated that increased food prices have pushed an additional 100 million people globally into poverty. And for the 1.4 billion people already living in poverty—on less than US$1.25 a day in 2005—their poverty is deepening. It is these people who are being hardest hit.

Recent falls in world food prices provide some relief. The Food and Agriculture Organisation of the United Nations (FAO) Food Price Index dropped six per cent in September, falling to a nine-month low. But there is not yet cause to relax. The stark reality is world food prices across all major food and feed commodities are still 51 per cent above their level in September 2006 and are predicted to remain above their pre-2006 levels for some time to come. The FAO points out that the recent reduction in food prices comes largely from contracting demand rather than rising supply.

The financial crisis is slowing global growth. It is reducing confidence and domestic spending in countries throughout the world. This has reduced the demand for food and put further downward pressure on already-falling prices. The lower prices are a welcome relief but developing countries are still highly vulnerable.
The IMF and World Bank have both reported that the effects of the food and fuel price increases are still being felt, despite falling prices. Many developing countries incurred significant costs in responding to the price increases, as well as increased current account deficits and inflation. The current financial crisis is exacerbating their situation by slowing economies and increasing unemployment at a time when the food and fuel price increases have already increased poverty.

So how can we help address the challenges of global food security? Concluding the Doha Round offers us a major opportunity and means to address global food security more effectively by removing distortions to global food markets. It will provide greater opportunities and incentives for farmers to increase productivity and will encourage countries to diversify their supply of food. We must continue to invest in research and development to maintain productivity improvement, increase crop yields and minimise the impact on our environment.

In addition, we need to consider and embrace where relevant new avenues such as biotechnology and new and emerging technologies. We must not be turning our backs on any areas of new technologies able to help with this problem—and I include genetically modified organisms (GMOs).

**Efforts of the Australian Government**

Global action is needed to address the world food crisis. This is why the Department of Agriculture, Fisheries and Forestry has established a team dedicated to working on food security issues. Since May this year the Rudd government has allocated more than A$100 million to improve global food security. This includes a A$50 million contribution to a World Bank trust fund aimed at immediately stimulating agricultural supply in vulnerable countries and A$30 million to the World Food Program’s emergency appeal. It also includes additional assistance to improve food security in Indonesia (A$6.5 million), Ethiopia (A$10 million), Afghanistan (A$12 million) and North Korea (A$3 million).

In addition, the government has taken steps to prepare our agricultural industries to adapt and adjust to the impact of climate change. As we promised at the last election, we have delivered the Australia’s Farming Future initiative. This initiative supports research, development and demonstration projects, communication and awareness-raising activities, training, community networks and capacity building, and adjustment advice and assistance, including for those who make the hardest decision of all and choose to leave farming.

And we are establishing the Regional Food Producers Innovation and Productivity Program which will encourage innovation and improve food productivity for regional food producers and processors in Australia. This program will run over four years and will provide discretionary grants for projects that facilitate innovation, and increase productivity and efficiency of Australian food producers.

These initiatives build on the underlying strengths of the Australian agricultural sector. Most importantly, it is a very dynamic sector with a strong culture of innovation, and commitment to research and development. As a result, our farmers are resilient and adaptable. Similarly, our agricultural scientists are amongst the best in the world. They are well placed to assist not only Australia’s agriculture sector but also countries dominated by tropical and dryland agriculture. Overall, while the global forecast is for difficult times ahead, I believe Australia is well placed to make the most of the changing
environment and continue to increase our productivity despite the challenges we face.

**Future action**

Shortly, we will deliver Australia’s message to the world. I will be advocating for Australian agricultural industries and our products. I will raise issues that matter to our farming sector and build productive relationships with our major exporting partners. I will address the 35th Special Session of the Food and Agricultural Organisation, where I will clearly put Australia’s position on FAO reform and the role of that organisation in the food security challenge.

Further, I will hold a number of meetings with industry partners where I will continue to put the case of Australian agriculture and the need to respond to food security and climate change with policies that are practical, responsible and effective. The bottom line is that, wherever you are in the world, it is becoming harder for families to feed themselves. The world needs to act and we need to act now. Our actions need to be targeted, they need to be coordinated and they need to focus on the short, medium and long term.

Australian agriculture is resilient and adaptable. We need to publicly acknowledge the critical role our farmers play as food producers. If we get in front of the game and act decisively, I am certain that Australia’s primary industries will adapt to these challenges and thrive. And the world will continue to look to Australian agriculture as world leaders.

I ask leave of the House to move a motion that would enable the Leader of the Nationals to speak for a period not exceeding fourteen minutes.

Question agreed to.

**Mr TRUSS** (Wide Bay—Leader of the Nationals) (4.07 pm)—I compliment the Minister for Agriculture, Fisheries and Forestry on his statement. I heard him make similar remarks last night to the meeting of the International Federation of Agricultural Producers. I thought that was a good speech, and he has repeated many of those sentiments today. It is important that the issue of food security be raised in the agenda and that it be implanted more solidly in the minds of all Australians.

We live in a country where a shortage of food has not been an issue for 100 years or more. We take it for granted. Our definition of a shortage of food is when there are a limited number of choices of brands on the supermarket shelves. It was almost a national food catastrophe when we could not get bananas for some months. We have become so accustomed to being able to buy whatever we want and at really low prices. I know we all complain about the prices in the supermarket going up, but by world standards, and by comparison with other things that we buy, food in Australia has been at a very low cost. We have just assumed that there will always be sufficient food for us and, indeed, enough to send to other parts of the world. To this day we still export around two-thirds of everything that we produce in this country. Australia is an abundant country with great capabilities and we have had a very progressive agricultural sector that has been able to perform very well.

I note that the minister is going to Rome, and I wish him an enjoyable visit to the Food and Agriculture Organisation and trust that he will be conveying this message to that forum. I note also his desire to continue the campaign that Australia has been waging for
a decade or more to upgrade governance and make the FAO work. It clearly has been an underperformer, and when he goes to Rome he will see the great contrasts in the way in which that organisation operates. He will see quite large delegations from starving countries meeting in a lavish forum with all the pomp and ceremony. One wonders whether some of that money would be better spent on actually delivering food to some of the people in those communities. But I think it is important that there is a regular discussion between leaders and nations about how we can deliver and better share the world’s food resources.

Of course, the current discussion about the availability of food is in a sense replicating something that happened in the 1960s. There was a real concern in the 1960s that the world would be short of food. And then the green revolution came—essentially the development of hybridisation—and there were remarkable advances in farm productivity. Therefore, the concerns that people felt at that time were largely erased by new advances in science. Now we face those concerns again, and I was particularly pleased to note in the minister’s speech his recognition of the fact that there is now another potential breakthrough in technology that can take the world through this current crisis—genetically modified organisms. It has been appalling that in this country we have held back on implementing what science has been able to deliver. The state based moratoriums have been a disgrace and have effectively allowed other farm economies around the world to leap ahead of us in their technology. Countries that have not had the advantages of the green revolution, because hybridisation requires comparatively expensive seed and some skills to effectively take advantage of it, are the ones that will benefit particularly from GMOs, because the plants can be adapted to meet their village needs and, in fact, to reproduce year after year without the need to go back to more expensive seed bases.

It has been disappointing that some organisations, even the FAO, have been trying to persuade some of the poorest countries in the world that they should not embrace this technology because somehow or other it may have adverse side effects. Yes, we need to test all science and all technology, and we have very, very rigorous scrutiny arrangements in Australia that all consumers can have confidence in. So there is the real opportunity to be able to take this next step if we are prepared to embrace the technology. I welcome the fact that some of the states seem to now be prepared to relax their GMO ban. All should follow suit so that we can make sure that Australia can continue to contribute as a major world supplier.

The minister was also right to make the observation that current suggestions that the US’s push towards biofuels is responsible for higher food prices are simply an illusion. The reality is that biofuels fit quite well into the food production cycle because often the grain or whatever is used as the base can be used a second time for another productive purpose, and so it can be complementary rather than competitive. He was also right to demonstrate the fact that the demand for food is being driven by higher living standards around the world. People want more choice. They have tasted different foods from other parts of the world, they have more disposable money and they want to use that on good food. Therefore, there is a particularly important role to ensure that we are able to meet those requirements. So I commend the minister on the statement he made today and particularly on his commitment to seek to ensure that Australia is able to play its part in supplying food to the world.
I know that he will be having some battles in cabinet at present, but to effectively carry this through we cannot continue the practice of taking significant areas of agricultural production out of the task. Decisions like the purchase of Toorale Station near Bourke will effectively put out of production a very significant area of farmland. Those sorts of things have implications if you are serious about food security. The land was purchased, without the minister having seen it, essentially for the purpose of putting extra water into the Murray-Darling system—water that is not there because of the drought.

But even when water does return this will mean a permanent loss of productivity from that property, and indeed others. This was a well-run, 150-year-old station. It will now run wild. There is no plan to control the pests and weeds and therefore it is likely to be a bad neighbour to other farmers rather than a good neighbour. This area had the potential to produce significant quantities of food in good seasons. I am indebted to the shadow minister for the environment, who made the point that this particular property was producing about 8,000 tonnes of wheat, 2½ thousand tonnes of sorghum and 1,250 tonnes of maize, and it has been estimated that that property alone was capable of feeding 80,000 to 100,000 people. We cannot keep taking properties out of production and expect to meet our obligations to provide food to the world. The same applies to all buybacks that are occurring within the river system at the present time. If these properties become unproductive, they will be out of the food cycle forever. Whilst we have environmental priorities, if food security is a genuine priority for this country—as it should be—then we must keep our prime agricultural properties in production.

There are a couple of other comments that I would like to make to the minister. The minister referred in his speech to the CSIRO—and it is certainly one of the world’s premier research organisations, with a proud record especially in plant and animal science. In the last budget the government took $60 million from the CSIRO’s budget. As a result it has closed a number of research stations, including the horticultural research laboratory in Merbein in Victoria. Not only will that mean that 30 agricultural scientists will lose their jobs, but also it is a direct hit on the research being done to improve horticultural crops and in particular to deal with climate change issues. The New South Wales state government was no better. It closed eight agricultural research stations in the minibudget yesterday. It will take years for this loss of research and development to have a direct impact on food security in Australia, because we have a lot to spare. But it will have an effect and it will have an effect on breakthroughs that might otherwise have occurred.

So with the best will in the world I encourage the minister to redouble his efforts with his colleagues in cabinet and to remember when decisions are made that are important for the environment that food security is important as well. It is nice to be planting trees all over the place but if they substitute for productive farms then we might have a cool planet but no food to eat. So both priorities have to be taken into account.

Australian farmers have demonstrated a great capacity to adjust. When difficult circumstances come they are able to develop new farming techniques and new systems to make a world of difference. The single biggest recent impact on food production in Australia was probably the development of no-till farming. It was not done for environmental reasons at the time; it was done essentially because fuel was too expensive and people found another way in which they could farm productively. But it has meant that we are able to grow crops in times when
the weather is not favourable, and it has made a huge difference both environmentally and productively in a lot of Australia’s farmland. So we can make those adjustments.

But farmers in the future may also need to move to areas where there is more rain and more water, and governments are going to have to find a way to facilitate that kind of movement. We must be prepared to support migration in agriculture and to open up new agricultural areas, particularly if some of those that have been in the traditional food bowl of Australia are no longer able to be viable because of changes in the climate. We cannot afford to let green tape and red tape and black tape and whatever other tape there might be hold up those kinds of developments. If we are going to deal with climate change and not have a food shortage, then we certainly have got to be prepared to be adaptive. If we do not allow that sort of thing to happen, we should not blame the climate for a loss of food supply. To blame will be governments for inactivity or an unwillingness to take the tough decisions. Let us not have a government-induced food security crisis. Let us work together constructively to find ways to continue to boost our productivity and be prepared to be innovative, recognising that that will mean some compromises in various places. I have great confidence in Australia’s capacity to continue to feed our population and those in other parts of the world in the years ahead. I commend the minister for his vision of the way in which that will happen and ask him to redouble his efforts to ensure that his cabinet colleagues see the wisdom of his comments.

MATTERS OF PUBLIC IMPORTANCE

Global Financial Crisis

The DEPUTY SPEAKER (Ms AE Burke)—Mr Speaker has received a letter from the honourable member for Wentworth proposing that a definite matter of public importance be submitted to the House for discussion, namely:

The Government’s failure to put in place a coherent strategy to deal with the impacts of the global 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 GRAY (Brand—Parliamentary Secretary for Regional Development and Northern Australia) (4.20 pm)—I move:

That the business of the day be called on.

Question put.

The House divided. [4.25 pm]

(The Deputy Speaker—Ms AE Burke)

Ayes............ 73
Noes............ 57
Majority........ 16

AYES

MURPHY, J. Neale, B.J.
Neumann, S.K. O’Connor, B.P.
Owens, J. Parke, M.
Perrett, G.D. Plibersek, T.
Price, L.R.S. Raguse, B.B.
Rea, K.M. Ripoll, B.F.
Rishworth, A.L. Roxon, N.L.
Saffin, J.A. Shorten, W.R.
Sidbottom, S. Smith, S.F.
Snowdon, W.E. Sullivan, J.
Symon, M. Tanner, L.
Thomson, C. Thomson, K.J.
Trevor, C. Turnour, J.P.
Zappia, A.

NOES
Abbott, A.J. Baldwin, R.C.
Billson, B.F. Bishop, B.K.
Bishop, J.I. Briggs, J.E.
Broadbent, R. Chester, D.
Ciobo, S.M. Costello, P.H.
Coulton, M. Georgiou, P.
Forrest, J.A. Hartsuyker, L.
Haase, B.W. Hawker, D.P.M.
Hawke, A. Hull, K.E. *
Hockey, J.B. Irons, S.J.
Hunt, G.A. Jensen, D.
Johnson, M.A. *
Katter, R.C. Keenan, M.
Laming, A. Ley, S.P.
Lindsay, P.J. Macfarlane, I.E.
Marino, N.B. May, M.A.
Mirabella, S. Morrison, S.J.
Moylan, J.E. Nelson, B.J.
Neville, P.C. Pearce, C.J.
Ramsey, R. Randall, D.J.
Robb, A. Robert, S.R.
Ruddock, P.M. Schultz, A.
Scott, B.C. Secker, P.D.
Simpkins, L. Slipper, P.N.
Smith, A.D.H. Somlyay, A.M.
Stone, S.N. Truss, W.E.
Turnbull, M. Vale, D.S.
Washer, M.J. Windsor, A.H.C.
Wood, J.

PAIRS
Swan, W.M. Gash, J.
Griffin, A.P. Markus, L.E.
Kerr, J.C. Pyne, C.
Vamvakinou, M. Andrews, K.J.
* denotes teller

Question agreed to.

TRADE PRACTICES AMENDMENT (CLARITY IN PRICING) BILL 2008

Returned from the Senate

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

GREAT BARRIER REEF MARINE PARK AND OTHER LEGISLATION AMENDMENT BILL 2008

Consideration of Senate Message

Bill returned from the Senate with amendments.

Ordered that the amendments be considered immediately.

Senate’s amendments—

1 Schedule 2, item 1, page 12 (after line 10), after subsection 10(6A), insert:

(6B) At least one member must have knowledge of or experience in the tourism industry associated with the Marine Park.

2 Schedule 6, item 9, page 114 (line 23) to page 115 (line 4), omit the item, substitute:

9 Subsection 3(1)

Insert:

fishing means any of the following:
(a) taking fish;
(b) attempting to take fish;
(c) engaging in any activity (including searching for fish, using fishing apparatus and using fish aggregating devices) in connection with taking, or attempting to take, fish.

3 Schedule 6, page 115 (after line 4), after item 9, insert:

9A Subsection 3(1)

Insert:

groundwater storage operations means:
(a) operations to inject and store a gas substance in part of a geological formation; or

CHAMBER
(b) operations preparing for or incidental to operations mentioned in paragraph (a).

(4) Schedule 6, item 24, page 117 (line 28), omit “or drilling”, substitute “or geological storage operations”.

(5) Schedule 6, item 24, page 118 (line 1), after “operations”, insert “or geological storage operations”.

(6) Schedule 6, item 24, page 118 (line 27), omit “or drilling”, substitute “or geological storage operations”.

(7) Schedule 6, item 24, page 118 (line 29), after “operations”, insert “or geological storage operations”.

(8) Schedule 6, item 24, page 126 (after line 13), after Division 3, insert:

Division 3A—Convictions under former section 38CA

38CC Convictions under former section 38CA

(1) Despite any other Commonwealth law or any State law or Territory law, if a person was convicted for an offence under section 38CA of the *Great Barrier Reef Marine Park Act 1975*:

(a) that occurred during the period 1 July 2004 to 14 December 2006; and

(b) that did not attract a monetary penalty exceeding $5,000;

that conviction is for all purposes to be treated as a spent conviction under Part VIIIC of the *Crimes Act 1914*.

(2) For the avoidance of doubt, a conviction referred to in subsection (1) is to be treated as a spent conviction whether or not the waiting period for the offence under Part VIIIC of the *Crimes Act 1914* has ended.

(3) Despite Division 3 of Part VIIIC of the *Crimes Act 1914*, the exclusions provided by Division 6 of Part VIIIC of the *Crimes Act 1914* do not apply in relation to a conviction referred to in subsection (1).

Mr BYRNE (Holt—Parliamentary Secretary to the Prime Minister) (4.31 pm)—I move:

That the amendments be agreed to.

Question agreed to.

**SOCIAL SECURITY AND OTHER LEGISLATION AMENDMENT (ECONOMIC SECURITY STRATEGY) BILL 2008**

Cognate bills:

**APPROPRIATION (ECONOMIC SECURITY STRATEGY) BILL (No. 1) 2008-2009**

**APPROPRIATION (ECONOMIC SECURITY STRATEGY) BILL (No. 2) 2008-2009**

Second Reading

Debate resumed.

Mr SIDEBOTTOM (Braddon) (4.32 pm)—I resume my contribution to this debate that was so rudely interrupted by question time! Unlike those opposite, I believe not only that there is a global financial crisis but also that it is incumbent upon us to do all we can to try and deal with that both nationally and at the local level, particularly in my electorate of Braddon, which is on the north-west coast of Tasmania. Our economy is relatively strong, but we will not be immune from the global slowdown. That is why this government has taken early and decisive action. I would also like to place on the record that, contrary to what those opposite have said, they do not believe that this crisis is as serious as it is made out to be, and they are not prepared to offer their bipartisan support.

Where I live on the north-west coast of Tasmania, the Rudd government’s $10.4 billion Economic Security Strategy, which the Social Security and Other Legislation Amendment (Economic Security Strategy)
Bill 2008 and cognates bills deal with, will ensure that more than 25,000 pensioners and carers receive lump-sum payments to help ease the financial pressure they are currently under, while also boosting the local economy. That is at the heart of the stimulus package and this Economic Security Strategy. I share with all members in this House the intention to localise this and to see the benefits of this for people who are feeling the difficulties that we are now experiencing. I know that it may appear like an Indian summer to some, but this financial crisis is here and the more we hear about it, the more we hear that people are being affected by a lack of confidence. I think it is really important that we in this House do everything we can to try and engender a positive attitude towards what is happening. A lot of this is attitudinal and comes from the top down. This strategy intends—and you can nitpick all you like—to stimulate spending, to stimulate the economy and to stimulate confidence. Without it we will have more dire consequences than we care to admit.

There are nearly 10,000 north-west families receiving family tax benefit part A in my electorate, and they will receive a $1,000 payment for each eligible child in their care. In real terms, this will help around 18,659 children in my electorate while easing the financial burden on parents in the lead-up to Christmas. These are real people experiencing real difficulties, and this is a real attempt to help them through difficult times. When you also factor in the uptake of the increased first home owners grant, the direct injection into the Braddon economy as a result of the Economic Security Strategy which we are dealing with will be more than $62 million. That is an additional $62 million on top of those benefits that were granted in the May budget and also in addition to those projects and commitments that are going to be rolled out in my electorate—and throughout Australia—particularly in relation to the Better Regions program.

So this is part and parcel of a strategic package to stimulate the economy; to assist families and individuals, small businesses and larger businesses—given our recently announced car plan—and, at the same time, to give confidence to those who want to invest through our banks and to borrow through them. So you can nitpick all you like; that is the intention, that is the aim and the Australian people endorse it strongly.

I know we can put any spin we like on polls, but I noticed that yesterday’s Essential Research poll had some very interesting indicators for us. In relation to keeping interest rates down, 56 per cent of respondents believed that this government’s attempts were good to very good. That is a sound endorsement of this economic package. In terms of economic management, 54 per cent believed the government’s performance was good to very good. Even on controlling inflation, 49 per cent said the performance was good to very good—and that was an 11 per cent increase on less recent polls. In terms of economic management, there was a 12 per cent increase on less recent polls, and on keeping interest rates down, there was a 25 per cent increase on less recent polls. That is an endorsement of a government that the opposition claim has a credibility problem in terms of economic management. The Australian people do not believe it. They did not believe that in the past election and they do not believe it now.

Included in our package to assist those who are struggling is $1,400 for single pensioners and up to $2,100 for couples—real money for real people experiencing real difficulties; $1,000 to recipients of the carer allowance for each person in their care; $1,000 for each eligible child for families who receive family tax benefit A; funding for
56,000 new training places, on top of an allocation of many more training places in the May budget; and, finally, up to $21,000 for first home owners in grants to stimulate demand, to stimulate spending and to stimulate confidence. As part of the $10.4 billion Economic Security Strategy this government will deliver, I estimate $19 million will go in immediate financial support to more than 10,500 families in Braddon. I reiterate that families receiving family tax benefit A will receive a one-off, $1,000 payment for each dependent child—real payments to real people for real relief. Families whose dependent children receive youth allowance, Abstudy or a benefit from the Veterans’ Children Education Scheme will receive a one-off, $1,000 payment for each eligible child. I think it is important for the record that eligibility for any payment is determined by a person’s circumstances on 14 October 2008. The lump sums will be made payable by Centrelink automatically in the fortnight beginning 8 December 2008. I would also add that, for the small number of recipients who claim their family tax benefit A annually as a lump sum payment through Centrelink, the one-off payment will occur when their 2008-09 actual income has been received from the tax office and their family tax benefit is reconciled.

I estimate that some $43 million will be allocated to the pensioners and carers of Braddon to stimulate confidence and to stimulate spending. The Rudd government’s Economic Security Strategy will provide $4.8 billion in lump sum payments to assist age pensioners, veterans’ disability support pensioners and carers. This is about people. It is not about airy-fairy words thrown around in this parliament or insults, tit for tat or whatever else; we talk about real people, individuals and families. And when you drill down to the local scene, such as to where I come from in Tasmania, I would like you to look at some of these numbers: 13,000 age pensioners will be positively affected, as will 3,494 carer payment and carer allowance recipients. Other benefits will be received by 5,641 disability support pensioners, 887 Commonwealth senior health card holders, 113 wife and widow pensioners and bereavement allowance recipients, 1,550 veterans service pensioners, 638 eligible war widows and those of pension age who receive parenting payment, special payment or Abstudy. Pensioners who were eligible on 14 October 2008 will be paid by Centrelink or DVA in the fortnight beginning 8 December 2008. I reiterate that, depending on the eligibility, the payment is $1,400 for singles and $2,100 for couples. The carer allowance recipients will get $1,000 for each eligible person in their care. That is real support for real people experiencing real difficulty.

Fifty-six thousand training places are being made available through this strategy on top of those training places that were allocated in the May budget to stimulate and support job creation, which is so vital not only for individual circumstances but to create confidence in our economy and our community. The increased funding will effectively double the existing Productivity Places Program and take the Rudd government’s total investment in training places to more than $400 million since April 2008.

To support people who are trying to get into their first home and to stimulate the housing industry to build new homes, from 14 October 2008 until 30 June 2009 first home buyers who purchase an established home will receive a $14,000 first home owners grant, an important boost to stimulate an important industry, to stimulate jobs and to stimulate confidence. That is what this strategy is all about. First home buyers who purchase a newly built home will receive a $21,000 grant. I know that members on this side, and I am sure members on the other
side, have had people ringing up to get more
details about this and are very pleased by it.
If it is policy we share with the past and with
other administrations, it is good policy. It is
there to stimulate and that is what it is de-
signed to do. It is a very important part of the
strategy.

If they are not au fait with this, I remind
members and others that as of Monday the
16th the deeming rate for something like
730,000 part-rate pensioners will drop,
meaning they will receive a boost to their
pension. Indeed, the deeming rate will drop
from four to three per cent for the first
$41,000 of single pensioners’ financial in-
vestments or the first $68,200 for couples. It
will also cut the rate from six to five per cent
for the balance of financial investments over
these amounts. That is an important addi-
tional piece of support. This government has
tried to act early, to be consistent in what it
has done and to be decisive.

We have also acted to guarantee bank,
building society and credit union deposits
and bank funding. We will also provide addi-
tional protection to policyholders in the
unlikely event that a general insurer fails.
There are also new measures to ensure the
continuing integrity, fairness and transpar-
ency of our markets, and that is why the in-
dependent regulator, the Australian Securities
and Investments Commission, ASIC, intro-
duced a temporary ban on short selling.
Transparency is vital to promote investor
confidence. Investor confidence relies on the
integrity of market systems and the institu-
tions that serve the market. When properly
regulated, short selling has a role in the op-
eration of our markets, but it is prudent to
restrict it at a time of heightened market un-
certainty.

The government is also ensuring that the
regulators who act as the guardians of our
financial system are properly resourced. That
is why we have approved extra funding for
both the Australian Prudential Regulation
Authority and the Australian Securities and
Investments Commission. ASIC’s funding in
2008-09 is budgeted at $303.3 million,
which represents an increase of about 85 per
cent in real terms since 2000-01. The Prime
Minister also recently announced that ASIC
would receive additional funding of $10 mil-
lion in 2008-09 and $20 million in 2009-10
to provide the front-line resources to under-
take market monitoring and enforcement.
These measures add to the government’s
$10.4 billion economic security package,
which will provide much-needed assistance
to Australian families, pensioners and carers
while underpinning growth in our economy.
The Economic Security Strategy comple-
ments the Reserve Bank of Australia’s recent
move to cut official interest rates and meas-
ures the Rudd government announced in the
2008-09 budget, which I alluded to earlier.

In concluding, I am proud that we are able
to present an economic security package
which seeks to stimulate spending in this
country and confidence in our institutions
and businesses and to assist people who
genuinely need it. I know those on the other
side share that sentiment. I ask them to show
it by not nitpicking or tit-for-tatting on what
is a very important piece of legislation.

Opposition members interjecting—

Mr SIDEBOTTOM—You may laugh.
We are talking about real people, and I tried
to localise that for you and drill down to
show you how many people are affected.
There will be something like $62 million
going to people in my electorate of Braddon,
on top of those stimuli that we introduced in
the budget and through other measures.
Those people are grateful for this, will ben-
efit from it and do not take kindly to the funny
games that you might like to play. We as a
parliament have a responsibility to be posi-
tive and confident about our nation and to support what we are doing about that.

Mr TURNBULL (Wentworth—Leader of the Opposition) (4.51 pm)—In 1918 Teddy Roosevelt wrote in the Kansas City Star words which are very apt for this parliament today:

To announce that there must be no criticism of the President … is not only unpatriotic and servile, but is morally treasonable to the American public.

What we saw just a few moments ago was the government using its numbers in this House to prevent the opposition raising and debating a matter of public importance, that matter of public importance being the government’s response to the global financial crisis—probably the most critical public issue of our time. The Leader of the House, the Minister for Infrastructure, Transport, Regional Development and Local Government, led the charge to prevent that debate being had.

Just a few seconds ago in the debate here the member for Braddon encouraged the opposition not to engage in nitpicking, by which he means asking questions. When that absurd, patronising remark was greeted with laughter, as it inevitably must be, he said, ‘You may laugh.’ He is happy to let us laugh but the government is not prepared to allow us to debate a matter of public importance—the matter of the greatest public importance today. While we support this legislation, while we support this fiscal stimulus and we will vote for it, and the government says you should look at what the opposition does—and we will vote for it, it will have our support and it will go through the House and it will go through the Senate with our support—nonetheless it is our duty to raise the issues of concern that we have with this and with every other action on the part of the government.

The Prime Minister seems to believe that it is somehow or other treasonable to question any policy decision of his. He has swallowed the Maoist doctrine to the absolute limit. It is not good enough simply to vote for legislation. You are not even allowed to raise a question—even the smallest question. Nothing less than absolute grovelling obedience is good enough for Chairman Rudd.

This is a democracy and this is a parliament, and from the time this global financial crisis went into the most challenging phase after the collapse of Lehman Brothers we have consistently reached out to the government and offered to work with it on a bipartisan basis. But what does that mean? To the Prime Minister ‘bipartisanship’ means lying down and letting the government walk over the top of you. To use the phrase that the Deputy Prime Minister uses repeatedly, ‘Get out of the way—just get out of the way.’ That is what they think of the opposition. The Treasurer described the opposition as ‘completely irrelevant’—his words not mine. That is the regard they have for the democratic process.

To us, bipartisanship means being prepared to sit down and work through these problems together. We are prepared to do this. Of course we cannot be bipartisan all the time. We are in a political contest and there are two sides to this parliament. But we are prepared to work with the government on this and those offers of bipartisanship have been rejected—and rejected contemptuously—to the extent that we get the absurdity that the government, in a rush, without even troubling to bring the Reserve Bank into the room, without even talking directly to the Reserve Bank governor, made a decision to have an unlimited deposit guarantee. We are the only nation in the world to do that other than, I believe, Ireland. The Treasurer, I note, said that Germany had, but he was wrong there. Germany did not have an unlimited
deposit guarantee in the way we did—not at all.

The government did this. The Prime Minister did this. He told the world that he had acted in the closest consultation with the Governor of the Reserve Bank but had not spoken to him. He had had the time to bring the camera crews in and to roll up his sleeves. He talked about that yesterday. Do you remember, Mr Deputy Speaker? He loves talking about rolling up his sleeves. They came in and took a picture of him with his sleeves rolled up, although there were some shots with his sleeves rolled down which made me think that maybe they came in when his sleeves were rolled down and then he had to send them out again so he could roll them up. So he was very fastidious about how he appeared, but he would not, could not, speak to the people from the Reserve Bank who knew the most about the issues, the distortions and the problems that an unlimited deposit guarantee would have.

Within a few days the deposit guarantee started to create enormous distortions, and by the Friday of that week—five days later—the Reserve Bank had put pen to paper and was begging the government to act. The Reserve Bank governor wrote to Ken Henry and said, ‘We are going round and round on this.’ He said, ‘There must be a cap—and the lower the better.’ The Chief Executive of Westpac, Gail Kelly, said that the cap should be $100,000. She has no chance of that happening because $100,000 was the level we recommended, and the one prediction I am prepared to make is that the Prime Minister will never adopt anything that has been recommended by the opposition.

The distortions have been considerable. We have seen around 270,000 Australian accounts in mortgage trusts and cash management trusts frozen as a result of this unlimited deposit guarantee. We have seen the finance sector that is responsible for financing the bulk of automobile sales in Australia not being able to refinance themselves and therefore not being able to advance money for the purchase of motor cars. The knock-on effects in the motor industry at the retail level and ultimately at the manufacturing level and in components manufacturing and so forth are gigantic. This has been a direct consequence of the unlimited deposit guarantee. We do not suggest that the government intended to have these consequences. We do not suggest that this was their deliberate plan to create additional economic hardship. We know we are dealing with a global financial crisis.

The Prime Minister, who loves three-letter acronyms, describes the crisis as a GFC. The real issue is not that he has acted in response to the GFC but what the implications are of what he probably does not call, but ought to call, the KFC—Kevin’s financial crisis. It is the KFC that we are debating here because, while the government can say it has acted, the real point is that in its actions it has been, to the best of my knowledge, the only government of a developed country that has made the global financial crisis worse in its own territory. There is no question that, if the deposit guarantee had not been unlimited, the distortion would have been less, there would have been fewer people whose savings were frozen and finance companies would have been better able to finance their own books and been able to support their customers in the motor industry and enable cars to be sold. All of that is perfectly clear.

When we raise issues like this, the government says that we are being inconsistent or that we are nitpicking. But the government itself abandoned the unlimited guarantee—not, I might say, until after the email from the Reserve Bank governor to Dr Henry was published on the front page of the Australian newspaper. They needed a fair bit of
prodding to admit they had made a mistake. Even then, they reduced it to $1 million and will not take any note of the advice they are getting from the chief executive of Westpac or, indeed, of similar advice to make drastic changes which they are getting from the Chairman of the Commonwealth Bank. So why do we get this pattern of poor decision making? Is it just because they are so concerned with being swift and decisive that they cannot tell the difference between ‘swift and decisive’ and ‘rushed and bungled’? The answer is that the government’s approach to economic policy is purely political. They have no economic policy at all; it is all politics.

Let us cast our minds back to a year ago, 12 November 2007, when the former Treasurer, the member for Higgins, delivered a speech which warned of the effect of the subprime crisis. This is what he said:

The collapse of the sub-prime US lending market … is now having reverberations around the world. And all of these things will buffet global inflation, they will buffet our economy, they will buffet exchange rates, they will affect growth and job opportunities. They will require careful management on the Budget, on tax, on structural policy, on industrial relations, on competitiveness, on investment.

That was very good advice. Yet when the government came to office they paid no regard to the subprime crisis at all. They only had one objective—and it was a political objective—which was simply to make a case against the Howard government’s economic management. But the problem was that all of the numbers were so good. All Labor’s debt had been paid off, the budget was in surplus and had been for many years, unemployment was at historic lows and growth was strong. What could they find? Ah, yes: inflation had come above the Reserve Bank’s target range. It was not by much—just by a bit. It had happened before; it had been managed before. But there it was; it had gone above the range. So they threw all of their rhetoric and political bile onto that issue and said that inflation was out of control. ‘The inflation genie is out of the bottle’ were the famous words that will haunt the Treasurer for as long as he is a member of this House. He said that before the Reserve Bank met. He egged the Reserve Bank to put up interest rates. The Prime Minister, not to be outdone, said that an ‘inflation monster’ was wreaking havoc across the land—all of which inevitably raised inflationary expectations. What else could it do? If the Treasurer of the Commonwealth tells you inflation is out of control, what do you think? Do you think inflation is a problem? Of course you do. They talked the problem up and put upward pressure on interest rates, and so we had at the beginning of this year two interest rate rises.

What was the opposition saying? We, who get accused of being economically irresponsible or inconsistent—what did we say? We said that there was likely to be considerable downward pressure, if you like, on economic activity coming from the subprime crisis in the United States. We said that the Reserve Bank should be careful to stay their hand. We encouraged them not to raise rates but to stay their hands and watch developments elsewhere in the world. But that did not suit the political agenda of the Prime Minister and the Treasurer. Members on the other side listening to this can check to see if I am wrong. They went out and were the only head of government and Treasurer in the world who actively talked up inflation at that time. Everywhere else in the world, governments were recognising that the global credit crisis was likely to make economic times harder. It was likely to make credit less available, and that in itself is obviously going to slow economic activity. But no, here in Australia, our government went straight
ahead in its war on inflation to slow economic growth.

They talk about consistency. We were completely consistent right through that period. But then the government, as part of their war on inflation, said that they were going to have a swinging budget with big cuts and it was going to hurt. An anxious nation waited for the axe to fall. What did the opposition say? The opposition were consistent. We said the budget should not be making big cuts in spending that would have an effect of putting downward pressure on aggregate demand and economic activity. For the same reason, we encouraged the Reserve Bank not to put up rates. We noted that any cut in spending that was going to have any material impact on inflation, and therefore aggregate demand and economic activity. For the same reason, we encouraged the Reserve Bank not to put up rates. We noted that any cut in spending that was going to have any material impact on inflation, and therefore aggregate demand and economic activity. 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We recognised these challenges and we recommended that the deposit guarantee with a cap of $20,000 that had been announced by the government, which we certainly supported, should in these times be increased to $100,000. That was a reasonable suggestion; it was in line with what many other nations were doing. If you look at the United States, its deposit guarantee had been $100,000 until it was recently increased to $250,000. It had been $100,000 for many years. The British have introduced a cap of £50,000. In most countries in Europe it is €50,000, and so on. So it was perfectly in line with global precedent and it was designed to be set at a level that was high enough to give the vast majority of household and small business depositors—retail depositors if you like—comfort but not so high as to create distortions. That was our proposal.

That was brushed aside and the government went for an unlimited guarantee. How did they justify an unlimited deposit guarantee? The Prime Minister said again and again, ‘If we had adopted the opposition’s recommendation of a $100,000 cap’—which is what is being recommended by the chief executive of Westpac—‘then 40 per cent of deposits in total value would be left’—in his words; not mine—‘unprotected.’ The vast bulk of those deposits is in the big four banks—the AA banks; among the most secure, stable, best regulated banks in the world. Again, to make a political point, what he did was suggest to the Australian public that deposits in every bank, no matter how big that bank may be, no matter what its ratings are, would be unsafe unless they had the protection of a government guarantee.

So I am here today to say I support this legislation. As I have said, the opposition will support it. So the government can look at what we do and they will see we are giving it the support that we promised we would. But we will not back away from our obligation to hold the government to account. The Assistant Treasurer in the House earlier today quoted a remark I had made. He
quoted me as saying, ‘We will give the government assistance.’ And we do offer to give the government assistance. We offer them advice. They ignore it; they treat it with contempt. They ignored our advice on the deposit guarantee just as they have ignored our advice on the wholesale term funding guarantee.

As honourable members know, the government is administratively able to give guarantees to banks in respect of their borrowings offshore in the wholesale market. It is able to do that. This could involve taking on contingent liabilities in the hundreds of billions of dollars—an enormous scale. The Treasurer said that they would be detailed in MYEFO. They are not. MYEFO just says that they are unquantifiable. I do not regard that as detailing anything. But because the government cannot honour a guarantee without an appropriation bill being passed it means that those people who are seeking the benefit of the guarantee—the investors, the lenders—are not going to be able to get a clean legal opinion. So by its refusal to act prudently, by its refusal to heed the advice we have given, the government is likely to make the funding that it is seeking to guarantee either unavailable or much more expensive. We stand ready to assist the government. We stand ready to approach this issue on a bipartisan basis but it requires genuine bipartisanship, not a slavish adherence to the sayings, the dictums, of ‘Chairman Rudd’.

(Time expired)

Ms ANNETTE ELLIS (Canberra) (5.11 pm)—It is my pleasure this afternoon to rise and speak on the Social Security and Other Legislation Amendment (Economic Security Strategy) Bill 2008 and related bills. As many other members have said and as the commentariat is saying, we are certainly living through difficult times. The global financial crisis is placing increasing pressure on budgets already stretched by the rising cost of living. I know we are all in this House concerned about the impact that that is having on individuals and families in our various communities. This is especially true of a number of groups that the Economic Security Strategy will give welcome assistance to, such as age pensioners, disability support pensioners, carers and veterans’ service pensioners, just to name a few.

The Social Security and Other Legislation Amendment (Economic Security Strategy) Bill is a key component of the government’s Economic Security Strategy to strengthen the Australian economy in the face of the global financial crisis. The Australian government is determined to take strong, decisive action on this issue. One way it is responding is by providing immediate financial support for pensioners and their families. The government’s Economic Security Strategy will deliver relief to over 5.2 million pensioners, carers and families who will receive these one-off payments. This package will provide for payments of $1,400 for people in receipt of various pensions, including the single and couple age pension and the single and couple disability pension. This payment will also include self-funded retirees who are in receipt of the Commonwealth seniors health card.

For the first time, lump sum payments will also be extended to recipients of the disability support pension. Our government acknowledges that they are doing it just as tough as other pensioners and people in our community who need this sort of assistance. Importantly, for carers there will be a payment of $1,000 for each person who is cared for. If the allowance is shared between two or more people, the Economic Security Strategy payment will be similarly shared. Where receipt of one payment of carer allowance depends on the person providing care for two care receivers, the payment will also be $1,000.
Many families will also benefit from the strategy payments. For each child who attracts a family tax benefit payment part A—

(Quorum formed) As I was saying, for each child who attracts a family tax benefit payment part A on 14 October 2008, the government will make a payment of $1,000 to that family. Also, a payment will be made for each dependent child whose family receives youth allowance, Abstudy, or living allowance or education allowance under the Veterans’ Children Education Scheme or the Military Rehabilitation and Compensation Act Education and Training Scheme.

Now, in my own electorate of Canberra, the number of people who will benefit are as follows: age pension partnered, 5½ thousand; age pension single, nearly 4½ thousand; carer allowance coupled, over 1,500; carer allowance single, over 600; carer payment coupled, 180; carer payment single, 164; Commonwealth Seniors Health Card partnered, 1,856; Commonwealth Seniors Health Card single, 751; DSP partnered, 1,789; DSP single, 2,587; and family tax benefit part A, 9,223. In other words, a lot of people, let alone the many in my electorate, are going to benefit from this strategy from the government.

The assistance is very, very timely. The payments will be delivered over the fortnight starting 8 December—if in fact, as the opposition has indicated, this bill is passed in a timely fashion, allowing for the processes of this place and Centrelink to happen in time. As has been said previously, many people are under pressure because of the global economic crisis. Whatever people use this payment for, I know that it is going to be welcome relief to many families. Importantly, it will help to kick start the cash economy that needs to happen. A lot of these pensioners really do live on very tight budgets, from week to week or payment to payment, and I know that they are going to use this money in very useful ways for themselves and for their families and it is going to make a big difference to their households.

This $4.8 billion package for pensioners builds on the $7.5 billion provided in the first budget. It brings the total new spending on pensioners since the election to $12.3 billion. The Economic Security Strategy package is only the start of the government’s reform of the pension system. This relief is really a down payment on the future long-term pension reform that this government is undertaking. We have previously acknowledged the need for pension reform and we are committed to it. However, we also realise that people need urgent assistance.

That is why the government’s Economic Security Strategy has been warmly welcomed by a number of diverse groups, including the National Seniors Association, Carers Australia, the Combined Pensioners and Superannuants Association, the Fair Go for Pensioners Coalition, National Disability Services and many others. For example, the Fair Go for Pensioners Coalition said it was welcome news that builds confidence and security among pensioners and seniors. Carers Australia have said that they are very pleased to see that the government has listened and is now taking some real, immediate action.

But where do the opposition stand on this package? We have just heard the Leader of the Opposition indicate their support. On 14 October, the day the package was announced, the Leader of the Opposition was saying that they were not going to argue or quibble with the government’s proposal. The next day he was saying, ‘We would have done it differently.’ It appears that the Leader of the Opposition has a bit of trouble holding the one position for longer than one day. On 16 October, the Deputy Leader of the Opposition appeared on *Lateline* stating:
We said in principle we would, of course support such a package. She said ‘in principle’. All that we have heard from them since is the argument they had been running before this announcement about the need for pension reform in this country. The opposition had proposed immediate increases in pension payments for one or two groups or—I think at the very end of the argument—three groups within the pension community, excluding everybody else.

We said at the time that reform of the pension system is desperately needed and we are going to do a proper and full inquiry into that reform. There are many complications and many anomalies. It is a very complicated system and you cannot just turn around and feed $30 a week into one pension payment but not consider others. So we said that we would do a proper reform of the process. We have undertaken that. That reform will be known in the new year. We are looking forward to seeing the processes of that reform and the outcome of that particular inquiry. In the meantime, the economic crisis that has hit us, the rest of the Western world and in fact the whole world has meant that we needed to look at a more immediate solution. So, while that reform process is underway, we are making these payments to these people in the hope and the knowledge that they will help. (Quorum formed)

It is very evident that the opposition are determined that the 26,000-plus people in my electorate do not hear the full story. They will, because I will continue. The point that I want to make is that in the longer term, after proper consideration, there is a need for pension reform. We have a very good process underway. We are having an inquiry that will review the whole process of pension payments in this country. What we were not prepared to do and will not do is throw a few dollars as an increase to a pensioner for two or three groups of pensioners and ignore all of the others. In my electorate that would have meant a very large number of people would have got nothing; they would have had no increase in their living standard at all.

Because of the economic crisis and the decisive, quick and certain action of this government, these payments will go out to a very long list of categories of people who are receiving Centrelink payments. As I have indicated, in my electorate alone we are looking at around 26,000 or so people who are going to benefit in the short term from those lump sum payments. In the longer term, they will also benefit, hopefully, by the outcome of the Henry review into the pension system in this country.

I am very proud to be part of a government that has taken a decisive piece of action in proposing to give these payments to those in our community who definitely need this assistance the most and need it immediately. I am, like other members on this side of the House, looking forward to decisive action on the part of the opposition. They should cause no delay at all in the process of these bills. We can get this through, get royal assent and start the process quickly so that these payments—whether they are used for Christmas, to get washing machines fixed or whatever other reason—go to these people quickly.

I wish to remind the recipients of these payments that there is no need for them to make claim. The payments will not count as income for social security, family assistance or veterans’ entitlements purposes. They will be tax free. The payments will be made to people who received one of a range of social security and veterans’ entitlements qualifying payments on 14 October 2008.

I will repeat what has already been said by the minister in this House: those pensioners and seniors not actually receiving a qualifying payment on 14 October 2008 will still get this payment if they had claimed the
qualifying payment by that date and later have their qualifying payment backdated to cover that date. Similar backdating arrangements will apply for qualifying cardholders. It is very important that people out there understand how simple we are attempting to make this process for them and how quickly we want them to get this relief. In the longer term, we look forward to the outcome of the full pension review that this government has undertaken. I thank the House.

Mr ANTHONY SMITH (Casey) (5.28 pm)—Like all members of the opposition, I rise to speak in support of the Social Security and Other Legislation Amendment (Economic Security Strategy) Bill 2008 and other bills. I reiterate to the former speaker, the member for Canberra, who again called on the opposition to pass these bills without delay. Let me repeat, just as the Leader of the Opposition did just about 15 minutes ago, that we have said that we are supporting this package and supporting these bills and will do so in both houses. Those opposite complain whenever questions are asked. We have seen that on display today. They complain when the slightest question is asked on any topic. When they demand us to state our position and we state it, as we are doing here in this debate and as we will do when we vote on these bills, they are deaf to the issue.

As we debate these bills, it is worth reflecting on the wider economic issues that are confronting Australia and the world. It is the role of the opposition, as the Leader of the Opposition has made clear and as the shadow Treasurer and shadow minister for finance have made clear, to ask questions. For a government to be so sensitive to any question, that it complains that somehow the mere questioning of any issue means that there is not support for these measures or that somehow the opposition is being disruptive, is absurd and ridiculous. The demeanour of the Prime Minister and the Treasurer and the complaints we have seen from government members almost suggest that question time itself perhaps should not take place. That is almost the suggestion. Certainly we saw today that while, on the one hand, the government repeat the importance of these issues, and we affirm their importance, on the other hand they have no hesitation whatsoever in preventing this side of the House—namely the Leader of the Opposition—from moving a matter of public importance. And what we have seen today is the government using their numbers to prevent a matter of public importance debate on the biggest economic issues confronting Australia and the world for several decades. That is what the government do.

It was interesting today: we had a ministerial statement prior to what should have been the commencement of the matter of public importance. In fact, in the two weeks prior to today there have been seven ministerial statements, which was pointed out in the press on the weekend by News Ltd journalist Glenn Milne. Today, on my count, makes it eight. Those ministerial statements have dealt with a range of issues, but not one of them has been on the topic of the government’s response to the global financial crisis. Part of that response is this fiscal stimulus package. There have been eight ministerial statements but not one ministerial statement from the Prime Minister. And then, when given an opportunity to debate a matter of public importance, the government’s first response, automatic response and knee-jerk response is to prevent debate occurring. Having had the opportunity for the Prime Minister to come into the parliament and make a ministerial statement, and having given up that opportunity, when presented with a fresh opportunity by the opposition their automatic reaction is to shut down debate.

As I have said, those opposite are sensitive to criticism. Our criticism has been of
the government’s management of the economy throughout this year and the effect it has had on consumer confidence. As previous speakers in this debate have pointed out, and as the Leader of the Opposition and Shadow Treasurer have pointed out, at the start of this year the government did not have an economic objective; they had a political objective. Their political objective was to try to undermine the economic legacy of the previous government. In trying to undermine the economic legacy of the previous government, they undermined the economic legacy of Australia. As the Leader of the Opposition said, ‘Who could forget that infamous statement from the Treasurer that the genie had been let out of the inflation bottle?’ There was a similar statement from the Prime Minister. That had a detrimental effect; that had an inflationary effect in terms of expectations.

And then we move through to the announcement of the mid-year economic forecasts just last week. As we have seen so often with this government, the day chosen was the day of the US presidential election. When that press conference began, we began to see why. The Treasurer began his press conference and moved through some of the detail. I was here in Canberra watching it on the internal television. He was asked what his inflation forecasts and projections were. For a second I thought I had hit the mute button. I thought I had knocked it with my elbow. In fact, I am told the telecast was momentarily cut off because it was assumed the press conference was over. Eighty long seconds; 80 now infamous seconds.

It reminded me of an old movie, a great movie called The Right Stuff. For those who have not seen that old classic—I know my friend and colleague, the member for Dunkley has—it is a movie about the birth and success of the American space program. It is a great movie for those opposite to watch over Christmas. If they want to try to forget about Wayne’s performance, don’t watch The Right Stuff.

Mr Gray—It’s not so old.

Mr ANTHONY SMITH—I agree with the member opposite, it is not old; it is a recent movie. It came out in 1983 and it told the story of the first American astronauts. There is a great scene—the member at the table opposite, the member for Brand, has clearly watched it; he will know this scene—where the NASA ground control staff are waiting anxiously as John Glenn is making what is a very troubled re-entry into the earth’s atmosphere. They pause and go silent as the capsule enters that phase where all radio communication breaks down. There is a long silence and they wait anxiously knowing they cannot speak to the capsule and he cannot speak back. Last week that reminded me of the Canberra press gallery. They were like the NASA ground control staff, waiting for a sound, waiting for any sound at all. The only difference was the NASA ground control staff knew how long the wait would be. They knew it would be no longer than three minutes. But the poor press gallery thought, ‘Gee, we might be here till dinner time.’

The only problem with that comparison is that the title of the movie does not sum up the federal Treasurer. He does not have the right stuff, and that is absolutely obvious. We have had the Minister for Finance and Deregulation and numerous others, some in the press gallery, try to defend the fact that the Treasurer of Australia does not know his own inflation forecasts and projections on the basis that ‘it’s just another number’. There are lots of numbers in the budget—by definition the budget is full of numbers—and the poor Treasurer cannot be expected to know them. In fact, the minister for finance’s defence last week was that the public and the press could not expect him and the Treasurer
to be parrots. I have to say that I think most parrots would learn those inflation forecasts and projections faster than the Treasurer. This defence, of course, as those opposite know in their heart of hearts, is a pathetic defence—the idea that all figures are equal, that no figures are more important than any others and that somehow the price of widgets or the number of 1953 Corvettes manufactured is as important as the inflation forecast.

The sad thing, as the member for Bradfield knows, is that the Prime Minister also did not know the inflation forecasts earlier in the year. The member for Bradfield asked the Prime Minister what the budget forecasts were, and unlike the Treasurer the Prime Minister summed up pretty quickly the fact that he did not know the answer and tried to get it over with in a lot less time than 80 seconds. He then spoke for a long time. So we have the spectacle of the Prime Minister and the Treasurer lecturing the country on inflation but not knowing what the forecast is—in the case of the Prime Minister, not knowing what the forecast is in the budget; in the case of the Treasurer, not knowing what the forecast is an indicator of vital importance when he releases the mid-year update. On this defence that it is just another number, for a Treasurer this is like forgetting your home phone number and saying that is just another number. If we are to believe this, we are to believe that, when the Treasurer arrives home in Brisbane and gets in his Comcar, he is hoping the Comcar driver knows the number of the street. You would not get a more fundamental figure for a Treasurer to know at any time, let alone at the time when, in less than two weeks time, he will have spent a year lecturing Australia about the importance of that very figure.

Of course, what that 80 seconds sums up is so much about this government. The focus is on the stunt and the announcement, but what the Australian people are starting to realise is that, if the government spent more time doing the real work than focusing on stunts, the Treasurer would know the inflation forecasts and projections. In fact, it would be impossible for him not to know them. We saw the tenor of this also with the Prime Minister, and previous speakers have pointed this out. We saw it in graphic detail just a few weeks ago, when it transpired that in the emergency Saturday cabinet meeting the Reserve Bank governor was not consulted. What did we see in the lead-up to that cabinet meeting? We saw world leaders being rung by the Prime Minister, followed by updates every day in press conferences about the latest world leader or senior economic figure he had spoken to. Phone calls could be made all around the world, press conferences could be held and then an emergency cabinet meeting could be held on a Saturday, and in the time it took him to decide to roll his sleeves down and get the cameras in he could have got the Reserve Bank governor on the phone from Sydney, but he did not. You could not, if you had a starting list of people to consult, not have the Reserve Bank governor up near the top. It is just not possible. They could have Wayne Swan on the phone from Washington or New York, but they could not have the Reserve Bank governor on the phone from Sydney. That just sums up so much about this government’s approach.

For those opposite who will speak after the member for Canberra, let me save them time in their speeches. We have said we are supporting this legislation. They will speak, we will speak, at some point the debate will end and this bill will pass this House with the support of us. Then it will go to the Senate and the same thing will happen. Perhaps the speaking notes are out of date, but we have said that repeatedly. On behalf of our constituents and the wider Australian public, we say Wayne Swan needs to do better, and we
say the government needs to start focusing on the detail, stop making excuses, stop focusing on spin, stop trying to shut down discussion on matters of public importance and have a ministerial statement on the issue. Kevin Rudd, the Prime Minister, has spoken everywhere except in a ministerial statement in this parliament. There is almost not a square inch in this building where he has not spoken, outside the spot right in front of that dispatch box, where he should be giving a formal, considered ministerial statement. He should have done that during the last two-week sitting period. He should have done it this week. He still can do it this week, and in the meantime he should not be asking his Leader of the House to shut down debate on a matter of public importance on what they say, and we agree, is one of the biggest matters of public importance on the economic front in the last 60 or 70 years.

Mr BRADBURY (Lindsay) (5.44 pm)—I rise in support of the Social Security and Other Legislation Amendment (Economic Security Strategy) Bill 2008 and cognate bills before the House, and I begin by reflecting on some of the comments made by the member for Casey. The member for Casey said that he wanted to make it abundantly clear that those on the other side support the package, support the decisive action that was taken by the Prime Minister just a few weeks ago in announcing the $10.4 billion Economic Security Strategy. I was interested to note the comments of Senator Barnaby Joyce in relation to the lump sum payments that are to be made under this package. The senator said on 2GB radio:

I do have a concern that if you pay people in lump sums it can end up against the wall, and we don’t want that.

People go to work every day to pay their taxes, and they don’t like seeing it end up in poker machines or plasma TVs.

That sounds to me like a quibble with a capital Q. I know we are told by the Leader of the Opposition that they will not be quibbling, but an awful lot of quibbling has occurred since the announcement of this package. When we examine those criticisms, they really do not stack up. I will come back to this suggestion that all the money in the stimulus package is going to be spent on plasma TVs in just one moment—(Quorum formed)

Those on the other side are clearly very uptight as a result of not getting their MPI up, but I should point out for the benefit of the House that, if we go back and have a look at the records for the last parliament and we consider the number of occasions on which an opposition member moved that a government member be no longer heard, which is what we saw from those on the other side a little bit earlier today, we see that it did not happen at all in the course of the last parliament. So, if we want to talk about draconian measures in the House, then let’s have a look at some of the conduct that we saw from those on the other side a bit earlier today.

It is relevant to note that, whilst those on the other side did not have their opportunity to speak on the MPI, there is just the small sum of 36 members from their side listed to speak on this particular set of bills. As we have seen from the speakers that have preceded me, there has been no attention paid to the detail of those bills. It has been an opportunity to canvass the issues that they wanted to discuss more broadly. So, frankly, I suggest that these disruptive tactics be dispensed with so that the 31,000 residents within my electorate that will benefit from this package will have the benefit of this package sooner rather than later.

As I was indicating before I was interrupted, the decisive action that the govern-
ment has taken has come in a number of forms. It has come in the form of lump sum payments to pensioners, carers and seniors and also family payment bonuses. I want to reflect on the impact that these measures are likely to have on individuals within my community. I note a number of articles within some of the local papers in my community. In relation to age pensioners, I saw that Mearl Fitzgibbons, a local resident, was quoted in the *Penrith Press* on Tuesday, 21 October. Mearl described the grant as ‘an early Christmas present’. She said:

I am very careful with how I spend my money as I don’t go to clubs or pubs—contrary to what Senator Joyce might be suggesting is the norm.

I know some of the retired people spend their money at the pokies and pubs. If I did that I won’t be able to afford to live like I do. What I get now is enough to pay the bills.

Mearl, who retired 30 years ago, said she may use some of the grant money to purchase an air conditioner. But, wisely, she said, ‘I won’t plan anything until I get the money.’ So we are not talking about money being ‘up against the wall’. We are talking about legitimate expenses that will boost and bolster the living standards and the strength of the household budgets of pensioners within my community.

In relation to disability support pensioners I note that in the *Penrith Press* on Tuesday, 28 October Kevin Finlayson, a local identity, a great local individual, a great contributor to our community, was quoted as saying:

It’s come at the right time and will help put food on the table and make Christmas brighter. It’s so difficult to survive these days and every time we go to the supermarkets, something has gone up in price. I like steaks but I don’t even look at that section any more.

Along with Kevin, there is Anne Stratton, who says she will finally be able to buy a new bed with the government grant:

Thank God for this grant as it will help me a lot. I desperately need a new bed and will use some of the money to buy one. Food is so expensive these days and I always look for cheaper alternatives.

So, far from the money ending up against the wall, as Senator Joyce has suggested, I think we can see from those stories of Mearl Fitzgibbons, Kevin Finlayson and Anne Stratton that many people will be looking to these bonuses not only in order to deliver real benefits to their living standards but also to help them keep up with the rising cost of living.

Further to the comments that Senator Joyce has made, I want to make a plea to many working families, not just within my electorate but across the country, to do what I think is a national duty in the way in which they spend this money. I know that many people have come forward and said that it is up to the individual as to how they spend their money; and of course it is—we live in a free society. But I want to issue a plea to those working families around the country that are likely to benefit from the family tax benefit part A bonuses, the $1,000 per child that they are likely to receive in the first week of December. My plea is this: I call on those families to take this unique opportunity to dovetail in with some of the initiatives that we have already announced in relation to the education revolution—to make a significant investment in the educational future of their children and, at the same time, make a significant contribution to the economic prosperity of this nation.

I have had a look at some scenarios here and I think this is a really good deal. I think it is something we should be advocating to families, particularly low-income families, because I think this bonus payment can be one means through which we can make some inroads into achieving the education revolution that we are seeking to achieve. Of course, some families will need that money
to meet the rising cost of living. If that is the case then those families will use that money as required. But there will be those who have the capacity to make some one-off purchases. Let us take the example of a family with two children, one in primary school and another in high school, with a household income below $111,000. I picked that figure because below that figure the family will be entitled to family tax benefit part A. Under the Economic Security Strategy that family will be entitled to receive $2,000—$1,000 for each of the children. With that $2,000, I will paint a scenario of what could be achieved for the educational opportunities of their children and at the same time for the future of our economy.

Let us assume that they purchase a laptop for approximately $1,000 and they then secure internet broadband access for around $659 a year. I have done the figures and that does add up. You can secure access for one year for about $659. Let’s throw in a $250 printer and a couple of printer cartridges. All of that can be achieved through $2,000 worth of expenditure. That will be delivering a stimulus into the economy. Let’s do it for Christmas. Let’s get the kids a Christmas present that will be an investment in their educational future. That is $2,000 worth of expenditure that is a bonus coming from the government. But just hold on a minute. By the end of the financial year that family will be able to obtain the benefit of another $1,000 in the form of a tax refund under the education tax refund. So that family can actually secure a $2,000 benefit and turn it into a $3,000 benefit. They are delivering an enhancement of the educational opportunities of their children whilst at the same time doing their patriotic and national duty to ensure that our economy continues to tick over. I call on families to seriously consider this as an option. I think it achieves not only their own private and personal domestic aspirations; it can be very much a central part of us moving closer to achieving that education revolution that we want while at the same time bolstering our economy.

Returning to some of the key elements of the package, the Economic Security Strategy has also placed some emphasis on first home owners grants and the need to provide further stimulus into the economy by kick-starting the housing market. The differential treatment of new dwellings compared to purchasing existing dwellings is an obvious example of how a government incentive can stoke along a little bit more activity in the housing market. The $21,000 grant that will be available to first home owners who acquire a newly constructed dwelling will be something that I believe will allow us to get the housing market moving. People talk about supply difficulties. In my local community there are several thousand lots ready to be developed. They are ready to be developed, the planning approvals have occurred, but the blocks are not moving. They are not being sold for the simple reason that at the moment people do not have the capacity to enter the market. I know that local developers and local real estate agents in my community have been glowing in their praise for this initiative, and I think that it will make a real difference. I hope that it will provide the spark that is needed to get our housing market moving again.

I will quote from one of my local papers, the Western Weekender, on Friday, 17 October. Let us bear in mind that it was only the Tuesday prior to that that the government made the announcement in relation to the ESS. Greg Taylor, principal of Stanton and Taylor in Penrith, said that local residents were already responding to the additional assistance. He was quoted as saying that on the Wednesday after the announcement was made, and it was reported on the Friday. He said:
We have already noticed today—

Wednesday—

an increase in inquiries from people who will be eligible to acquire the grant.

That is good news from Mr Taylor. In the *Penrith Press* on 21 October, Ralph Saporita from Glenmore Park Realty said:

> We have had an unbelievable response since the announcement of the grant. We had been experiencing a downturn before the grant but I can see a 15% increase in the number of potential buyers.

Paul Dukes of Morris Dukes Real Estate was also delighted with the positive response, saying:

> Its been phenomenal the past weekend, with Saturday being just amazing. Around 90% of the inquiries have been from first-home buyers. We have seen about a 70% rise in inquiries and we hope to sell about five or six properties by this week.

There you have it. Let us not be distracted by the machinations of those on the other side that we have been observing in this place. Let us have a good hard look at how these initiatives are playing out on the ground in communities such as mine. The down payment on long-term pension reform will make a significant difference when the money comes through to those recipients within my electorate. As I said earlier, there are a significant number of them—some 17,278 pensioners. Let us make the point that this includes the full array of pensioners and not just those pensioners that those on the other side sought to include within their ham-fisted attempt to come up with some pension reform.

On the other hand, we have the payments to those families that are eligible for family tax benefit A. There are 13,786 families within my electorate who will be eligible, providing further stimulus—$1,000 per child. That is in addition to the relief for pensioners, with single pensioners receiving $1,400 and couples receiving $2,100. In addition to that, in recognition of the difficult circumstances that we are facing, Commonwealth seniors card holders will also be provided with a lump sum of $1,400 for singles and $2,100 for couples. In the same way, we have seen those recipients of the carers allowance entitled to a $1,000 payment. So we are talking about a significant amount of stimulus being injected into the economy.

If there is any lesson to be learned from the history of economics, not just in this country but internationally, it is that, when steep and marked economic decline is about to occur, the faster we can act the more likely we will weather the storm. If there is a criticism levelled at the policymakers that steered this country through the last downturn in the late eighties and early nineties, it is that they acted too slowly—too little, too late. I do not think that sort of criticism is likely to be levelled at the Rudd government for the decisive action that has been taken.

I have to say that those on the other side who say that they are not quibbling, who say that they support the package, have consistently been making all these implications such as, ‘Isn’t this a little bit too much money? Isn’t this potentially going to stoke up inflation and create an inflationary problem?’ As with most of their commentary on the decisive measures that this government has taken, they want to hedge their bets, because the real game in town for the opposition is not about delivering a better economic outcome for the national economy or for households—it is much more simple than that; it is about trying to get a better political outcome. For them, the best political outcome is to hedge their bets and leave the options open so that they have as many positions on record as possible so that if the economy runs into trouble—and, inevitably, we are in for more difficult times—they can claim, ‘We told you so.’
I issue a challenge to those on the other side to tell us so now. If you believe that there is an alternative strategy that should be employed, come forward and tell us what it is. Just as the *Hansard* records my comments today, it will also note the absence of any alternative proposals being brought forward by the opposition. They are quibbling with a capital Q but offering no alternatives at all. They have become bankrupt when it comes to policy ideas. We have seen from the shadow Treasurer just how bankrupt they have become. Writing a chapter for a book on the future of the conservative parties you would have thought would be something that would be inspired by genuine belief about the direction of public policy in the country. But, rather than that, we see that it was plagiarised. *(Time expired)*

*(Quorum formed)*

Mr ROBB (Goldstein) (6.06 pm)—Just under 12 months ago, the former government left this economy with no debt and a strong $20 billion plus surplus. Within 12 months the surplus is virtually all spent, and the community is being softened up for deficit spending and a return to debt. It took 12 years to build these foundations and only 12 months to undermine them.

The Howard-Costello government fixed the financial infrastructure of our great country. If we had not paid off the $96 billion debt left to the country by the former Labor administration, if we had not done the hard yards, if we had not had a plan and if we had not had some comprehensive, concerted effort to reduce and eliminate that debt then Australian taxpayers would have paid more than $100 billion over those 12 years in interest payments alone on Labor’s debt. Think of the millstone that would have been for our economy over the last 12 years. We would have paid $8½ billion a year in interest. If we had not paid off Labor’s $96 billion debt then Mr Swan would have forecast four deficits last week, not four surpluses, because $8½ billion dollars a year of taxpayers’ money in interest rates would have been going out the door.

The government would not have had the $10 billion that is the subject of this bill; it would not have been available. This is a bill which we support and, like all the other measures of the government, we reserve the right to be able to ask legitimate questions about the effectiveness, the structure and the way these things will impact on individuals around the country. If we had not built the record surpluses and created multibillion-dollar reserves, Australia would be far worse placed to deal with the worst financial crisis since the Great Depression. We would not have been in a position, as we are now, to spend $10 billion as a fiscal stimulus. This option would not be available to us. We started with 20 per cent of GDP as debt 12 years ago. Now it is zero; in fact, it is negative debt because of the massive reserves that we have built up. Compare that with United States and most of the OECD, who have 50 per cent of GDP in government debt today. How well placed are they to deal with this crisis compared with Australia? Why? This job was done through financial management over 12 years. In 12 months those foundations have been undermined severely.

All of this effort to remove the debt took measured judgement. It required accountability, and we were accountable. We did not object to people asking questions, because it helped us get policy right and it helped us make right decisions. It required an ability to listen, which is something very foreign to those on the other side of the chamber. It required resolve and it required considered, informed responses seeking the right advice, not making a decision about an unlimited deposit guarantee of great consequence which has subsequently been one of the big-
gest bungles we have seen in economic management for a long time. They took that monetary policy decision of great moment and did not even have the Reserve Bank in the room. They did not even ask the Reserve Bank's explicit advice about the merit of such a proposal or how it should be structured so that there would not be a lot of unintended consequences.

This is an approach of ill-informed responses and ill-informed decisions. Yet what do we see with this government in the face of a financial crisis? We see in many respects, as I look across the chamber, a rabbit in the spotlight. They spent 11 months doing nothing, taking no decisions. We saw all talk and no action. That is what you hear all around the country. What do a lot of people who voted for you on the other side of the chamber say to me? It is deep disappointment: ‘They are all talk and no action.’ Not being used to taking decisions for 11 months, when they finally took a decision and introduced an unlimited deposit guarantee it was rushed, it was bungled, it was not well informed, it was not coherent, it was not logical and consistent, it was not easily followed and understood and it was not a plan where all the elements stick together. This is not a coherent strategy to deal with the deep malaise that could confront us if we do not act properly.

Anyone who dares to probe, anyone who dares to question and anyone who dares to make suggestions is not answered. They are defamed, they are put down, they are ridiculed and they are vilified. It is a form of McCarthyism. If anyone asks questions about infrastructure funding, they are accused of attacking Treasury officials. This behaviour is a part of a broad, deliberate campaign to silence any legitimate questions. It is a form of McCarthyism by those opposite. They fear being accountable, but the nation will suffer and their government will suffer if they are not accountable. You make good decisions by being held accountable. You do not make good decisions by silencing people and by ensuring that no-one else has a point of view that is considered.

It betrays a state of mind in this government which is defensive and which in many respects is lacking confidence. It is a state of mind lacking an instinct for managing an economy. They do not know what they do not know. We saw today the arrogance of ignorance again on display in this chamber from those opposite. It betrays a government which has no plan. It has no plan; it has got a political strategy but it has not got an economic strategy, and that is the problem. So when we ask legitimate questions about the economic advice on which these critical decisions rest, we are accused of vilifying Treasury officials. For example, my comments yesterday were not directed at the Treasury. Mr Albanese—Rubbish!

Mr ROBB—They were not directed at the Treasury. The Mid-Year Economic and Fiscal Outlook is a government document.

Mr Albanese interjecting—

Mr ROBB—You are in government; you had better find out about government documents that are not Treasury documents. It is the Treasurer’s document and the Treasurer is entitled to change it. It is a government document. My comments have been deliberately misconstrued, by the government, as an attack on Treasury, and this is an attempt to silence anybody who asks legitimate questions of the government. The opposition re-
serve the right to ask legitimate questions about how well thought through these government programs are; how they will affect individuals; and how they will affect jobs, businesses and the lives of people around Australia. We reserve that right.

Instead of attending to the questions surrounding the government’s deeply flawed, rushed, and mismanaged emissions trading scheme, Senator Wong sees fit to obfuscate—rather than answer any objections—by calling many in the coalition climate change sceptics, including me.

**Mr Albanese**—You are!

**Mr ROBB**—I am not a climate change sceptic; I am a Rudd sceptic. I do not see the ability on the other side of the House to manage this serious issue in a way which not only protects and strengthens our great economy but, at the same time, protects the wonderful environment that we have and the world environment. I do not see that ability.

In relation to infrastructure—and we have the minister here—on the first question asked of the minister about Infrastructure Australia his response was:

… I predict we will see nitpicking around the sides because they do not really support nation building …

**Mr Albanese**—Yes.

**Mr ROBB**—Again, we see this McCarthyism. As soon as you make any point or question any issue about infrastructure, you are against nation building!

*Government members interjecting—*

**Mr ROBB**—What a lot of nonsense that is: ‘You are against nation building. You are a sceptic. You are attacking Treasury officials.’ It is a form of McCarthyism, vilification, pigeonholing—

**The DEPUTY SPEAKER (Mr S Georginas)**—Order! Members on my right, there are ample opportunities in this place to have your views heard. The member deserves to be heard in silence.

**Mr ROBB**—Again, the minister for infrastructure said:

And the opposition should get out of the way and support Labor’s agenda.

He said that the opposition should support these funds. He said that the former government was against nation building. He said that the legislation for these funds would be introduced in the coming weeks. Well, of course, that was months ago; and where is the legislation? It is not here. Who is undermining nation building? It was to be a rapid program of introducing new infrastructure projects. We thought the legislation was arriving weeks ago. It was held up. Why was it held up? It was held up because the Minister for Finance and Deregulation was concerned about the minister for infrastructure requiring a lot more ministerial discretion. Yet we heard about objectivity. We heard about the way these projects would be assessed. And now we find out that a minister in the Labor government is concerned about the Minister for Infrastructure Transport, Regional Development and Local Government and his desire to see a lot more ministerial discretion embodied in that legislation. Well, we await the legislation.

Whenever questions are raised about the great failures of state Labor governments we are accused of playing the blame game. Again, this is McCarthyism! In every area of questioning, they have some technique to silence those who are asking the questions. Yesterday, when asked about New South Wales cutting jobs, raising taxes and dumping infrastructure spending, the Prime Minister said:

This government has embarked upon a course of action which does not simply perpetuate the blame game of the past.
Again, this was an attempt to intimidate us, to vilify us and to silence us. No doubt, with the new bodies that have proliferated around COAG, the government has an agenda that is, in many respects, not accountable. I am sure when I raise the fact that nobody is ultimately responsible for the works of these bodies I will be accused of the blame game. Just watch this space!

Rather than silence critics, the government should be listening to people. In the last 24 hours Exxon Mobil, Nyrstar, and Alcoa have all said that they are reconsidering their investments, which will affect the jobs of thousands of Australians. This government needs to listen. It needs accountability. If it is going to take solid decisions and if it is going to alter its plans to fit in with good judgement and good decisions then it needs to be accountable. It needs resolve. It needs considered, informed responses. Ridiculing, defaming and pigeonholing critics with a form of McCarthyism is no way to put in place a coherent strategy to deal with the worst financial crisis since the Great Depression. It is no way to run a country.

On this side of the House we support a stimulatory package. In this context, on this bill, we have taken the government on trust and we will support this package. We have taken them on trust. None of our questions have been answered on this or any other matter but we are taking the government on trust and we will support this bill. But we will not resile from our responsibility to keep the government accountable. *(Quorum formed)*

Debate interrupted.

**PERSONAL EXPLANATIONS**

Mr ALBANESE (Grayndler—Leader of the House) (6.23 pm)—Mr Deputy Speaker, I wish to make a personal explanation.

The DEPUTY SPEAKER (Mr S Geogginas)—Does the honourable member claim to have been misrepresented?

Mr ALBANESE—Yes.

The DEPUTY SPEAKER—Please proceed.

Mr ALBANESE—Immediately after question time and during debate, both the Manager of Opposition Business and the Leader of the Opposition, and perhaps other members, suggested that I was responsible for the motion that was moved that the business of the day be called on and that it was unprecedented that a Leader of the Opposition have such a motion moved when proposing a matter of public importance. That is not true. The House *Hansard* reveals that on 26 June 1996 such a motion was moved against the Leader of the Opposition, Mr Beazley, by Mr Reith. On 24 March 1998 such a motion was moved by Mr Reith against Mr Beazley. On 1 April 1998 such a motion was moved by Mr Ruddock against Mr Beazley. On 9 June 1999 such a motion was moved by Mr McGauran against Mr Beazley. On 6 March 2003, 30 March 2006 and on 20 September 2007 such motions were moved by those opposite against leaders of the opposition. Such motions were moved on no fewer than 13 occasions, and I look forward to receiving the $100 that the member for North Sydney proffered to us if that were the case.

Mr HOCKEY (North Sydney) (6.26 pm)—Mr Deputy Speaker, I wish to make a personal explanation.
Government members interjecting—

Mr HOCKEY—Do you want to close down this debate as well?

The DEPUTY SPEAKER (Mr S Georgas)—Order!

Mr Price—Mr Deputy Speaker, on a point of order, the minister was on his feet. You cannot seek to make a personal explanation while the minister is on his feet.

The DEPUTY SPEAKER—The minister had completed his answer. Does the honourable member claim to have been misrepresented?

Mr HOCKEY—Yes.

The DEPUTY SPEAKER—Please proceed.

Mr HOCKEY—I have been misrepresented by the Leader of the House. The point I made to the Leader of the House was that the Leader of the Opposition being closed down on a matter of public importance has only occurred on previous occasions when the Leader of the Opposition moved a substantive motion during question time. In this situation, there was no substantive motion during question time—

Mr Albanese—Mr Deputy Speaker, on a point of order, this is not a personal explanation; he is now going into debate.

Mr HOCKEY—On those occasions—and I will go forensically through that list—matters of public importance have been closed down after a substantive motion has been moved—

Mr Albanese—Mr Deputy Speaker, on a point of order, the Manager of Opposition Business should know that a personal explanation is an appropriate time for him to show where he has personally been misrepresented. The whole chamber heard him say that this was unprecedented—that a Leader of the Opposition has never had the business of the day brought on when he was attempting to propose a matter of public importance. He walked around the chamber declaring it for all to hear. He should move on.

The DEPUTY SPEAKER—I say to the member for North Sydney, you should not be debating the matter and I ask you to conclude as quickly as possible.

Mr HOCKEY—Mr Deputy Speaker, this is a serious issue. The Leader of the House knows full well—

The DEPUTY SPEAKER—I remind the member for North Sydney once again that we are not going into a debate on this matter.

Mr HOCKEY—I accept that. He claims that I made that statement. My statement was specifically about the fact that the only time matters of public importance have ever been closed down on a Leader of the Opposition was when the Leader of the Opposition moved a substantive motion of the same nature during the course of question time. In this case, we wanted to talk about the global financial crisis, when the Prime Minister has not even come into this place, and now they want to close us down again.

Mr Albanese—Mr Deputy Speaker, if he wants to welsh on his bet, he can; but it is appropriate that the debate now be moved on. You cannot do this during a personal explanation.
Ms RISHWORTH (Kingston) (6.29 pm)—I rise today to support the Social Security and Other Legislation Amendment (Economic Security Strategy) Bill 2008, the Appropriation (Economic Security Strategy) Bill (No. 1) 2008-2009 and the Appropriation (Economic Security Strategy) Bill (No. 2) 2008-2009. Unlike the opposition, I rise to support these bills and to also speak in favour these bills. These bills put in place key components of the government’s $10.4 billion economic security package as part of its response to the global financial crisis.

Over the last few months we have seen an upheaval in the world’s financial markets which has resulted in the deterioration of global financial conditions. Originating from the subprime mortgage crisis in the United States, this crisis has had rippling effects across the globe. As a result of the financial crisis we have seen developed economies around the world experiencing a slowdown that is filtering through and impacting our economy. (Quorum formed) Despite the Australian financial system being in a strong position, Australian institutions have not been immune from global events and this has had an effect on financial institutions and has resulted in flow-on effects to our real economy.

It has not only been the developed economies around the world that have been affected by the global financial crisis. Developing economies are also being affected. An example of this is China. In recent days China has taken action to stimulate their economy with a package worth more than $8 billion. In response to the worsening economic conditions around the globe, the Rudd government has acted quickly and decisively to put in place fiscal policy designed to strengthen the Australian economy, to create new jobs, to stimulate the housing market and to help those most in need. Part of the government’s swift response has been the introduction of a $10.4 billion stimulus package, of which these bills are a key component. This package is designed to strengthen the Australian economy but also to provide financial assistance to those in our community who need it most. The Rudd government’s $10.4 billion Economic Security Strategy has five key measures. The first is a $4.8 billion immediate down payment for pensioners; the second is a $3.9 billion support payment for low- and middle-income families; the third is a $1.5 billion investment to help first home buyers to purchase a home; the fourth is $187 million to create new training places; and the fifth is an acceleration of the implementation of the three nation-building funds.

This package is a significant economic response to deal with extraordinary economic times. The government has been able to fund this package though the surplus it built into the 2008-09 budget. In May the Rudd government made tough decisions to ensure that there was a strong budget surplus to act as buffer in tough economic times. This decision has allowed it to respond to these emerging difficult economic times. Let us not forget that many of the budget measures that consolidated this surplus were opposed by the opposition, who wanted to play cheap
politics with the budget process. The budget surplus has ensured that the Rudd government has the capacity to act quickly to implement our economic security package.

As I have mentioned previously, the government has targeted its economic stimulus package at those in our community who need financial assistance the most. Our pensioners, carers and families will all receive financial assistance through a one-off lump sum payment to be delivered from 8 December this year. I know that pensioners are doing it tough and through this Economic Security Strategy this government is providing immediate financial help. However, this initial down payment does not detract from the commitment of the Rudd government to long-term pension reform. Unlike the previous government’s lump sum payments, no group of pensioners will be missing out. Many disability pensioners and other groups of pensioners were very annoyed when they were not included in the coalition’s proposal to increase the rate of the single age pension. It seemed to them that the coalition did not understand that all pensioners were doing it tough. I, along with the rest of this government, have listened to those pensioners and understand that pensioners such as disability support pensioners deserve assistance too. I am therefore pleased that this government will be providing lump sum payments of $1,400 to single pensioners and $2,100 to pensioner couples. In addition, recipients of carers allowance will receive $1,000 for each eligible person in their care.

Providing assistance to families is also a priority for the government and as part of the Economic Security Package we are providing $1,000 for each eligible child to families who receive family tax benefit A. Additionally, families and dependent children who receive Youth Allowance, ABSTUDY or benefits from the veterans’ children scheme will get a $1,000 one-off payment. In my electorate of Kingston over 43,000 residents will receive assistance through these lump sum payments. This includes: over 15,000 age pensioners and self-funded retirees; over 7,000 recipients of the disability support pension; and over 1,000 recipients of carers payments. In addition, in my electorate almost 4,000 recipients of the carers allowance will be assisted with $1,000 for each person in their care. (Quorum formed)

I am disappointed that the opposition does not want to hear about all the families in my electorate of Kingston who are going to benefit significantly from this very important package. In total, more than 15,000 families in my electorate will receive the payment of $1,000 for each of their children. These announcements have been warmly welcomed by my constituents and could not have come at a better time.

I know from going around my electorate speaking to pensioners that they have been finding it difficult to make ends meet as, week by week, the cost of living and accommodation prices have been steadily on the rise. I received a letter from Mr and Mrs Snowden of Hallett Cove, who wrote to say that they are delighted with the $2,100 payment to be received in December. They told me that they will spend this money on clothing, which they say they have been unable to afford on their current pension rate. Mrs Snowden writes that, with the rising cost of food and utilities, they end up spending their entire pension each fortnight, and now they will be able to afford to buy some new clothes. They are looking forward to the lump sum payment and are further looking forward to the pension review which will be carried out in February 2009.

I have also received overwhelming support from families in my electorate who have welcomed the announcement of these payments. Many parents have commented to me
that, because of the increased cost-of-living pressures, Christmas celebrations this year were looking quite bleak. This boost will provide some assistance at this expensive time of year. Other parents have indicated they will use the money to get their kids prepared for the next school year by buying books, uniforms, shoes and stationery.

A central element of the Rudd government’s economic security package is a boost for first home buyers designed to stimulate housing activity and provide first home buyers with a better chance of entering the housing market. First home buyers are set to benefit enormously from the package, which doubles the first home owners grant to $14,000 for established homes and triples the grant to $21,000 for newly constructed homes. The housing sector is a critical part of the Australian economy, and it is estimated that this boost will help more than 150,000 first home buyers enter the housing market. This announcement has been welcomed by developers in my electorate whom I spoke with last week. They indicated that they have already seen this measure really improving their business.

I recently spoke in parliament about the crisis in housing affordability in my electorate and right around Australia. Housing affordability is an issue that is brought up with me all the time. Many people have found that the prospect of achieving that great Australian dream of owning their own home is out of their grasp. Parents also bring up this issue with me, with many concerned that their adult children and their grandchildren will not be able to afford to buy a house. This homebuyers measure as part of our economic security package, in conjunction with the Rudd government’s other housing policies, is targeted directly at helping more Australians own their own home.

The Rudd government’s economic security package provides $187 million to create 56,000 new productivity training places. These places will provide training and retraining opportunities for many workers to gain certificates II, III and IV in areas of skills shortages. Finally, our economic security package includes fast-tracking our nation-building agenda and accelerating the implementation of our three nation-building funds in the areas of education and research; health and hospitals; and transport and communications.

In the face of this global financial crisis, the Rudd government is taking decisive and responsible action. This is in stark contrast to the actions of the opposition. The Leader of the Opposition’s immediate response to the financial crisis was that it was ‘hyped up’. The opposition now say that they want to take a bipartisan approach to the global financial crisis and support the government’s actions, but at the same time they continually criticise and talk down every part of our approach. Whether it is criticism of the government’s guarantee for bank deposits or of our economic security package, as we have seen in this debate in the House today, or the latest criticism which I read today in the Adelaide Advertiser where the Leader of the Opposition now opposes the lump sum payments that have been warmly welcomed by people in my electorate, or the attacks we have seen on the independent financial regulators—it all points to one fact: the opposition want to have it both ways. They want to say they support this package because they believe it is the right thing to do, but they want to snipe and criticise every part of this package because they want to gain political points. At no time have the opposition provided an alternative solution or suggestion. We have heard in this debate that they have been making suggestions and raising ideas. However, I have yet to see any of those sug-
gestions or ideas put down on the table. This all points to the fact—

Ms Marino—Mr Deputy Speaker, I draw your attention to the state of the House.

The bells being rung—

Mr Price—Mr Deputy Speaker, on a point of order: a distinguished predecessor of yours, the then member for Page, Mr Causley, ruled that there could only be two quorums called on any one speaker on the basis that insufficient time would have passed. I draw to your attention that, if you are to be consistent with Deputy Speaker Causley’s ruling—which was not objected to, I might say, by the opposition at the time—then this calling of the quorum traverses that ruling of Deputy Speaker Causley and you are setting a new precedent.

The DEPUTY SPEAKER (Hon. BC Scott)—I have heard the Chief Government Whip’s comments. I would suggest that I am not setting a new precedent, but I will check the record and I will check the comments of the former Deputy Speaker.

(Quorum formed)

Mr Price—I appreciate that you will check it. Although members attempted to call a quorum, Deputy Speaker Causley declined to accept that request—notwithstanding the fact that the quorum was not present.

The DEPUTY SPEAKER—I thank the Chief Government Whip for his comments.

Ms RISHWORTH—I am going to be very short and finish off. However, I would like to make the point that, unlike the opposition—who say they are going to vote for this but at the same time say that it is a bad piece of public policy, all to gain political points and try to have it both ways—the Rudd government takes this financial crisis incredibly seriously. Part of our response has been the development of the $10.4 billion security strategy. These bills before the House today are an important part of the government strategy and therefore I commend these bills to the House.

Ms MARINO (Forrest) (6.48 pm)—I rise to speak on the Social Security and Other Legislation Amendment (Economic Security Strategy) Bill 2008 and cognate bills. There is no doubt that there are those who will receive the benefits of this bill and will appreciate receiving it, and I support those in my electorate who will be part of that. But I notice that the announcement of the $4.8 billion in this bill for pensioners, carers, senior health card holders and veterans makes no mention of Newstart recipients. There are those in receipt of Newstart in my electorate who will miss out, and I hear about this on a daily basis from them. Equally, there is no doubt that the government’s stubborn refusal to make adjustments to the bank deposit guarantee has had a profound impact on the Australian economy. This artificial leverage to authorised deposit-taking institutions has led to the disastrous freezing of funds in superannuation accounts and other financial institutions not covered by the guarantee. The guarantee has also had serious implications for the projected budget surplus. In fact, the government’s handling—or mishandling—of the deposit guarantee was described in the Financial Review on 6 November by Laura Tingle as creating ‘a remote and unquantifiable liability’ for the federal budget.

The unlimited deposit guarantee and its subsequent impacts were clearly badly planned and a knee-jerk reaction, and the cause, effect and damage are now obvious. The government has chosen not to remedy the problem it has created. And, as we heard from the Leader of the Opposition, to his knowledge this is the only government that has made the global financial crisis worse. In a practical sense, as reports of superannuation lockouts were aired and rumours turned...
to worries, which in turn turned to outright fear and a total loss of confidence, the government stood by this blanket guarantee—as it still does today—and talked loud and long about its immense success in handling the economic crisis. Try telling that to those who have had their funds frozen and those who have had to take out loans to manage their lives or their business. The effect of the loss of confidence and the confusion created by the government were such that one of my constituents actually complained to me that she could not buy a safe for love nor money. You call that confidence!

The imbalance in the financial sector is continuing to prevent many retirees from accessing their incomes. Sadly for these retirees, the government moved swiftly and confidently to ensure the funds remain frozen. These funds went to the same cupboard that confidence has been stored in since November 2007. This tale of mismanagement has more twists than the Walpole to Windy Harbour road in my electorate. After guaranteeing authorised deposit-taking institution funds to an unlimited amount, after creating the stampede towards these institutions and away from non-guaranteed institutions and after distorting the markets to such a significant extent in favour of the banks, the government whipped out its trump card. ‘PS,’ they said sometime later, ‘There is a compulsory fee for deposits over $1 million.’

Mr Rudd stood by the open doors of the big bank telling the public, ‘Quick, my friends, in here; I’ll look after you.’ But, after waiting until everyone was inside, he asked those with over $1 million to please stand up and proceeded to charge them for his services. Tragically, retirees, the middle-aged, young families, students—people from all walks of life—have been affected by this financial crisis. Unemployed, low-income earners, high-income earners, students, stay-at-home parents—people in every occupation—have felt the shocks of the global situation and the government’s mishandling of the deposit situation in Australia. I understand the intent of this package and its proposed stimulus. I realise that, by giving the funds to those with the most propensity to consume, one would assume that the money has the greatest possible effect on the economy. However, there are some people who fit this category but who unfortunately miss out on this bonus. As I said, the Newstart recipients have been excluded—or are they included? According to the print sheet that I have on the package, it is for pensioners, carers, senior health card holders and veterans. But Newstart recipients have to eat and they have to pay the rent. I have been contacted by numerous constituents from my electorate who either are on Newstart or know someone who is. They regularly remind me that they believe they have been left out of this package.

And what about those who have been affected by the fallout from the deposit guarantee? They have also let me know just what has happened to them. For instance, one couple have worked very hard to build up their retirement funds. The husband is retired and the wife was considering retiring next year, but those plans have been shelved. They have lost all the gains they have made in the past three years by diligently managing their own self-funded superannuation. They spread their portfolio, but, once the Rudd government guarantee deposits for banking institutions occurred, they were simply not quick enough to transfer their money into a bank before the managed investment funds froze capital withdrawals. My constituents have worked very hard over those years. They have not been a burden on the taxpayer’s purse and they do not want to be. I would like to know whether the government has factored in those same previously self-funded independent retirees and
the many others across Australia who may be forced onto the pension as a result. What impact will this have on the budget surplus and forward estimates? My constituents are obviously not the only ones affected by the rush to withdraw from investment funds. I have also been in contact with the Busselton branch of the Association for Independent Retirees. This association is very active in my electorate, with other branches in Bunbury and Margaret River. I have been advised that more of their members have now had to speak to Centrelink, as their funds have been frozen or their income stream has been drastically reduced.

Western Australian business confidence was served another blow yesterday as Alcoa announced it had shelved its $2.2 billion expansion plans for its Wagerup alumina refinery. They cite the global financial crisis, falling demand and energy availability issues, and I well know just what this means to my electorate and to the broader economy. This news delivered a further shock to the south-west economy, particularly in my electorate of Forrest, where many businesses are still trying to recover from the disproportionate impact of the gas crisis following the explosion on Varanus Island in June this year. Many businesses were forced to source or install alternative forms of energy at considerable cost and capital expense. There is now a crucial need to source and access secure energy supplies for the future, and Alcoa has confirmed this need. A further concern for Alcoa to consider was the Rudd government’s proposed emissions trading scheme, to be introduced as early as 2010, and what effect it would have in the future on its investment and production in the south-west. Alcoa is not alone in its concerns of how its operations will be impacted under the Rudd government’s emissions trading scheme. The proposed ETS and the government’s process and timing is forcing many mining and resource companies to seriously consider and reconsider the additional cost of productions that such a scheme will make. In turn, this only provides more uncertainty for any future investment in the region, as industry tightens capital expenditure, reconsiders the timing of capital projects or shelves its investments entirely.

Small business confidence has fallen as well and is at its lowest in many years, and small business in my electorate is already suffering. I have car dealerships, the service sector, dry cleaners, hairdressers, lawnmowing and landscaping services and tourism operators knocking on my door. Current figures for overseas visitors have fallen for a second consecutive month by 7.6 per cent. Where now is the government’s five-point plan—the part of the plan that was, to quote Mr Swan, ‘to enhance labour force participation’? Those currently losing their jobs would dispute the effectiveness of this five-point plan. An economist from JP Morgan was quoted in the West Australian newspaper on October 23 as saying that one million people will be out of work by 2010. And where now is that magic inflation genie that was out of the bottle at three per cent some months ago, according to the Treasurer? It was the No. 1 priority of the government, we were led to believe. Inflation is now at a 13-year high of five per cent, and the Treasurer is curiously silent on the absence of the genie and its bottle. In fact, when delivering the government’s Mid-Year Economic and Fiscal Outlook, Treasurer Swan did not even know the latest inflation forecast. The West Australian newspaper reported:

The Treasurer, the man who with the Reserve Bank governor is supposed to be driving the economy, was like a schoolchild trying to find his homework as he sorted through briefing notes, dot points and then a 260-page document for the key numbers.
This is the same Treasurer who said that we have had 17 years of growth but this is threatened by an inflation problem that must be brought under control. But, in delivering the mid-year data, he had no idea just what the figure was on this apparent No. 1 problem for Australia. Treasury has admitted that prospects for commodity prices have weakened. In Western Australia, widespread job cuts and expenditure cuts are occurring in the mining sector. Rio Tinto, Fortescue, Minara Resources, Consolidated Minerals and Mount Gibson Iron are reported to be cutting hundreds of jobs. Contractors Worley Parsons have also cut jobs, and Treasury has also forecast slowing growth and rising unemployment.

After some confusion between the Treasurer, the Minister for Finance and Deregulation and the Prime Minister as to when pensioners would receive an increase in the pension, the Rudd government finally announced and introduced legislation today to provide a $4.8 billion one-off payment to the nation’s four million pensioners, carers and seniors, to be paid in December. With cost-of-living pressures having risen considerably over the last 12 months and the underlying rate of inflation now at a 17-year high, this package is a welcome albeit overdue response from the government. Finally pensioners are being given some assistance after being denied by the government. However, the one-off pension bonus in Labor’s $10.4 billion package does not include an increase in the base rate. So, while pensioners will undoubtedly welcome the money, it does not come with a commitment from the government to raise the base rate. Pensioners cannot be sure under the Rudd government that they will receive an increase in the base rate of their pension in the future.

On one hand the government is providing funding and on the other it is taking it away. A recent unsuspecting victim is the Australian National Academy of Music, which will lose $2.5 million. The Minister for the Environment, Heritage and the Arts has hit a real discord with the Australian music industry, axing the academy’s entire funding from 1 January 2009. It faces closure at the end of the year, with less than two months notice. I would dearly like to know where the 54 students enrolled for next year, who had their places confirmed three months ago, will go in 2009, given that applications and auditions for other institutes are underway and many are already closed. One would consider that complete stripping of funds would first be negotiated with the academy. Instead, we see Mr Garrett taking his money and going home. I would like to know who is the real patron of the arts, because the only patron at work here is the patron for cut and run.

Mr Garrett recently stated that the academy is not the most effective or efficient model to support elite musicians. Mr Garrett has not only questioned the reputation of the Australian National Academy of Music, which has been working hard to develop since its inception over 10 years ago, but not even put funds into effective and efficient use, to use his own words. Our best and brightest musicians should not be forced overseas. Can you imagine the outcry if our elite athletes had to go overseas to further their skills? I put our best musicians in a similar category to those athletes. Whether they are future stars on the field or on the stage, both deserve to have the opportunity to attend Australian institutes where they can reach their full potential.

In my electorate of Forrest, we have a flourishing music scene, with original bands climbing over each other to get gigs. We also have the annual Western Australian Performing Arts Eisteddfod in the City of Bunbury, the biggest in Australia, hosting a record 2,200 participants this year in its 50th anniversary, and strong representation from the
The south-west region in professional settings across Australia. I am most concerned that the government is taking a decisive step backwards in this field, and I deplore such contempt for our Australian musicians. Cutting funding from an academy that was hastening to implement reforms with just over two months notice is not only abandoning the 54 applicants for 2009 but a massive step backwards for Australian music in general. When $10.4 billion can be found to support the Australian economy, surely $2.5 million can be found to support Australia’s best classical musicians. I call on the government to reveal its plans for the future of the ANAM.

The coalition supports changes to the first home owners grant. There was confusion, to start with, surrounding the eligibility criteria. It took a question in Senate estimates to clear the significant confusion in the industry and in my electorate of Forrest to define ‘newly constructed homes never before being occupied’. The coalition introduced the first home owners grant in July 2000, including a differential higher payment for new dwellings of $14,000. The initiative is part of the stimulus package that has been taken on trust by the coalition. We support the increase in a grant for new dwellings due to the need to provide a stimulus to the residential construction industry. I am concerned that questioning in estimates revealed that no modelling or advice was provided on the likely impact of the stimulus on house prices or rents. There is potential for the increase for existing dwellings to have an adverse impact on rents and artificially inflate house prices and hence home affordability.

Proposed changes do not address longer term issues in the Australian private housing market, and Australia faces a chronic housing undersupply, estimated to reach a shortfall of 200,000 dwellings by 2010, with annual undersupply growing to more than 50,000 in the same year. Undersupply is the key housing affordability challenge and the roadblock to Australians seeking to be self-supporting in the private housing market, whether renting or buying. The major cause of undersupply is the failure of state planning, infrastructure and land release polices, which have constrained supply—driving up rents and home prices.

Recent government initiatives also fail to address the real issues in the private housing market. The National Rental Affordability Scheme addresses the social housing sector but not the dynamics of the private housing market. The Housing Affordability Fund rewards, rather than seeks to reform, the failure of state governments by providing direct subsidies for taxes and charges. First home saver accounts are overly complex and are not being taken seriously by the banking sector and depositors. A comprehensive economic reform plan is needed to address undersupply in the Australian housing market.

To keep Australians in their homes, however, the Prime Minister must keep Australians in their jobs. Delinquency in home loans was significantly greater for Australian banks in the late eighties and early nineties, and is a third less than in 1996, before the coalition came to office, when unemployment was at 8.4 per cent. Strong growth in employment of more than two million jobs and in real incomes of more than 20 per cent under the Howard government assisted families to be self-supporting in the private housing market. According to the RBA, despite strong growth in real house prices over the last 25 years, growth in real disposable incomes of younger Australians in the home-buying cohort after paying for accommodation was higher in 2007 than at any other point. The new government forecasts show that unemployment will hit five per cent, putting an additional 200,000 out of work, up from the 134,000 forecast in the May budget.
The biggest threat to the Australia housing market is rising unemployment.

The DEPUTY SPEAKER (Hon. BC Scott)—Before I call the minister and for the benefit of the House, the Chief Government Whip made a point of order during that last quorum, and I want to advise the House that I, as Deputy Speaker, am obliged to count the House when the state of the House is drawn to my attention. *House of Representatives Practice* clearly states here that, notwithstanding that there have been cases in the past where a speaker has refused to call a quorum when there have been more than two against one speaker, in the context of that that is really in conflict with the principles of the responsibility of the Speaker.

For the benefit of the Chief Government Whip, I have checked with *House of Representatives Practice*. Firstly, I have accepted that taking a point of order during a quorum has not been the general practice in the past but I did accept that as a point of order, given the nature of the quorums that have been called. But also, according to page 268 of *House of Representatives Practice*, I as Deputy Speaker am obliged to accept a quorum and to do a count of the House. The Chief Government Whip drew my attention to Speaker Causley’s ruling, and it really is in conflict with the general principles and the historical record in terms of the role of Speaker when it comes to quorums.

Mr Price—Thank you so much, Deputy Speaker Scott. I did appreciate the fact that you did take that point of order, and I do not want in any way to dispute your ruling but I think my best course of action would be to consult Chamber Research because I am very familiar with Speaker Causley’s rulings. I saw him in his chambers and we reached an understanding about these matters. In relation to practice and in relation to the advice you have offered the House, I think you are perfectly correct in relation to House practice but that was not the path that Speaker Causley went down.

Speaker Causley pointed out that in the New South Wales parliament there was only one quorum allowed a day and that that might be something that the then opposition might want to avoid. I can also advise you that he declined to accept his attention being drawn to the state of the House after two quorums had been called. I reiterate that I am not disputing with you at all, Mr Deputy Speaker. I think in your quoting of *House of Representatives Practice* and in your interpretation of House of Representatives practice you are entirely correct. I think the path is open to me to do a bit of research and perhaps take the matter up with the Speaker, if you would not see that as reflection on you. Perhaps we could resolve it by way of discussion with the Speaker.

The DEPUTY SPEAKER—Thank you, Chief Government Whip. I hope that that has cleared the matter up for the House before I call the minister, because those principles, I think, are very important to us all in this place. But Speaker Causley’s ruling was in conflict with the general principles and historical record of the House of Representatives practice of the past.

Dr Emerson (Rankin—Minister for Small Business, Independent Contractors and the Service Economy and Minister Assisting the Finance Minister on Deregulation) (7.11 pm)—The convivial exchange that you have just had with the Chief Government Whip is in anticipation of further disruption to this debate on the Social Security and Other Legislation Amendment (Economic Security Strategy) Bill 2008 and cognate bills by the coalition. Given the high likelihood of that based on the coalition’s behaviour in the last couple of hours, I will refrain from seeking to give a full economic exposition of the ori-
nings and effects of the global financial crisis, because I believe that the flow of that argument will be disrupted. Suffice to say therefore that I will concentrate on a number of points that have been made by opposition members, including the most recent speaker, who has indicated opposition to key elements of the government’s economic strategy.

I would like to take the parliament through the litany of different positions occupied on the overall economic strategy pursued by the Rudd government during the course of the last few weeks. You need to be pretty much on the ball on a daily basis to follow the various proclamations of the Leader of the Opposition. Some may interpret generously that the different positions articulated by the Leader of the Opposition are merely a matter of incompetence or poor concentration. That would not, in my view, be a correct interpretation. In truth it is very well calculated. It is very deliberate and it is an attempt to place every possible position on the record so that the opposition leader, with the benefit of 20/20 hindsight, will be able to say that he got it right. It is as simple as that. It is a very anticipated interruption that is about to occur—

Mr Haase—Mr Deputy Speaker, I draw your attention to the state of the House.

The bells having been rung—

Mr Melham interjecting—

The DEPUTY SPEAKER (Hon. BC Scott)—The member for Banks might consider his interjection—firstly, he is interjecting out of his chair—and the reflection on the chair.

(Quorum formed)

Dr EMERSON—The point I was making before this latest very rude interruption is that the opposition leader occupied a range of positions on every aspect of the global financial crisis and on every aspect of the Rudd government’s response. He started quite early on by saying that ‘Kevin Rudd has hyped up this crisis’. Here is the opposition leader saying that the whole financial crisis has been hyped up by the Prime Minister of Australia, yet one day later the opposition leader had this to say:

… it is undoubtedly a very grave, the gravest global financial crisis that we’ve seen since the Great Depression …

So one day he says the whole global financial crisis has been ‘hyped up’ by the Prime Minister of Australia—who caused the global financial crisis in Europe and in the United States, who caused these countries to go into recession!—and the next day this is ‘the gravest global financial crisis we have seen since the Great Depression’. Then he went on to say this:

… these are huge convulsions, financial and economic convulsions around the world of a kind very few, only people really who were, you know, alive during the Great Depression would have seen financial changes the equal of this.

This is from the same Leader of the Opposition who said it was all hyped up. So that is his position on the overall global financial crisis.

How many different positions has the opposition leader occupied on anticipating the global financial crisis? Well, as in every other case, many different positions. He said that nobody could have seen the global financial crisis coming. That was on 30 September. He said:

There is nobody that would have predicted these events a year ago or even a few months ago.

Then he said on 15 October—

Mr Haase—Are you telling the truth?

Dr EMERSON—Madam Deputy Speaker, I completely object to the remark that was just made then and I ask for it to be withdrawn.
The DEPUTY SPEAKER (Ms AE Burke)—The member for Kalgoorlie will withdraw the statement.

Mr Haase—I have simply asked the speaker whether he is telling the truth.

The DEPUTY SPEAKER—Exactly right, and the member for Kalgoorlie would know by now that that is actually the one word that is unparliamentary.

Dr Emerson—If you want to move a substantive motion, pal, do it.

The DEPUTY SPEAKER—I will ask the minister to resume his seat and ask the member for Kalgoorlie to—

Mr Haase—I do beg your pardon, Madam Deputy Speaker. I simply raised the question because the last time this speaker was at the dispatch box he in fact mentioned an extreme falsehood, and I was simply checking whether he has got it right this time.

The DEPUTY SPEAKER—that is reasonable, but to be fair to everybody the one—

Mr Haase—If that is offensive to you, Madam Deputy Speaker, I withdraw.

The DEPUTY SPEAKER—Thank you very much. I appreciate the member for Kalgoorlie’s assistance.

Dr Emerson—The member is absolutely wrong about that and I am quite happy to debate that very matter—in here, outside, anywhere you want, including with the shadow housing minister—about the plagiarism that occurred and that I reported in this place yesterday. She was caught absolutely red-handed and red-faced. That is her problem, and do not try to cover up for it.

When we go to the different positions of the opposition leader on predicting the global financial crisis, he was saying this could not have been predicted a year ago or even a few months ago, and then he said on 15 October:

With the benefit of hindsight, Governments should have acted a lot earlier. Regrettably, Mr Rudd’s Government missed the warning signs at the beginning of the year …

This is a global financial crisis that ‘nobody could have predicted’, according to the same man, ‘even a few months ago’. So there is his position on anticipating the global financial crisis.

We are debating the Economic Security Strategy. What did the Leader of the Opposition declare on that? He said when it was announced:

… we are not going to argue about the composition of the package or quibble about it. It has our support. It will provide a stimulus to the economy, that’s for certain.

Mr Morrison interjecting—

Dr Emerson—Is that right? Does it have their support? Spokespeople, including one at the table here, have criticised each and every dimension of the Economic Security Strategy. Let’s start going through them. There is the first home owners boost. This is the fellow who said the market is tight. The opposition leader said, ‘No, the market is not tight’—

Mr Morrison interjecting—

Dr Emerson—Thank you, Madam Deputy Speaker. On the issue of the age pension and the benefits to families, we had the Leader of the National Party in the Senate saying it is going to ‘end up against the wall’. The member for Mitchell suggested it was an unfair package for families. Time and time again they have criticised every single dimension of this Economic Security Strategy, just so the opposition leader can say, ‘I occupied that position at some point in time.’

(Quorum formed) Now we turn to the financial stability measures—
Government members interjecting—

The DEPUTY SPEAKER—Order! Parliament is still in session, thank you.

Dr EMERSON—that were put in place by the Rudd government when the Rudd government acted early and decisively. The Leader of the Opposition, on the financial stability measures that were announced, said on 12 October:

We welcome this measure, we support it and we will give the Prime Minister every assistance.

He said every assistance! Just 10 days later, he said:

But let me say this; the policy that was announced on the 12th of October was a failure …

Here we have him, 10 days before, saying, ‘We welcome the measure, we support it and we will give the Prime Minister every assistance,’ and then 10 days later saying it was a failure.

Then on 27 October—that is a day ending in ‘AY’, so that would be a different position again—the Leader of the Opposition said, ‘The unlimited bank deposit guarantee was a very big policy blunder.’ So he said, ‘We welcome the measure, we support it and we will give the Prime Minister every assistance,’ and shortly after that he described it as ‘a very big policy blunder’.

That is the problem here. The Leader of the Opposition is sacrificing the important national interest at a time when we need to stabilise the situation here in Australia and to instil confidence in our business community, including our small business community. The undermining that has been going on by the Leader of the Opposition has occurred every day. Most recently, talking about instability, the opposition has attacked the leaders of our most important financial institutions and regulatory authorities, our government institutions and regulatory authorities. They were cowardly attacks. They should be withdrawn. The Leader of the Opposition should repudiate the frontbench of his opposition, who, along with backbenchers, have systematically sought to undermine and pour scorn over the reputation of some of the most respectable, decent human beings and the job that they do on behalf of the Australian people. They have come into this chamber, gone to the doorstop interviews and taken every opportunity to destabilise our financial institutions by attacking personally the leaders of these institutions.

The member for Goldstein, a senior frontbencher, has said that he was not attacking the Secretary of the Treasury, Ken Henry. He was talking about manipulation but he did not think that Ken Henry would manipulate the economic forecasts. Well, it would take two to tango. It would take the Secretary of the Treasury to agree to some sort of manipulation. So this is a direct slur on the Secretary of the Treasury by the member for Goldstein, a senior frontbencher. The opposition leader had every chance today to repudiate him, to ask him to apologise or to get up and say, ‘We have full confidence in the Secretary of the Treasury and we have full confidence in the Governor of the Reserve Bank,’ but he will not because he knows that this is orchestrated. He has got his backbenchers, including the member for Canning, who is here in the chamber today, doing his dirty work. (Quorum formed)

It is great that the member for Canning is here, because he has an opportunity in about nine minutes to apologise to the Secretary of Treasury, to apologise to the Governor of the Reserve Bank and to apologise to the people of Australia.

Mr Randall—Madam Deputy Speaker, on a point of order, the member opposite well knows that on the issue of the Reserve Bank governor I have given an unequivocal apology.
The DEPUTY SPEAKER—The member for Canning does not have a point of order. The minister has the call.

Dr EMERSON—These are cowardly attacks, they are orchestrated and they do continue, and the Leader of the Opposition has turned down the opportunity time and time again to discipline his backbench and to discipline his senior frontbenchers because he is in on it. He is in on the caper. He wants this to happen. He wants the destabilisation of our financial institutions and he wants the destabilisation of the Australian economy; and he wants that destabilisation for one reason and for one reason only—to advance his short-term political interests. That is what he wants to do—to advance his short-term political interests at the expense of the national interest. He is a disgrace. The coalition is a disgrace on this. You should be more responsible. You should take a greater responsibility to the Australian people but you will not, because you see some short-term political gain. You should be ashamed of yourselves.

Mr Haase—Oh!

Dr EMERSON—‘Oh!’ he says, as if he is so offended. Here is the opportunity for the member for Canning to come in, stand up, apologise and get out of this recidivist behaviour that he displays all the time, seeking to undermine our institutions.

In terms of the financial stability measures put in place that have been so heavily criticised by the Leader of the Opposition, who described the unlimited bank deposit guarantee as a very big policy blunder, the Business Council of Australia has written to the Prime Minister. This letter, which supports the financial stability measures, says:

Given the aforementioned strength of the Australian financial system, it could well serve as a role model for the development of the best global response.

So here we have the Business Council of Australia saying it is a ripper, it is a great initiative, and we have got the Leader of the Opposition saying it is a very big policy blunder. I would like to see the next meeting that occurs between the Business Council of Australia and the Leader of the Opposition, because in another area—long-term economic reform, which must continue through this global economic crisis; and we are committed to it—the Leader of the Opposition has his shadow minister for industrial relations, who orchestrated the rejection in the Senate of a very important measure in relation to occupational health and safety and the harmonisation of occupational health and safety measures in this country. And he is doing that as a Western Australian. He should know better, but no, he is again repudiating the view of the Business Council of Australia and every respectable business organisation in this country who wants to see harmonisation of occupational health and safety and who wants to see good economic reform under this government—and who will see good economic reform under this government if you would just get out of the way; if you would stop being deliberately obstructionist for your short-term, miserable political gain. That is what you are doing.

You should get out of the way and let the reformers get on with the job of undertaking the economic reform that is necessary to rescue this country from the situation where, under the coalition government, we had the member for Higgins, the former Treasurer of this country saying in 2007, ‘Productivity growth is at or ahead of the previous productivity cycle.’ Do you know what productivity growth was in the year 2007? It was not two per cent; it was not one per cent; it was not half a per cent. It was nothing—nil. The then Treasurer of this country said, ‘You beauty, we have got productivity growth down to zero.’ What a great achievement! There was
zero productivity growth, which shows the sloth of the previous coalition government, which shows the complete disinterest in economic reform of the previous coalition government.

Debate interrupted.

ADJOURNMENT

The DEPUTY SPEAKER—Order! It being 7.30 pm, I propose the question:
That the House do now adjourn.

Cowan Electorate

Mr SIMPKINS (Cowan) (7.30 pm)—I understand that in the next two sitting weeks we will have before us a number of pieces of legislation that relate to the Building Australia Fund. On 4 August 2008, I wrote to the Minister for Infrastructure, Transport, Regional Development and Local Government about the urgent need for improved public transport access for residents across the northern suburbs of Perth, especially in my electorate of Cowan. One month later the Minister for Infrastructure, Transport, Regional Development and Local Government mentioned my request here. While I thank him for highlighting my strong advocacy for my constituents, I have not as yet seen any actual written response to my original letter.

I now wish to advise the House of other critical infrastructure and community projects that are very important in Cowan. With regard to roads, the following projects are very important for the people of Cowan in terms of safety, improved traffic flow rates and therefore ultimately fewer emissions. We need an overpass at the intersection of Reid Highway and Alexander Drive. We also need an overpass at the intersection of Reid Highway and Malaga Drive. Also, in the future we will need an overpass at the intersection of Wanneroo Road and Ocean Reef Road. Alexander Drive also needs to be extended north to Neaves Road from its current intersection at Gnangara Road. There is also the need for the construction of a dual carriageway along Gnangara Road for reasons of road safety. I would also like to see the construction of a dual carriageway on Hepburn Avenue from Giralt Road in Marangaroo to Reid Highway in Beechboro. The construction of a dual carriageway on Wanneroo Road from the Ashby-Sinagra area up to Flynn Drive in Carramar is also desirable from a safety perspective in the north of Cowan.

In relation to public transport, and in addition to the points raised in my 4 August 2008 letter, there is also a great need for increased capacity in parking infrastructure at the train stations at Warwick, Greenwood and Whitfords. I therefore ask the Minister for Infrastructure, Transport, Regional Development and Local Government for action in this area.

There are four other areas where the local communities of Cowan would benefit from federal government support. These include the provision of funding for the Kingsway sporting complex to assist the City of Wanneroo to implement all stages of the redevelopment. Also included is additional funding for the Woodvale stadium, a project of the Woodvale Senior High School. Unfortunately, the project now needs $21 million to achieve the desired results for the local community, local sporting groups and, of course, the high school itself. The general practitioner superclinic in Wanneroo has not made any discernible progress and the people of the suburb of Wanneroo and the nearby suburbs in Cowan wish for quick action in regards to the clinic. There is also the need for a youth drop-in centre in Ballajura.

As part of my plans for a stronger and safer community, I also ask for the following support from the Minister for Infrastructure, Transport, Regional Development and Local...
Government: the provision of $240,000 for 60 moveable metal speed humps; the provision of 50 moveable CCTV cameras and supporting infrastructure; and support for the government of Western Australia to allow the rapid recreation of the graffiti task force for the benefit of all Western Australians.

I would also say to the minister that some of these projects were election promises—of both sides but definitely of the new government—of more than 12 months ago, yet there has been no action on any of them. Once again, I call on the Minister for Infrastructure, Transport, Regional Development and Local Government, as the federal minister responsible, to support all these proposals through funding from the Building Australia Fund.

Before I conclude tonight, I would also remind the House that in the minister’s 13 May media release he outlined uses for the $20 billion fund. Those uses included projects like the national broadband network. I know that many are waiting for the grand promises of the national broadband network to be realised, particularly in the electorate of Cowan. There are still plenty of areas where the problems with pair gains and exchange issues mean that ordinary residents of Cowan and also businesses within Cowan struggle to get access to broadband. (Time expired)

Australian Central Credit Union

Mr BUTLER (Port Adelaide) (7.35 pm)—Part of my pride in representing the Port Adelaide electorate is because of their belief in community, their human warmth and their commitment to help those in need. I was therefore appalled and shocked to learn of the treatment received by one of my constituents when she was at her most vulnerable. Last year Julie Kimpton lost her son to suicide. This terrible tragedy befalls far too many Australian families. In 2005 suicide was the cause of more than one-fifth of deaths for males between the ages of 20 and 34. Ricki Kimpton was 32 when he died. His mother describes him as a gentle soul with a kindness and compassion that filled her with admiration and maternal pride. Whilst those of us who have not lost a loved one through suicide can probably never fully understand the pain and grief suffered by those who have, it only takes a modicum of empathy to appreciate the emotional devastation suicide leaves behind, and it should only take a modicum of human decency to treat the bereaved with respect and care.

As administrator of her son’s estate, Julie was responsible for cancelling his car insurance. Naturally, she wanted to get this painful transaction completed as soon as possible. Within days of his death she visited the local branch of the Australian Central Credit Union that held his bank accounts and supplied his insurance. She was sobbing in the queue, but no special care was taken and she had to notify them of his death at a public counter. Less than a week later she returned with the identity documents and proof of death they required. Although she had been there in person, the company still posted out their authority form a few days later. Julie returned the completed form in the reply paid envelope. Cancellation on request is a term of the policy. Julie had the authority to cancel it, had clearly intended to do so and had produced the necessary paperwork. She quite reasonably believed that this painful duty was over. This was in July 2007.

On 13 July 2007, the Funeral Assistance Program, with the Public Trustee’s authority, faxed the ACCU, instructing them to freeze the account and to remit the funds to them as payment towards the funeral expenses. For the next 15 months, the company continued to deduct the insurance premiums despite Julie’s repeated attempts to have the policy cancelled. When she received renewal notices in early November 2007 addressed to
her son, she contacted them. The deductions continued. In late November, she received a letter from the ACCU offering their sincere condolences and asking her to advise them when she was ready to cancel the policy. She contacted them and, using their reply paid envelope, she posted them another authority. The deductions continued. Again and again a grieving mother was forced to go through the trauma of dismantling her dead child’s affairs. Again and again her requests were ignored.

In September this year the company started sending arrears notices addressed to her son. They had drained the account. Julie believes her final visit was the fifth visit she had made to the branch. She met with the sales manager and explained how distressing it had been to receive their letters and she explained that she had been trying to have this policy cancelled for over a year. The manager told her she had no reason to be upset as she was getting what she wanted: ACCU was finally cancelling the policy. A few days later, Julie received a letter addressed to her son saying that the policy had been cancelled for non-payment of funds. In response to my letter to the company, ACCU claimed to have investigated this matter. Their self-serving, deceptive findings make a mockery of their promise to review procedures. All they have done is emphasise their culture of profit before basic human decency, business before ethics and their misplaced belief that insincere platitudes can substitute for action.

Julie Kimpton has suffered a terrible loss. She was caused further pain by, at best interpretation, the callous disregard of the ACCU and its representatives. She deserved better. Our society must demand better and pursuit of the dollar should never be an excuse. All Julie wants now is to try to stop anyone else receiving the same treatment, and I intend to do all I can to help her.

**Africa**

**Mr MORRISON (Cook) (7.39 pm)**—During the past week we have acknowledged in this place the great significance of the election of Barack Obama as the first African-American President-elect of the United States. It is a truly significant event and, as the leader of the opposition remarked this week, it was the answer to a prayer of generations past and a vision realised. But as we note that, it is important for us to take the opportunity to also recognise the contribution of the serving US President, George Bush, to the African continent in particular. There are many commentaries to be made about George Bush as a President, but one of which he can be absolutely rightly proud—and every member of this chamber I am sure would agree—is his service to the people of Africa and his commitments to the area of aid, which have been without parallel by any other US President.

In my maiden speech I noted the tragedy that around 6,500 people—our fellow human beings—die every day from preventable diseases in Africa, and we are constantly reminded of these tragedies. Most recently we were reminded of the Congo. We have been reminded of the horrific events in Zimbabwe; there was a private member’s motion only just this week. We are reminded of Darfur. We are reminded of these tragedies all over the African continent. What is incredibly important is that each of us individually, as governments and as communities decides not just to make poverty history but to make it our own personal business and our own personal reaction.

The President of the United States, George Bush, did this in the most powerful position on this planet and he took a decision to invest heavily the resources of that nation in trying to provide a better future for the African continent. Over the term of his presi-
More significant has been the increase in aid to Africa from the United States under the leadership of President Bush, which was the largest expansion of American development assistance since the Marshall Plan. It doubled in his first term and will increase to $8.7 billion per year by 2010, which is again doubling the 2004 levels he set as a record in his first term. In addition, as President he delivered a total of $42 billion in debt relief; $34 billion of that was for 19 African countries. He established the Millennium Challenge Account—$2.4 billion to fight poverty through economic growth—committing to just rule, to deal with issues of corruption on that continent which sadly rob the future from Africans on a daily basis, to invest in people and to encourage economic freedom as a pathway for the liberty of those people.

He established the African Growth and Opportunity Act, which in 2007 allowed 98 per cent of African exports coming into the United States to enter duty free. He established the President’s Emergency Plan for AIDS Relief early in his term, in 2003, which was $15 billion over five years to provide antiviral treatment for, at this stage, some 1.3 million people in sub-Saharan Africa. On 30 May 2007, this commitment was doubled to $30 billion over the next five years. $1.2 billion established the President’s Malaria Initiative to reduce malaria deaths by 50 per cent in 15 targeted African countries. In 2002, he established the African Education Initiative which was $600 million over eight years and in May 2007 he again added another $500 million to those commitments.

There will be many things said about President Bush, and those on this side of the House will say many very good things about President Bush. There will be many in the United States who will have a different view about this matter, but there will be many in the continent of Africa who will be able to say that they owe their lives, they owe their education and they owe their economic opportunity to this significant increase in development aid that was provided to the African continent under the leadership of George Bush. I commend the President for his great leadership in that area and for the fact that he provides an example to all of us to make our own personal commitment and to use the influence we have for the same purposes.
The local throwaway newspaper, the *Southern Times Messenger*, has been taking a keen interest in this project and launched a petition that was signed by over 7,000 people calling on the state government to extend the rail line.

For the last year, my office has been inundated by people distressed about the lack of transport services in the southern suburbs of Adelaide. One Kingston resident is required to drive up to 80 kilometres a day to and from the city just to go to work. Others are forced to commute on multiple buses for periods upwards of two hours to travel from Aldinga to the city.

I have been raising these issues on a regular basis with the state government to ensure that they fully appreciate the issues of public transport in the southern suburbs. I have also outlined the wide-ranging benefits that the rail extension would have to the local community. As part of my intensive consultations on this issue, I have personally written to the state transport minister, the Hon. Patrick Conlon, to explain why this project is so vital for Kingston and for all of South Australia.

The population of southern Adelaide is increasing at a rapid rate—particularly the areas of Aldinga and Seaford, with a projected population increase of up to 50,000 residents. South Australia’s strategic plan states that South Australia must continue to grow, both financially and in population, in order to remain economically competitive with other regions of Australia. If South Australia is to reach its projected goal of a population of two million people by 2050, we need to invest and build transportation infrastructure to allow the safe and easy passage of people from one part of Adelaide to another, especially for those residing in outer metropolitan suburbs.

A rail extension would also have significant environmental outcomes and assist with urban congestion in the outer metropolitan areas. Effective, reliable rail services will enable more people to catch public transport and reduce the number of cars on our roads, and, as a result, contribute to a reduction in carbon emissions.

For the first time in the nation’s history the federal government has committed to investing in infrastructure, including public transport infrastructure. I was pleased to announce earlier this year the federal government’s commitment to a study which would look at reducing urban congestion in the southern suburbs. The jointly funded $4 million transport sustainability study—with $3 million being contributed by the federal government and $1 million from the state government—will provide a detailed analysis of infrastructure difficulties in extending the Noarlunga rail line over the Onkaparinga River.

As part of the infrastructure investment process Infrastructure Australia asked for states and territories and communities to submit their priority projects. I was incredibly pleased to recently hear the announcement by the South Australian government that the Seaford rail extension is one of South Australia’s five priority projects which they will be submitting to the federal Building Australia fund. The state government’s submission to extend the rail network to Seaford includes construction of 5.5 kilometres of electric railway with a bridge across the Onkaparinga River. Additional rail vehicles are also a component of the submission, which includes construction of new railway stations. I support wholeheartedly the state government’s submission for this rail extension as it is a critical piece of infrastructure. (Time expired)
As shadow minister for families and community services I have, as part of my brief, responsibility for people with disabilities. I take it as axiomatic that a humane and civilised society should take all reasonable steps to give people with disabilities a full life. People are not less than fully human because they are deaf, blind, short or have cerebral palsy or any other condition. Each life is a gift—a gift from God, many would say—and should be regarded as a blessing. So we should never imply that people might be a burden or have less of a right to exist because caring for them is expensive. But I regret to say that that is just what two submissions to a Senate inquiry appear to do.

I am talking about the inquiry into Senator Barnett’s bid to end Medicare funding for late-term abortions except in cases of foetal death or risk to the life of the mother. Page 11 of the submission from the Australian Reproductive Health Alliance says:

The removal of item 16525 from the Health Insurance (General Medical Services Table) Regulations increases the likelihood of a greater number of persons being born with severe disabilities and high support needs.

The submission goes on:
The financial cost of caring for a severely disabled individual is high not only for the family, but for the greater community. ... It is logical to assume that an increase in demand for disability services as a result of the abolishment of item 16525 will place greater demand on what is already an underfunded and overwhelmed sector.

Obviously, there is a lot of pressure on disability services. I accept that. But that does not mean that we should bring any pressure at all to bear on people in difficult situations.

I point out that the submission from the Parliamentary Group on Population and Development says exactly the same thing—and I make three points. The first point is that the Reproductive Health Alliance should not have implied that disabled babies are too much of a burden on the rest of us. The second point I make is that the Parliamentary Group on Population and Development should not have directly copied that submission. The third point I make is that Senator Claire Moore, who heads the parliamentary group, should not have lodged that submission without the approval of all 41 MPs in that group. This is too important and sensitive a subject for such a submission to have been lodged without obtaining each member’s specific permission.

In fairness to Senator Moore, I suspect that she did not want to suggest that she was recommending abortion for babies with disabilities and that she is a victim of hasty drafting. Still, that is the predicament in which she now is and that is the predicament in which she has placed 41 of her colleagues as a result of this poorly drafted submission. I am sure that very few, if any, of the group’s 41 members would on reflection really want to be associated with the suggestion that disabled babies are a burden; yet, unless the submission is withdrawn or MPs resign from the Parliamentary Group on Population and Development, that is precisely what they have done.

I suggest to my 41 colleagues, who, I should say, include some of the parliament’s most senior members on both sides of the Senate and the House, that this submission should not be allowed to stand. The members of the group should consider their position, and I call on them to do so, lest the words that have been put in their mouths cause people with disabilities to feel that they only exist under sufferance. It would be a tragedy if any person with a disability were to feel in any way slighted by a member of this parliament, and I fear that is precisely what has
happened because of this poorly drafted—indeed, unconscionably drafted—submission, which should be withdrawn.

Reverend Keith Dowding

Ms PARKE (Fremantle) (7.54 pm)—I wish to pay tribute in this place to the extraordinary life of the Reverend Keith Dowding, who passed away on 26 August 2008 at the age of 97. At the thanksgiving service for Keith Dowding, his son, the Hon. Peter Dowding, the former Western Australian Premier, and the Hon. John Cowdell, the former President of the Western Australian Legislative Council, spoke movingly about Keith in their eulogies. In making this statement I draw heavily and with gratitude from those eulogies.

Keith served as a minister in the Presbyterian and then Uniting Churches for over 60 years and was a moderator of the Presbyterian Church and General Secretary of the Western Australian Council of Churches in the fifties, sixties and seventies. The values of Christian socialism that Keith Dowding embodied led him to activism not only in religion but also in community and politics, which he believed were inseparable as vehicles for social change. In his inaugural address as Moderator to the Presbyterian General Assembly in 1962, Keith stated:

Without intending to be provocative—and, according to John Cowdell, he always started that way and always was—I say with the full authority of the Word of God, that there are certain responsibilities of the Church, which can be fulfilled only by political action. There are certain demands of Christ which can be obeyed only when the Church sends her members into the World.

Even as Keith delivered this address he was engaged in a confrontation with the ALP, of which he was an active member, over the White Australia policy. He stated to the ALP general assembly:

But with tragic hypocrisy, we have refused to see that our own immigration policy is one form of racial discrimination, and our cynical callous treatment of Australian Aborigines is another form. I am convinced beyond all doubt that no Christian is obedient to Christ if he practices discrimination against any man because of the colour of his skin.

Keith was expelled from the ALP for opposing the White Australia policy.

As an army chaplain, Keith performed a Christian burial ceremony for the first Japanese pilot shot down over New Guinea, resulting in public and official outrage. He subsequently resigned his army chaplaincy in 1941 and re-enlisted as a private soldier, serving until 1946. In 1953 Keith was expelled from the RSL for his ‘alleged communist leanings’. He was closely associated with Labor leader Doc Evatt’s defence of fundamental rights in the face of the anti-communist hysteria of the time.

Keith’s belief in the interconnectedness of faith and community activism and of local and global issues was evident in the causes with which he became involved. As Peter Dowding noted, Keith’s life’s work was to have a belief that one could help change society by speaking out, starting or supporting organisations and agitating for reform, and so he used his membership of the ALP, the United Nations Association, the Council for Civil Liberties and Amnesty International to campaign against moral persecution and for nuclear disarmament, gay rights and freedom from hunger.

Keith’s influence extended far beyond Western Australia and, indeed, Australia. From 1963 to 1965, as Director of the Bengal Refugee Service based in Calcutta, Keith had responsibility for 20,000 refugees. In 1966-67, he was the Administrator of the Save the Children Fund in Nigeria, and, following this, he organised the International Year of Human Rights in the UK and North-
ern Ireland. Keith was 92 years old when Australia participated in the invasion of Iraq. He was invited to speak at a rally in Fremantle and, as Peter Dowding described it, Keith: … caught the bus from Maylands to the City, then the train from the City to Fremantle, he tottered over on his titanium knees to stand at the demonstration where endless speakers repeated the same things, and as the crowd had obviously had enough and were drifting away, the organisers invited him to speak which he did, standing under a tree and he electrified the crowd which drifted back to listen to this eloquent speech against the actions of the Australian, American and British governments.

As is clear from this brief summary of a life lived entirely in accordance with his own conscience, Keith’s actions often unsettled many people and he paid a price, as he freely admitted. But there were personal vindications. The White Australia policy was overthrown, civil liberties were enhanced and Keith was readmitted to the ALP and the RSL. He became a respected member of the Former Padres Association. He was awarded the Order of Australia in 1987 and the Centenary Medal in 2003. He was also awarded life membership of the ALP, which, as John Cowdell observed, made it rather difficult for him to resign when he was outraged from time to time by the party’s policies. I pay tribute to the Reverend Keith Dowding, a man to whom we and Australia owe a great debt.

Question agreed to.

House adjourned at 7.59 pm

NOTICES

The following notices were given:

Mr Bowen to present a Bill for an Act to amend the Corporations Act 2001, and for related purposes.

Mr Bowen to present a Bill for an Act to establish the Tax Practitioners Board and to provide for the registration of tax agents and BAS agents, and for related purposes.

Dr Kelly to move:

That, in accordance with the provisions of the Public Works Committee Act 1969, the following proposed work be referred to the Parliamentary Standing Committee on Public Works for consideration and report: Enhanced land force stage 1 facilities project, Lavarack Barracks, Townsville, QLD and other Defence bases around Australia.
The DEPUTY SPEAKER (Ms AE Burke) took the chair at 9.30 am.

CONSTITUENCY STATEMENTS

Dickson Electorate: Young Achievement Australia

Mr DUTTON (Dickson) (9.30 am)—I would like to take this opportunity to praise a non-government, not-for-profit charitable institution that has been committed to developing the potential of young Australians not only in my electorate of Dickson but Australia wide since 1977. Young Achievement Australia, YAA, provides a challenging and entrepreneurial business skills program to over 5,000 senior secondary and tertiary students each year. Two such schools in my electorate have taken up this challenge, Mt Maria College at Petrie and Toogoolawah State High School.

The Toogoolawah students, the Kreeyatives, consist of Samantha Collins, Brittany Pratt, Emmanuel Cindric, Christine Davis, Brodie Kidd, Edith Graham, Garth Edwards, Justin Osmond, Katherine Granzien and Jacqui Parusel-Lanham, who developed a product called Kreeyatives Young Driver Kit. The group saw a need for something longer lasting to display L and P plates on cars. They found existing products on the market unsatisfactory. They designed a kit that would last the four years that these combined plates are required to be displayed and, after various tests, the final product has been found to be very sturdy. The students had positive feedback at the YAA Expo in August and won an award for product knowledge and sales process.

Mt Maria students call their business YaYaBitsi and consist of Lachlan Andersen, Daniel Cordery, Brendan Cotton, Brendan Dunn, Damian Dunstan, Shellsea Ellacott, Joel Gilbert, Alkira Henderson, Jayde Hermans, Anthony Holdsworth, Brent Jackson, Douglas Milne, Stevie Pavey, Eva Siasat, Isaac Smyth, Natalie Stuart and Jonathon Walker. The group set about producing an environmentally-friendly book with lots of fun facts, tips and pictures to promote environmental awareness. The glossy 78-page publication, titled Gen Y Care, features creative and eye-catching photos taken by the students themselves, compiled in an attractive and appealing layout. At the YAA Expo, in August, YaYaBitsi won the overall trade expo runner-up, the marketing award and the media award and were entered as a regional finalist in the Company of the Year award. The team took out nine regional awards and six state awards, including Company of the Year and Outstanding Product award, bringing their overall tally so far to 19. I wish them well at the National Awards dinner on 26 November, where they will be represented in six categories. I congratulate and commend all parties involved in this project.

It is great to see the broader community working with our schools. I congratulate the teachers—in particular, Jacinta Griffin from Toogoolawah State High and Fiona Turner and Kerry Smith from Mt Maria College. (Time expired)

Fremantle Electorate: Water Conservation

Ms PARKE (Fremantle) (9.33 am)—There is a Scottish proverb that says: ‘We’ll never know the worth of water until the well runs dry.’ I am pleased to speak in this place about the tangible progress on water conservation that has been made in the Fremantle electorate. In Hamilton Hill the Pinakarri Community, a co-housing project that partners private with public
housing and aims to operate with minimum environmental impact, has recently completed the installation of a greywater recycling and rainwater storage system. This system allows the community to flush toilets, wash laundry and water the lawns, fruit trees and permaculture gardens without tapping into the mains supply. The treated greywater from households and a communal laundry is sent to the garden by a water-wise subsurface irrigation system, instead of literally being wasted into the sewer. Pinakarri’s combined rainwater and greywater system is expected to reduce that community’s scheme water consumption by 60 per cent. It provides a snapshot of what could be achieved by the Australian community in general, should water harvesting and re-use become standard practice.

In North Fremantle, Apace—a self-supporting, community based organisation that propagates native seedlings for public and private revegetation projects all over the state and also runs education programs—is harvesting rainwater from its nursery rooftops and has created an artificial wetland to cleanse the greywater produced by its nursery. The processed water is stored in a treated water tank and used to water the community gardens, replacing bore water, which can become extremely salty during the summer. The Apace nursery waste water demonstration project is a useful educational resource for environmental and horticultural students as well as other groups. The design of 10 separate cells in the wetland also allows for innovation and experimentation with different media, plant species and systems. This project, which uses an Apace-designed water harvester fitted to the nursery tables, is particularly impressive because it is one that can be retrofitted to most nursery set-ups, and I am hopeful that other organisations will take note of what Apace has done and use the ideas to reduce their own water and energy use.

Both the Pinakarri and Apace projects were completed using the federal Community Water Grants, a program established in 2005 to promote the saving, recycling and treatment of water. That program has been discontinued, and I am glad to see that the Rudd government has made a commitment to continue and improve national water-saving initiatives through three new programs: the National Rainwater and Greywater Initiative, the National Water Security Plan for Towns and Cities and the National Urban Water and Desalination Plan. For a long time, Fremantle has been an environmentally conscious and active place. The achievements of Pinakarri and Apace are a further demonstration of a culture that, increasingly, is valuing water more. Indeed, it is a culture that recognises water as the most precious resource on earth.

North-West Queensland

Mr KATTER (Kennedy) (9.36 am)—I wrote an open letter to the Premier of Queensland, Anna Bligh, last week, and I would like to read it into Hansard.

Dear Premier

North-West Queensland’s contribution to the Queensland economy—

and the Australian economy—

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tr>
<td>Value of Minerals Produced &amp; Processed in year 2006-07</td>
<td>$15.4b</td>
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<tr>
<td>Royalties taken out of North Qld (2007-08)</td>
<td>$312m</td>
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<td>that is up from $130 million a couple of years ago—</td>
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<tr>
<td>Tax taken by Federal Govt off NW Qld Mineral Industries (20%)</td>
<td>$3,000m</td>
</tr>
<tr>
<td>Tax taken by Qld Govt off NW Qld Minerals Industry (10%)</td>
<td>$1,000m</td>
</tr>
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On top of current production, potential growth exists in the following areas:

- Legends Phosphate,
- Dugald River,
- Mt Roseby,
- Rocklands & others,
- Iron Ore—Xstrata & others,
- Uranium—Valhalla & others,
- Vanadium—Julia Creek,
- Shale Oil—Julia Creek.

One of these projects alone has a projected production income of over $10,000m.

Projected annual income from such growth: $15,000m

Serious infrastructure restraints—

and we hear the honourable minister for infrastructure say this on a daily basis in the parliament, and God bless him for saying it—

prevent this growth and more important still, place in jeopardy existing mines

At 1% of SE QLD’s population, the North West should be entitled on a pro rata basis to $93m—

in the light of what has been expended in the principal parts of Queensland. We have no water. We have two towns servicing this area; one is carting water in by rail at the present moment. This is an area producing $15,000 million. The whole country only produces $200,000 million of export earnings. This area is producing nearly 10 per cent of it, and one of the two towns has no water. The railways have informed Legend, which holds the biggest of the proposed new mines, that they cannot carry any more product on their railway line, so we cannot open up what is potentially one of the world’s biggest mines.

The electricity is working off a power station which is 40-odd years old. It is gas-fired, which is an extremely expensive way of producing electricity, and there is no excess capacity to service any of the proposed new mines. So there is no transportation, no water, no electricity and, of course, no land—one of the issues at Eureka Stockade, I might add. (Time expired)

Wages

Mr BUTLER (Port Adelaide) (9.40 am)—I rise today to talk about the ongoing challenges faced by the working poor in Australia. One of the commitments I made in my first speech was that if there was one thing only that I was able to do in my time in parliament it would be to help with the predicament of the low-paid in Australia. Eleven months on, that remains my commitment, and I hope it does for the entire time that I am here. It is the case that the prosperity that Australia currently enjoys and has enjoyed over the last decade and a half or so does have a dark side: the enormous growth in the number of low-paid workers in Australia over that time. There are many, many reasons for that, most of them not partisan political reasons. That simply reflects the growth of the service sector, combined with a whole range of labour market deregulations pursued by governments of both political persuasions.

We know that in the 1990s fully 50 per cent of all new jobs created paid less than $300 per week. We know that during that decade around 87 per cent of all new jobs paid less than $500 a week. And we are told that average weekly earnings today are in the order of $1,000 a week.
We also know that these trends were deeply exacerbated by the explosion in casualisation—and we have the second highest rate of casualisation in the Western world, after only Spain—as well as the growth in part-time employment. Today, there are over two million workers in Australia who are low paid, using the definition of the OECD, which is being paid less than two-thirds of median full-time earnings. That is almost a quarter of our workforce.

I was very privileged to attend the launch of a book, *Living low paid*, by Helen Masterman-Smith and Barbara Pocock. It followed a study over a couple of years supported by the LHMU, a union I worked for before coming to this place; the Brotherhood of St Laurence; and the Hawke institute, at the University of South Australia. For that book in-depth interviews were conducted with almost 100 childcare workers, cleaners and room attendants in luxury hotels. It goes at great depth into not only the financial hardship that flows from being a low-paid worker but also the lack of control over the hours of work that they experience and the consequent impact that that has on their capacity to live full and fruitful family lives and also the impact on their sense of dignity and value as a member of our community. I want to read this quote: ‘Luxury hotel workers spoke of their physically demanding and hazardous work. Childcare workers puzzled over the emotional labour and educational demands of their profession. Cleaners were bewildered as to why their unsocial hours and exposure to dangerous chemicals and disease were not worth more pay.’ This is an incredibly valuable study, and I applaud Ms Masterman-Smith and Professor Pocock. *(Time expired)*

**Dunkley Electorate: Health**

**Mr BILLSON** *(Dunkley)* *(9.43 am)*—I speak today about the grave concerns in the greater Frankston-Mornington Peninsula area about proposed changes to our emergency health support system, and I refer specifically to the dual-person MICA unit that covers the greater Frankston-Mornington Peninsula area. Most Victorians would know that this is a vast area, an area of extreme growth in population. Over summer, there is an influx of tens of thousands of people from the greater Melbourne area and beyond.

What we have seen is a welcome announcement by the Brumby government of additional money for ambulance services. But embedded within this announcement—which should be good news for our community, which needs improvements in its ambulance service—is a plan to strip the area of its highly valued MICA 6 paramedic dual-person unit, which operates a stretcher-bearing vehicle that can attend trauma victims, car accidents and heart attack victims, some of the most demanding medical circumstances on the peninsula, which, as I have mentioned, is a vast and growing region.

The plan is to replace that two-person MICA ambulance with a single operator MICA paramedic in a sedan. I understand that in some parts of the world that may be an attractive pathway. There is some belief that, if there is a critical incident that requires a stretcher bearer vehicle or additional MICA or paramedic support, a second vehicle may arrive to attend. What we know on the Mornington Peninsula is that with our vast area the likelihood of that coincidence of availability is not great. So concerning is this move that the whole community has risen up to raise this issue with the state government.

We are pleased that there has been a reprieve, borne out of an inability to recruit personnel to operate this new format—this ‘reconfiguration’ as it is being described. I hope this reprieve gives the state government, and in particular the ambulance service and the health minister, a
chance to revisit this topic. How often do you see a community rise up to take out a petition on ‘Save MICA 6’ outlining the grave concerns they have? How often do you see victims such as Kevin Grahame, who is reported in the newspaper as saying that, if it were not for the dual-paramedic layout, he would not be with us now, he would not have survived? His wife speaks very warmly of that dual-composition team. How often do you see the paramedics themselves plead with the minister to revisit the subject? So concerned are they, based on their professional experience. And how often do you see wall-to-wall clinicians in a regional area, ranging from health professionals, specialists and even local hospitals, all saying that it is a bad decision—a retrograde step at a time when the state government is claiming it is putting in more resources? We must keep the MICA 6 dual-person unit on the peninsula. (Time expired)

Automotive Industry

Mr CHAMPION (Wakefield) (9.46 am)—Today I wish to talk a bit about the car industry and the components industry and their vital importance to the electorate of Wakefield. Nearly a quarter of the workers employed in the Playford Council area, which covers from Elizabeth Vale through to Munno Para, are employed in manufacturing. There are an awful lot employed in the car manufacturing sector in particular. I remember doorknocking in Salisbury North: it was striking that, as I went street by street, I met workers from Futura, Holden and Bridgestone—literally two or three in every street. So it is of vital interest to my electorate that the automotive industry has a strong and viable future in this country.

I have had a lot of meetings with the union—in particular, the state secretary of the union, John Camillo, and the state secretary of the vehicles division, Jon Gee. I have had regular meetings with local delegates at Holden—in particular, Paul Brown, who is the senior shop steward at Holden—and more generally with all of the reps, both the shop delegates and the OH&S reps at the factory. I am very glad that the union has been such a good advocate at the local level with me to try and get the best possible response from the Bracks report.

The government’s response to the Bracks report is to be commended. It aims to give the automotive manufacturing sector a strong and viable future in this country by transforming the cars produced in places like Holden into both environmentally friendly and more fuel-efficient vehicles. That is to be commended, given the challenges we face. It is a 13-year plan which is really designed to transform the industry from a blue-collar industry to a highly skilled ‘green-collar’ industry. I would particularly like to acknowledge that we will have a $3.4 billion assistance program—the Automotive Transformation Scheme—running from 2011 to 2020. There will be changes to the current ACIS scheme to smooth the transition, worth $79 million. Most importantly, there will be $116 million to promote structural adjustment through consolidation in the components sector and to facilitate labour market adjustment. That is terribly important because so many workers are affected by some of the big changes in the industry. There will be $20 million to help suppliers become better integrated with the global supply chain. That is also to be commended.

Kyeema Air Crash

Mr ANTHONY SMITH (Casey) (9.49 am)—I want to take the opportunity this morning to mention an important event I attended recently, on 25 October, together with the member for La Trobe and the member for Wannon. I attended a memorial service to commemorate the

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70th anniversary of the crash of the *Kyeema*, a DC-2 plane that was en route from Adelaide to Essendon airport in 1938. Tragically, it crashed, in heavy fog, into Mount Dandenong, in the outer east of Melbourne. Madam Deputy Speaker Burke, you would be very familiar with the history. It is still Victoria’s worst air crash. All 18 people on board died. It was a tragic story in the infancy of Australian aviation. A state-of-the-art plane, of the time, got lost in very heavy weather. The crew mistook their bearings, mistook Sunbury for Daylesford. In fact, they were some 30 miles ahead of where they thought they were and, in heavy fog, crashed into the side of Mount Dandenong. It shocked Australia and the aviation industry.

I mentioned that I was at the service with the member for Wannon. One of the 18 passengers on board was Charles Hawker, a relative of David Hawker, the member for Wannon. He had been a federal minister in the Lyons government and he was a member of parliament at the time. Another notable Australian on board was Thomas Hardy, a name familiar to many of us. It was great to see his son Sir James Hardy at the memorial service, with his recollections of that tragic event.

Mount Dandenong was a wonderful place to be to remember what was obviously a sad occasion and to see the families come along, mostly from Adelaide, to remember what had occurred on that day, at that place, at that time, 1.45 pm. The plane came down in unusual weather. Witnesses from the time said that it was the worst day of weather in the Dandenongs that they could recall in their lifetime. You literally could not see the top of the Dandenongs. The tragedy was that the plane crew thought they were on descent to Essendon airport but they crashed into the top of Mount Dandenong. There was good news and a positive element to the day, though, because we heard how that crash signalled the start of major aviation reform and safety reform in Australia from that point on.

**Bush TV**

**Ms LIVERMORE** (Capricornia) (9.52 am)—I had the great pleasure and privilege last week, on Melbourne Cup day, of visiting the offices of Bush TV in Rockhampton, just down the road from my electorate office. I was there with my colleague Senator Clare Moore to learn about what Bush TV is doing and to hear about some of its new initiatives. Bush TV is an Indigenous social marketing and media agency. It is well known in Central Queensland as the producers of the *Murri Minute*. Bush TV is an organisation that works both as a production company and a training organisation. It helps young Indigenous people in Rockhampton or out at Woorabinda, a nearby Indigenous community, to get certificates I, II and III in broadcasting and media skills and to develop the skills and competence to create their own media products. It is working very well. As I said, for some years now we have seen the *Murri Minute* every so often on TV, telling stories about local Indigenous people, their achievements and the initiatives that are going on in their community.

Bush TV is really starting to hit its straps, starting to branch out. It is picking up contracts with organisations like National Indigenous TV and Imparja, through the Regional Aboriginal and Islander Network. It is getting a lot of work from the Queensland state government in particular. Bush TV uses 85 per cent Indigenous staff to produce its material. The Queensland government is using it a great deal to get messages out about water efficiency, safety and health. Bush TV staff go into communities and work with communities to develop their own material to get these important social messages across.
I will be meeting later this week with some of my federal colleagues to tell them what Bush TV is doing and to tell them about the potential for the federal government to also start using it. Instead of getting a health message out that has been produced in some Sydney studio, they could actually get an organisation like Bush TV to do that work and, in the meantime, be training local Indigenous people in those communities to have those broadcasting and media skills. Congratulations to the team at Bush TV. I have known about them for some time now, and I will certainly enjoy telling people about them in the federal parliament. It was great to spend the day with Kaleen and Gabrielle, the trainees, and Tom Hearn, who is the manager there. We want to see a lot more of Bush TV. *(Time expired)*

**New South Wales Government**

Mr FARMER (Macarthur) (9.55 am)—With the limited time of three minutes that I have to speak—although I will be speaking on this subject during the course of the reign of the state Labor government in New South Wales—I would like to bring everyone’s attention in this House to the way the New South Wales state government is pulling down the whole of this country. We have seen everything in New South Wales go backwards over the last 10 years. I have seen health services go backwards, I have visited schools in my capacity as the member for Macarthur and seen paint peeling off the classroom walls, I have seen toilet blocks flooding and I have seen classes of appalling sizes. I know members from both sides of parliament have seen exactly the same. We all care about our electorates. We all care about transport infrastructure, transport hubs, hospitals and our health. Time and time again we see New South Wales failing in their duty of care to the taxpayers of New South Wales. As I say, and like everyone can very easily see, they are pulling the whole country backwards.

I was thinking about our crest and about how we selected the two animals on that crest. We selected those animals, the kangaroo and the emu, because they had the ability not to go backwards. I have made a bit of a mock-up of the New South Wales crest, and it indicates the feet of the two animals, the lion and the kangaroo, with their feet going backwards, and I have done another one of the whole country with their feet going backwards because this is what the New South Wales government are doing to our country. They are sending the whole country backwards. I seek leave to have the documents incorporated in *Hansard*.

Leave not granted.

Mr FARMER—I do not think the people of New South Wales or the people of this country can put up with the New South Wales government for another two years. I am calling on every single person in New South Wales to write a letter to the Governor of New South Wales, a lovely lady, to ask her to please sack the New South Wales state Labor government because this country simply cannot afford for them to stay in power for another two years.

Our transport costs are going up yet services are diminishing, our hospital costs are going up and services are diminishing, and school fees are going up yet services are diminishing. Teachers are crying out for extra teachers and support and they are not getting them. School bus passes are being cancelled, and it costs people in Western Sydney, in some cases, up to $350 just to send their kids to school because bus passes have been cancelled. *(Time expired)*

**Robertson Electorate: Interest Rates**

Ms NEAL (Robertson) (9.58 am)—I rise to speak on a matter that actually does matter to my constituents, to bring to the attention of members the plight of one family in my electorate
of Robertson during this time of economic uncertainty. At a time when households in Robertson are struggling with rising living costs, including real pressure in relation to paying crippling mortgages, this couple—to protect their privacy I will call them Michelle and Tony, which are not their real names—contacted me recently. Michelle is an employee and her partner, Tony, runs his own business. As part of that business Tony took on a low-doc home loan with GE Money. This loan carries a high interest rate of 10.1 per cent. In October this year Michelle and Tony wrote to me and raised concerns that, despite recent drops in bank home loan rates and, of course, the Reserve Bank’s drop in home loan rates, GE Money had decided to pass on none of the recent one per cent drop in home loan interest rates to their home loan customers—a complete disgrace. Subsequently, GE Money also failed to pass on the recent 0.75 per cent reduction provided by the Reserve Bank. Furthermore, Michelle has been told by the bank that they face a penalty of $5,000 if they choose to move their loan from GE Money to any other lender.

The Reserve Bank’s recent cuts in official interest rates have been welcomed by many Australians as a timely response to the weakening economic outlook across the globe and around Australia. While the major banks have not passed on all of the Reserve Bank rate cuts to customers, their actions in passing on most of the cuts have been greatly appreciated by those striving to buy their own homes. The actions of non-bank mortgage lenders, however, leave a lot to be desired. GE Money now, following the acquisition of AFIG group, which includes Wizard Home Loans, Australia’s largest wholesale mortgage funder, has combined assets of $38 billion in Australia and New Zealand.

Globally, GE Consumer Finance are a market lender with services in 41 countries, assets of $117 billion and more than 100 million customers worldwide. GE have approximately 3.2 million customers in Australia, including 350,000 mortgage customers. Despite this financial strength, they have seen fit in recent times, with the difficulties faced by their customers, to pass on none of the reductions. I can only say that it is a disgrace. I call on them to immediately pass on the reductions in interest rates that the Reserve Bank has provided.

The DEPUTY SPEAKER (Ms AE Burke)—Order! In accordance with standing order 193 the time for constituency statements has concluded.

SOCIAL SECURITY LEGISLATION AMENDMENT (EMPLOYMENT SERVICES REFORM) BILL 2008

Second Reading

Debate resumed from 23 October, on motion by Mr Brendan O’Connor:

That this bill be now read a second time.

Mr KEENAN (Stirling) (10.01 am)—The Howard government introduced the Welfare to Work reforms in 2006. They were carefully considered reforms, and they were widely welcomed by the Australian electorate. The Welfare to Work reforms helped people to break their cycle of dependency on welfare through constructive measures which assisted them back into the workforce. The compliance system we have now was designed and introduced to help break a cycle of welfare dependency that destroys lives. The Howard government recognised that there were still too many long-term unemployed job seekers—and they are always the hardest job seekers to place—who appeared destined to remain on welfare payments indefinitely. This is a great human tragedy, and it is the long-term unemployed who are the hardest
people to move from welfare into the workforce. This has been a very well-regarded initiative, and it has also been widely welcomed by taxpayers. You really need to ask, given the success of this system, why Labor feel the need to fiddle with it as they do in this bill. They are effectively destroying parts of that system.

Labor’s Social Security Legislation Amendment (Employment Services Reform) Bill 2008 seeks to drastically change the compliance regime and compliance requirements for job seekers. They do all this while pretending that they support the Welfare to Work arrangements. Meanwhile they come through with this bill and essentially destroy those arrangements. The changes proposed by the government will result in the most lenient compliance regime since the introduction of unemployment benefits. More than just fiddling with the current rules, Labor’s employment services reform bill is going to ruin a system that has worked incredibly effectively. The current system is achieving positive results in helping people to get from welfare into the workforce, but Labor seem to want change, for what purpose I am not sure. Why they would want to upset this respected and well-working system is unclear.

The Howard government introduced appropriate compliance measures, enabling and encouraging job seekers to re-engage with the employment system. Welfare to Work reforms established a clear link between the receipt of income support payments and a mutual obligation to the people who were providing that payment. As a central tenet of Welfare to Work, job seekers who on three occasions within a period of 12 months failed to attend appointments, Work for the Dole activities or job interviews without a valid reason could have their welfare payments suspended for eight weeks.

This measure was designed to discourage wilful noncompliance, and it has been very successful. There was a significant decrease in the number of long-term unemployed—that is defined as those who have been in receipt of welfare payments for a year or more—from June 2006, when there was 205,000 long-term unemployed Australians, to August 2008, when there was 146,000 Australians classified as long-term unemployed. That is an extraordinary result: a 30 per cent decrease in the number of long-term unemployed in a period of just two years. That is a remarkable figure, and it shows that these reforms were clearly working.

A credible compliance regime is crucial to help discourage those people who are intent on long-term work avoidance. Labor’s social security legislation amendment bill seeks to drastically change these requirements. For every day that a job seeker does not attend their Work for the Dole or work experience activity without a valid reason, they will lose a day’s welfare payments, which is approximately $42.90 for a person who is on the single rate of Newstart.

If they have six recorded absences without a valid reason in a six-month period, they will be referred for a comprehensive compliance assessment. Job seekers who fail to attend an appointment with the provider will be given the opportunity to reconnect without suffering a financial penalty. If they fail to reconnect, they will not be paid until they do so. If they incur three such failures within a six-month period, they will be referred for a comprehensive compliance assessment.

This is an extraordinarily significant amendment. It waters down the compliance regime that has worked successfully. It imposes a model that encourages noncompliance. The current model contains sufficient safety nets to ensure that people are not unfairly disadvantaged should they have legitimate reasons for being unable to attend appointments or mutual obliga-
tion activities and does not penalise those who are endeavouring to do the right thing, which is most. Unlike the current system, which is based on eight-week non-payment periods being triggered after three breaches within a 12-month period, Labor’s model is based on a six-month time frame and allows six absences from work experience or Work for the Dole activities or three missed appointments before a comprehensive compliance review is triggered. What we are concerned about is that this system is far too lenient. It does not provide any incentives for those job seekers who are wilfully non-compliant. Six absences in six months is essentially not turning up to work one day a month.

Labor’s proposed changes to the compliance regime comprehensively roll back the Welfare to Work reforms that were introduced by the previous government. Under the current system, job seekers who miss an appointment with their provider without a valid reason will have a failure to attend recorded. As I said, if that job seeker records three failures without a valid reason within a 12-month period, they are subject to an eight-week non-payment period. As a safeguard—and this is important, because Welfare to Work was never about a punitive approach; it was about encouraging and helping people into the workforce—under the current system financial case management is available to any job seekers who are deemed to be in severe financial hardship.

Sadly, under the changes that have been proposed in this bill, financial case management will no longer be available to those job seekers who may be experiencing severe financial hardship. Quite why this measure is being taken is unclear, particularly in these days of economic uncertainty, when many Australians find themselves struggling under ever-mounting debt. All too often we have seen people who have previously been employed losing their jobs and finding themselves unemployed. There is also the fact that credit is so easily obtained from financial institutions that have little regard for the ability of their customer to service that debt. I acknowledge what the member for Robertson was saying earlier on about GE. People can very quickly find themselves in financial hardship. Quite why the government would axe the financial case management program is unclear, particularly when the need for it is getting ever greater.

The new system being proposed within this legislation is based on a no-show, no-pay principle. For each day of the mutual obligation activity a job seeker misses, they lose one-tenth of their fortnightly welfare payment. As I said before, for a single on Newstart allowance, this is $42.90 a day. The new system allows for six recorded failures to attend Work for the Dole in the mutual obligation period within a six-month period, and after that Centrelink will impose a no-show, no-pay failure. This is, of course, not turning up for work one day a month. The comprehensive compliance assessment will be conducted by Centrelink and will result in one of five outcomes: a new job seeker clarification instrument, a job capacity assessment, a review of the employment pathway period or an eight-week non-payment period, or no action could be taken. With so many options available, it is unlikely that many people will have their payments suspended for eight weeks. Once a comprehensive compliance assessment has been undertaken, irrespective of the outcome, the clock resets back to zero.

Labor’s no-show, no-pay concept is based on their belief that this somehow replicates the real world. I am not sure what real world that might be, because which employer would put up with somebody not turning up for work one day every month? This is a fairly out-of-touch view of how the real world works. In the real world, if people do not show up for work with-
out permission or a plausible excuse then, quite frankly, they probably will not be employed for much longer. This measure is not a good incentive for instilling good work practices into somebody who may have been out of the workforce for a long time. A financial penalty of one day’s welfare payments missed is not likely to deter people from wilfully not attending. It also has the potential to encourage an increase in the black-market economy, with job seekers earning more from working a few hours at the pub or babysitting than they might lose if they fail to attend their mutual obligation activities.

Under the proposed changes, failure to attend an appointment with an employment provider will not result in an automatic loss of payment. Instead, job seekers are asked to reconnect with their provider within 48 hours. This is, quite frankly, too lenient, and it does little to instil good work practices that highlight the importance of meeting your obligations with a particular provider.

I am concerned that these changes will cause an ability for a complete rollback of the compliance regime through the utilisation of legislative instruments. The schedule 4 items may result in the ability of the departmental secretary to use legislative instruments to classify job seekers. This may potentially exempt job seekers from the mutual obligation requirements. Items to be repealed are provisions that automatically deemed job seekers who met their activity agreements to be complying. Under the new arrangements, the secretary will be granted the ability to specify by legislative instrument classes of person. Depending on which class the person falls within, this will determine whether there is residual discretion applied should they fail to meet the terms of their employment pathway plan. Under the proposed classifications, it will be deemed inappropriate for some job seekers to be expected to actively seek or undertake employment in addition to complying with the terms of their employment pathway plan.

I started out by saying that our compliance regime is not broken and I do not see why the government would seek to change it, particularly when they have committed to that compliance regime in other forums. The changes that were made by the Howard government have seen real results in moving long-term unemployed people into the workforce, and the outcome of the 30 per cent reduction speaks for itself. The compliance measures that were introduced by the Howard government introduced a clear link between the receipt of income support payments and those persons’ obligations to seek work, something I think that the community expects.

Labor’s proposed changes to the legislation will result in a return to increased welfare dependency and intergenerational unemployment, that worst and most stubborn form of unemployment, where long-term unemployment is transmitted down through family generations, which has the potential to destroy particular communities. The opposition does not support these changes. They are the wrong priorities for the government, and I would urge them to reconsider.
previous speaker’s comments, but also is about making it easier for those who have specific impediments in their way to receive benefits and not get dragged down into the mire of the inflexible compliance that existed under the former government.

Under the Howard government, the system was so complex and onerous and ultimately inflexible that it meant many people were forced into noncompliance and hit with heavy penalties, sometimes because they had no other choice. The number of eight-week non-payment penalties applied has doubled over the course of just one year, from around 16,000 in 2006-07 to around 32,000 in 2007-08. This is not a system that is working. What is the point of over 30,000 job seekers a year being given eight-week penalties if nothing is done in the system to re-engage them? The hallmark of an effective compliance system is not the number of penalties handed out to job seekers. A successful system should see fewer breaches because it encourages job seekers to meet their requirements and, ultimately, supports them in getting off income support and finding employment.

The opposition is claiming that its compliance regime reduced the number of long-term unemployed job seekers between June 2006 and 2008. We just heard that template of answers being trotted out by the member for Stirling. But it is not the full story, as we have learnt to our detriment over the last 12 years. Almost half the people on income support in 2001 were still unemployed in 2007. Three in four young women with little education who were on income support in 2001 were still on income support in 2007. That is the story we have not been told.

What reduced the number of unemployed in Australia between 2006 and 2008 was economic growth and the mining boom, which the previous government squandered, as well as a massive skill shortage that it did little to address. We are talking about job seekers and families already relying on these benefits being told to go without because of the harsh approach taken by the current opposition. We want to get it right with an effective compliance system that encourages people to find work and helps them when they cannot.

The reality, as opposed to the opposition’s rhetoric, is that the old system had too few deterrents in the early stages and was far too harsh, too late. For example, job seekers could be out of action for two weeks before any action was taken but then, soon after, they would be hit with an eight-week non-compliance or non-payment penalty—on any efficiency scale, not to mention fairness, this went too far—rather than being guided back to the right track. It is the latter which forms the weakness of the former Howard government’s system.

Restoring the balance for some may be as simple as recognising that a person in a remote rural area does not have access to transport like someone in a city suburb, that there is purely and simply a lack of public transport, as is the situation in my region, for instance. This may make it more difficult to get to important appointments in person. A solution to this may be as simple as using technology to help people overcome that impediment or assisting them with other transport options. We do not want to be taking the big stick to people who are actually trying their best. We do not want a sledgehammer as the preliminary action to an issue of non-compliance.

The opposition claimed that their compliance system established a clear link between the recipient of income support and the obligation to look for work. So let us look at this argument in depth—something the member for Stirling failed to do. A job seeker does not turn up
to a job interview. Nothing happens. A job seeker does not turn up to a second job interview. Nothing happens. For up to a year after a job seeker misses that first job interview, if they so much as miss an appointment with Centrelink they receive an eight-week non-payment penalty. How does receiving income support equate with the obligation to look for work? There is no clear link between the first breach and when the eight-week non-payment penalty is applied. Currently, a job seeker can miss up to two weeks of Work for the Dole before any action is taken. Then they are given a chance to reconnect, and if they do so they incur no penalty at all. How does this clearly link income support and a job seeker’s obligations?

Compare that to what the Rudd government is proposing. A job seeker who misses a job interview is penalised almost immediately. They lose 10 per cent of their income support. Job seekers will clearly associate their behaviour with the penalty they receive and will change to a more worklike behaviour in the future. The opposition thinks that someone who misses six days of Work for the Dole will escape without penalty. A job seeker who misses six days of Work for the Dole will lose six working days of their income support. That is 60 per cent of their fortnightly pay. For a single person without children on Newstart allowance this means having to live on around $180 a fortnight. That is a substantial penalty in anyone’s language.

Where do these people turn when they are frozen out of the support system under the current regime? The welfare sector is reporting that vulnerable job seekers are coming to them because they have nowhere else to turn. This is taking support away from others who could be better served by welfare agencies while our job seekers are better catered for under their own system.

Participation in employment is not as simple as it sounds, but thankfully there are people out there trying to provide opportunities. I came across one such example earlier this year in my electorate which I would like to share with you all. I am only too pleased to use them as an example of the potential that exists. The Minister for Employment Participation, the Hon. Brendan O’Connor, visited in August. The vision of the people behind New Life Industries at Lillico, just out of Devonport, is hard to appreciate until you see the scale of their current operation. New Life is a hydroponic grower of capsicums and is planning to see the business grow in a massive way over the next few years. This is a high-value crop with a small physical footprint and high employment needs.

Johann Joubert and his business partner, Ronald van Leerdam, and their wives have big plans for the capsicum operation and are looking to reach this target by including people who have been long-term unemployed and teaching them the skills which will benefit their business. They have great belief in the potential that exists in every person. I have been able to see what they have already achieved with some of their labour coming from people who have been out of the employment scene for years, some for up to a decade.

New Life is already the largest grower of their type of capsicum in Australia, but Dr Joubert says that Tasmania has the perfect climate and conditions to become a world leader in capsicum production. The business currently employs about 50 people and is contracted to supply 900,000 kilograms of premium capsicums a year. They are packaged and identified as Tasmanian grown and compete with imports from New Zealand.

The management and care of the capsicum plants and their environment is very technical, and minor changes can mean big gains or losses. A lot of this depends on the skills of the peo-
ple involved. Dr Joubert says that he believes that local people can over time be trained up in the skills and eventually become the backbone of the business. But they are not sitting back waiting for trained people to land on their doorstep. They are going through the process of creating their own training program to ensure that they have a skilled workforce for the future to secure their expansion. New Life is also looking to the heartland of the industry in Europe to bring expertise to Australia as part of the growth of their operation and to feed into the in-house training.

Dr Joubert says his is not the only company that sees the potential for large-scale hydroponic food production in Tasmania. He can see the day when hundreds, if not thousands, of people are employed in this field. The meeting and tour with Minister O’Connor was very positive. We are doing everything we can to see that New Life Industries succeed and achieve their vision. Giving people the incentive to be part of the job market, which this bill is all about, is critical to helping businesses like this succeed.

Dr Joubert mentioned during a visit that he sometimes had problems when employees who travelled together for a variety of reasons failed to turn up for work because of mechanical difficulty or the driver was unwell. Because four people may be travelling together he will have not just one person unable to work but all four. This is also an issue for people who are limited in their ability to access job services and opportunities. If they are organised for a ride to meet their obligations and that does not happen, then we need the flexibility to accommodate them in these circumstances. The Rudd government is all about giving this flexibility and restoring the balance between benefits and the need to genuinely pursue employment. But this is not about a free ride, as was implied in the comments by the member for Stirling. Australians believe that, if you are on taxpayer funded income support, you should be working hard to find work. In fact, that has been the principle since 1945 and it has been reinforced since 1979.

Just like a job, if you do not turn up to compulsory activities without a reasonable excuse, then you will not be paid. Noncompliance will have an immediate financial impact, but the size of the penalty will directly relate to the length of time a job seeker failed to participate. So, rather than casting job seekers into oblivion for weeks on end and removing the incentive to be out there and active in the job market, this will encourage them to get back out there.

This government believes there must be some penalty for those that deliberately rort the system, and the eight-week nonpayment will remain for wilful and persistent breaches. But there will not be an automatic escalation in the severity of the penalty. The big difference is that job seekers will be asked why they are not complying. If an eight-week non-payment period is in place, job seekers that focus on getting a job can with proof have their payment restored.

The new system will also look after those who have severe financial hardship and do not have the capacity to participate in intensive job seeking, provided they do not have liquid assets of more than $2,500 or $5,000 if they have a partner. They will continue to receive income support and have participation requirements in line with their situation, replacing the current restrictive financial case management arrangements. It also provides discretion for employment service providers when a job seeker is not complying with their obligations by
giving the service provider some flexibility and the option of negotiating with the person to make up an activity or another day, further reinforcing the importance of participation.

The bill also provides more security for job seekers undertaking work experience in relation to superannuation and workplace relations legislation unless they are undertaking paid work. It will include strict guidelines on unpaid work experience activities to protect the employment of current employees and to prevent the exploitation of job seekers. The new system will provide a stronger safety net for vulnerable job seekers while reinforcing that job seekers who are capable have a personal responsibility to actively seek work and participate in activities to prepare them for work.

It will not be a return to the days of the dole bludger but will see us as a government working in partnership with job seekers, employers and employment service providers to offer support and encouragement to get them back into the workforce. It is an essential part of the Rudd government’s $3.9 billion employment service and I commend the bill to the House. In my final comments, I would also like to congratulate the Minister for Employment Participation, the Hon. Brendan O’Connor, on the excellent work that he, his office and the department have done in creating this flexible, more balanced employment support program.

Dr STONE (Murray) (10.28 am)—I speak on the Social Security Legislation Amendment (Employment Services Reform) Bill 2008 with some experience, as the minister in the coalition government who ushered in the new Welfare to Work reforms. Therefore, I am particularly concerned about this bill. In regard to the further evolution of government employment services, I am pleased to see that the Labor government has in fact picked up on our evolved development from 2007, but what concerns me in particular with this bill is the changes to the compliance regime.

The fact is that all humans, being what we are, look for an easy way out. There is a strong sense in these new compliance components that near enough is good enough. I am very concerned that—whereas we had trends towards fuller employment, our workforce participation rates were some of the highest on record and our unemployment rates were some of the lowest on record—we will see that under this new regime there is not the sort of support there was before for the unemployed. I happen to be very sympathetic to the unemployed given that along with unemployment, especially long-term unemployment, go poverty, intergenerational distress, higher rates of mental health problems, more teenage issues such as engagement with unlawful activities and more homelessness. There are a whole range of problems associated with long-term unemployment, and our coalition government was very concerned to make sure that we reduced this intergenerational blight on big sections of the Australian community.

Of course, the coalition in government supported payments to the unemployed, and now this government supports payments to the unemployed. There has been an understanding over the history of welfare payments in Australia, however, that recipients of welfare support who are unemployed should also look for work. From 1947, the payment systems included penalties for noncompliance with the work test, as it was originally known. The penalties were linked to the failure of an individual to take an offer of work or behaviour that indicated a lack of interest or motivation to work. The penalty periods for a noncompliance, which was at the time called a breach, have varied over many decades from two to 12 weeks. In 1989 the term ‘work test’ was changed to ‘activity test’ to better describe the broadened types of activities
that the unemployed were expected to undertake to show that they were serious about improving their prospects and were actively looking for work. Later on, to be more fair, distinctions were made between activity and administrative compliance requirements to separate activities that had a direct relationship to finding work from other activities such as failing to return a form or attend a review interview with Commonwealth agency staff. So different penalties or breaches reflected these different types of noncompliance.

When the former Howard coalition government came into office in 1996, we inherited some three-quarters of a million unemployed, a huge proportion of those being long-term unemployed. The Commonwealth Employment Service was moribund and lazy. It was responsible for seeing people more often directed into training courses, which kept them busy and changed the unemployment statistics but did little to help people into better work outcomes. The coalition were determined to give the unemployed on welfare a better chance. We developed and introduced a revolutionary new service delivery model, using the non-government sector in a competitive provision of employment services for the unemployed, including those with disabilities and special needs. I am not surprised that this Labor government is continuing this revolutionary model, which has now been acknowledged as world best practice. In fact, we have the Prime Minister’s wife very actively involved in seeing that our model is extended to other countries. Quite simply, the employment service provider was paid according to its success in actually placing a person in long-term work. If an individual was, in fact, already long-term unemployed then the payment was greater, recognising the greater difficulties the individual faced.

The new so-called Job Network commenced in May 1998, and at about the same time we introduced what we called mutual obligation. Mutual obligation recognised that human beings want to give back when much is given—much being the fact that the community or taxpayer was trying to support them and their families in their unemployed situation. We wanted mutual obligation to give to the individual respect and a chance to build self-esteem, and that proved to be the case. At the time, in 1998, Australia’s unemployment rate was 8.1 per cent. Single mothers were not required to look for work until their youngest turned 16; by then they had been so long out of the workforce that they had lost all work related skills and any qualifications they had were outdated, although most mothers on pensions had completed little more than year 10 at school. These women were in quite difficult circumstances in that they were often seen as a very unattractive employment option.

After nine years of a new employment services revolution, including the new employment services I have just described, we drove down the unemployment rate to just 4.5 per cent and workforce participation rates were amongst the highest ever, including for women. Let me say, though, that we were still challenged by the statistics for those with disability rejoicing the workforce—a work still in progress when we left office. The Job Network focused on helping job seekers engage in activities that would help their employability and support each individual to actively seek employment no matter how disadvantaged they were. This included Indigenous unemployed, people with a disability, people who were in remote and rural regions and people who had very limited formal education. We wanted to take people off the merry-go-round of the old CES where it was: ‘Let’s pop you on another training program and, whether it is basket weaving or xylophone making, it will keep you busy.’
As I said before, the coalition understood that long-term unemployment often became intergenerational. We were not prepared to tolerate this in a country that likes to imagine it is egalitarian and humane. In introducing in 2006 the Welfare to Work reforms, we determined that, for example, single parents receiving welfare support would be helped to return to work when their youngest reached school age—a very significant reform and one still way behind those of some other countries in terms of the age at which parents were helped but a huge step forward. These women—and they were mostly women, although some men too were single parents—were being helped back into work with training support but also they were not expected to travel more than half-an-hour to their new workplace, they were expected to work only if there was appropriate child care and if the payment for their work was more than what they were receiving in welfare. You can imagine that this meant a new life for so many of our mostly women in the single parent category who had needed to work for a very long time but could not break out of the long-term disadvantage brought on by years of lack of employment.

Along with these changes there were compliance measures. The member for Braddon would have us believe that our compliance regime was a bit like some horrific medieval circumstance. Our penalty or compliance regime was extraordinarily fair and humane. For example, if you had three cases of noncompliance with a work related activity, the test was always: is there a reasonable excuse? Was it impossible for you to travel to that job interview? Was it that you were sick on that day? Was it that you could not get child care? Was it that you were a victim of domestic violence in the days preceding? A reasonable excuse was always sought and, if there was one, it was taken into account. If, however, there was no reasonable excuse for a person not attending their job interview or for them chucking in their job after a day or two then, instead of three strikes and being subject to a penalty, there could be one serious breach and they would be subject to a penalty of a number of weeks without welfare.

We did not simply leave a person without support. In every case, the individual who did receive a penalty of nonpayment of their welfare was assessed for case management. Their personal circumstances and the circumstances of any dependants were carefully examined and a number of non-government organisations were, through a tendering process, employed by the government to manage the situation, supplying in-kind support—whether it was rent relief, food on the table or prescriptions to be filled—so that no individual was left high and dry if they were not receiving their welfare payments because they had been in breach of the obligations associated with their welfare. It was a very humane situation.

There is also a real blowing-out of the statistics identifying how many people did in fact end up being breached with a nonpayment of their welfare. I note that the library’s own Bills Digest points out that the statistics are a little different from what is being quoted by the government. In fact it was a very small number—about one per cent or less—of cases that ended up with a breach and were penalised with withdrawal of welfare support. The point about it all was that this was a work-like situation where, if you had no reasonable excuse, there were consequences. We believe that our use of that particular breaching protocol was part of the success of our program. It was humane, it was fair and it was applied very judiciously. There was a full appeal process.

The new mechanism proposed in this bill is that the decision is up to an officer in Centrelink, who may or may not feel good on the day. We know that now in Centrelink there is extraordinary harassment in a number of offices. Centrelink staff are reporting that they are be-
ing intimidated by the growing queues of unemployed that Labor management of the economy is bringing about. You are asking those same officers to decide if a person’s reason for not going to their job interview was reasonable or not. That is acceptable, because we had the same first step, but it seems that there is no appeal beyond the individual officer’s decision and it is up to the individual officer alone to decide whether or not this is a breachable situation. Alternatively, if the individual has very poor financial circumstances, it is up to the officer to decide that they are not to suffer a financial penalty in the form of loss of welfare.

We managed such a situation by using case management. There was, as I described before, an alternative system for supporting that individual and their dependants if they lost their welfare. Obviously, most long-term unemployed—or those who have been unemployed even for a short time—are going to have minimal finances to fall back on, not much in the way of savings. It seems quite extraordinary that this government should suggest that if an unemployed person does not have substantial financial resources to fall back on they will not be breached. It is almost a tautology.

I suggest very strongly that the new Labor government make the new penalty regime or breachling regime or compliance regime in this bill a trial. I suggest that they look very carefully at how it works over a 12-month period. If, as I fear, it becomes just a joke, I beg them, for the sake of the unemployed of Australia, to revisit it and have a very close examination of the previous system, which, after quite a period in action, proved to be very humane. It had great results in that individuals adopted a work-like response to a job or to a job interview.

Let me say that the coalition built back the economy we inherited in 1996 with over $90 billion in Labor debt. We left the government in 2007 with a surplus of over $20 billion. We left Labor with one of the lowest unemployment rates in 35 years and with a workforce participation rate that was envied by other nations. We are already plummeting into an extraordinary national economic crisis. Unemployment figures are going through the roof.

Mr Craig Thomson—It’s national, is it?

Dr Stone—It is national. The member opposite thinks we do not have a national crisis in relation to business expectations and putting on staff. Businesses are not looking to put on additional staff. Businesses are putting off staff. Even our miracle mining sector in Western Australia is reducing the number of staff. This, therefore, is a time when we must have extraordinarily good employment services for those who find themselves victims of our economic crisis. It is not the time to play around with ideas which sound okay on the back of an envelope but in reality do not work out for the unemployed.

Let me remind you of some of the innovations that we introduced, such as Welfare to Work, that were world best practice. For example, we introduced work experience where the person on Newstart allowance could go into the workplace and still retain their welfare payments. At no cost to the employer, they could experience that workplace and be trialled. That was extraordinarily important for those employers who said, ‘This individual has been unemployed for 10 years. We are not sure about their capacity.’ We said, ‘Give them a trial and we will pay their workplace insurance and continue supporting them through welfare.’

There was also our relocation pilot. We understood that there were real problems in Australia with the tyranny of distance and with people unemployed, and that was perhaps aggregated on parts of the coast such as Nowra and Coffs Harbour in New South Wales. We put in a spe-
cial effort to help relocate—completely voluntarily, of course—unemployed individuals from places like Nowra and Coffs Harbour over to Kalgoorlie, Western Australia. This was extraordinarily successful. We paid for travel costs, establishment costs and training on the other side of Australia. I am very sorry to see that this initiative is not being continued by the government. I think you have to look very hard at what we did in government and learn, because we managed to produce world best government employment services. As I said a little while ago, our government services have been praised by the United Nations—the reports are all there—for being innovative, for producing employment outcomes for some of the most disadvantaged and for giving best value for the government dollar in ensuring employment services were delivered to those agencies who did the job.

The coalition achievement figures speak for themselves. Our economic growth averaged 3.5 per cent per year. Full employment increased by 1,177,500, or 18.8 per cent. Part-time employment was up by 863,400, or 41.8 per cent. Female employment went up by 1,040,900, or 28.9 per cent. The female workforce participation rate increased by 3.8 percentage points, to 57.5 per cent—a near record high for workforce participation for women in Australia. Since March 1996 the working age employment rate has also increased by 4.7 percentage points, to over 72 per cent. Not only do we now have an economic crisis on our hands but we have an ageing population. Our demographics in Australia make it imperative that we increase workforce participation. Therefore, I appeal to the government to do better with their proposed employment compliance regime in this bill. I am pleased they are continuing with the evolution of our non-government sector employment service delivery. They would be very unwise to go back to their old CES. I applaud them for, at least, seeing the sense in that. But I beg them to make this compliance regime a trial; otherwise too many lives could be ruined.

Mr NEUMANN (Blair) (10.47 am)—With respect to the member for Murray, the Howard government’s policies in relation to employment services were neither humane nor fair. Those opposite have a certain collective amnesia. Their view on that almost mimics their Work Choices legislation—they really did not understand the consequences. But here they should have understood the consequences because, if they had spoken to anyone involved in the employment service industry, they would have seen the impacts. They should have spoken to the people in the charitable sector—those dealing with the homeless, those dealing with the vulnerable and disadvantaged. If they had spoken to the churches, the charitable institutions and other groups in their electorates they would have seen the rise in activity and attendance at those particular institutions because of the punishment that was meted out by the Howard government. This policy of the Howard government was not about participation in the workforce. It was not about engaging people in employment; it was about punishing those who were their political opponents. That is what it was about.

I support the Social Security Legislation Amendment (Employment Services Reform) Bill 2008 before us today. It is a welcome reform not just nationally but in my electorate of Blair in South-East Queensland. It is a very important bill for my electorate, because my electorate has historically been very vulnerable to downturns in the manufacturing and agricultural sectors. In my electorate I have very large meatworks, the aerospace industry, metal works, industrial parks and many large farms not only in the dairy and beef industry but also in the horticultural area. So my area is particularly vulnerable, and, historically, Ipswich and its surrounds have suffered enormously when there have been downturns nationally and internation-
ally. Often the people in my electorate would be among the first to lose their jobs, so engaging and re-engaging in employment is crucial for my electorate south and west of Brisbane.

It is also important because of what has happened in that area. The Queensland state Labor government’s South-East Queensland Regional Development Plan of 2005-06 is strategically dragging people across into that area. As the Sunshine Coast, the Gold Coast and Brisbane fill up, more and more people are spilling over into Ipswich and rural areas outside it, looking for jobs in whatever sector they can. We have in fact in the Ipswich area about 43 per cent of the designated industrial land in South-East Queensland. We have big housing developments going on, and people are moving there. The streets are becoming more clogged, and we are seeing people looking for employment in whatever industry they can.

We have got big, growing suburbs like Flinders View, Raceview, Deebing Heights and the Ripley Valley, which will have 120,000 people just south of Ipswich and just south of the suburb where I live, Flinders View, in the next 20 years. The Swanbank, Purga, Ebenezer industrial land is slated for further development. That means that people getting access to jobs is crucial, and people not being punished if they cannot get access to jobs is also important. This is not just in Ipswich but also just outside. For example, Gatton will double in population over the next 20 years, with the Woodlands Rise Estate and a new prison going in. Hatton Vale and Glenelg Grove could be any suburb of Sydney, Melbourne or Brisbane when you look at it. So new schools and new hospitals and other health facilities are important in this area.

My area currently has an unemployment rate of about 4.2 per cent. According to the latest figures, there are about 7,887 people looking for a job, the average job seeker’s age is 32 and the average duration of unemployment for a job seeker is about 20 months. That the majority of working age people are engaged in Centrelink and the Job Network, customer populations by allowance, shows that Ipswich and its surrounds are really vulnerable to downturns in the global economic situation. The number of people on disability pensions is very high compared to other areas. There are a large number of people on parenting payments single and also Newstart. I will not go through and bore you, Madam Deputy Speaker, with all the facts and figures, but take it from me that what I am saying is true in that regard. It is true; it is absolutely true. With about 17 per cent of people in employment in the manufacturing industry, about 30 per cent in agriculture, 14.3 per cent in retail and 10.2 per cent in the health and community sector, jobs are crucial to my area.

This legislation will deal with people in my area in a more just and humane way. It will create a new welfare compliance system for people seeking employment in my electorate of Blair. This bill implements announcements made in the May 2008 budget to support our $3.9 billion employment services strategy. The bill is about job seeker compliance, and that is crucial to my electorate. It is about jobs and participation; that is the focus. It is about ensuring there is a balance, an equilibrium, between job seekers and noncompliers—that is, those deserving a penalty. I think average Australians, and certainly the people in my electorate, believe that, if you are healthy and well, if you do not have parenting responsibilities or if you are not so aged that you are entitled to a pension, you should be looking for employment. I think that is how the average Australian feels and I certainly believe that is the case in my electorate. I also think that people feel that, if you are not genuinely looking for a job and you should be, there should be a penalty. We are going to retain the eight-week nonpayment penalty for wilful and persistent noncompliance. I will not go through the legacy of the Howard
government and how this will change the noncompliance system, as the member Braddon has already outlined that very well indeed. But I will say that this is about having a just measure; this is about treating people with respect and treating people with dignity.

The Minister for Employment Participation has described the new welfare compliance system as restoring the balance between participation and penalty, and I agree. If you have a good look at the legislation, you see that it is a fair piece of legislation. The changes in employment services begin on 1 July 2009 and it happens after we have reviewed the Job Network and other employment programs. I have spoken to a number of service providers in my area in relation to the review. What we need in our Job Network program and in our employment services system is equity and firmness. We do not need to be soft marshmallows but we also do not need to be to the right of Attila the Hun when it comes to this sort of thing. What we really need is fairness.

I have to say that the Howard government failed in this area—they really did. Their policy in terms of employment and how they treated people failed. They failed to prevent noncompliance. In 2006-07 there were approximately 16,000 eight-week non-payment penalties applied. In 2007-08 that had risen to 32,000. That is double; it doubled in a year. It is not good policy when it doubles. Their idea of three strikes and then an eight-week non-payment penalty is really about punishing. In my electorate of Blair, in 2006-07 there were 104 instances of applied eight-week non-payment periods. In 2007-08, that had risen to 263. That is an increase of 159, or 153 per cent in one year—a 153 per cent increase in non-payment periods. That is extraordinary. That is failed policy. How can they claim it was a success? It is quite astonishing.

Under the Howard government, during the eight-week non-payment period the job seeker who was guilty of the infringement was not compelled to report to Centrelink or the job seeker’s employment service provider or to undertake training or look for employment. Their policy was apparently about doing these sorts of things: getting people into training, getting people into employment. Why didn’t they provide for that as criteria? Why didn’t they do it? They did not do it because their policy was about punishment. That is what it was about. It was not about participation. The draconian penalties imposed under the Howard government failed miserably. It is clear; the facts and figures are there. Despite what the member for Murray has to say, the facts and figures are there. It was failed government policy. There was no improvement in attendance at interviews or at training, for example. Three-quarters of all job seekers in the last year went back into the system of income support within a couple of weeks of finishing the eight-week, non-payment period. So it was not about training, it was not about employment and it was not about getting people off the dole; it was about punishing those who may not be their supporters.

The minister has said that figures show that 15 per cent of job seekers who received an eight-week non-payment penalty have a mental illness, while a further five per cent have unstable housing. So the Howard government’s policy had a disproportionate impact on those who are disadvantaged—those with a mental illness; those who had left, for example, the Challinor Centre in my electorate and are now working in sheltered workshops or are in supported accommodation; those people who are dealing with departments who help them in that regard and the churches and charities that help them. People who have attended my church and continue to attend my church are in that sort of category. That is what the Howard gov-
ernment did to those sorts of people. It meant that those who work in the charitable sector and those who work with homeless people found that they were dealing with more and more people. The idea of penalising first is not the kind of policy that we need in a fair and humane society. What we need in our society is to treat people with dignity and respect. What we need is to ensure that we create new jobs. I am very pleased that as part of the Rudd government’s Economic Security Strategy we are investing in new jobs. We are investing $187 million to create 56,000 new training places this financial year.

The bill that we are dealing with today amends the law for about 620,000 people on Newstart, youth allowance, parenting payment and other benefits. It is about a fairer Australia. The current system has little deterrence or early intervention, as the member for Braddon so eloquently put it.

I have spoken to Brad Strong, who is a Salvation Army officer. I see the member for Oxley here; he would know Mr Strong as well. The Salvation Army run a great facility at Riverview, and I have talked to Mr Strong and other service providers. What they report back to me in my electorate is that they had dealt with the Howard government with real frustration, because it is challenging for people who are working in the church and charitable sector, whose motivation is to care for the disadvantaged, to then have government policy come in like some sort of sword of Damocles, hanging over the top of them, and have to deal with it. It is difficult for those sorts of people because it challenges their faith, their conviction and their human compassion for those who are homeless, disconnected and often suffering intergenerational poverty. The legislation before us today will go an enormous way towards improving the employment participation of people in my electorate of Blair.

Before I finish, I just want to comment about someone who has done more in terms of employment in Blair than just about anyone. Their business is now celebrating 20 years of making a contribution locally in the Ipswich area in getting people into jobs. I want to recognise the great work that Recruitment at Top has done. Jan Gadsden established the Top Office group 20 years ago. She and her husband, John, have been responsible for putting thousands of people in jobs in the Ipswich area. Recently, I was pleased to attend their celebration and to hear Tom Edwards, a very well-known and well-respected businessperson in Ipswich, congratulate them. The Mayor of Ipswich, Paul Pisasale, was also there. That particular business has done a lot for not only Ipswich but the entire Brisbane area. It is a preferred supplier of staff for the Queensland government. In 1994 it became a primary supplier of staff for Queensland Transport and expanded its business. That business deals with people who deal with the system every day. Jan, John, their daughter, Belinda, and their son-in-law, Warren, have made a huge contribution in my area in getting people into employment, recruiting people, training them and giving them the kinds of jobs which they need to feed their families and to ensure that they have the kind of lifestyle they deserve.

The legislation we are dealing with today is about getting people back into the workforce. It is about helping people like Brad Strong. It is about helping people like Jan Gadsden and others to get people into employment, to help people in Ipswich and the rural areas outside. I warmly commend the bill to the House. It is a great piece of legislation, and it is a great shame that those opposite are not supporting it.
Mr CRAIG THOMSON (Dobell) (11.03 am)—I rise to support the Social Security Legislation Amendment (Employment Services Reform) Bill 2008. This bill will amend the Social Security Act 1991 and the Social Security (Administration) Act 1999 to give effect to measures announced in the 2008-09 budget to support the new employment services, in particular, the introduction of a new job seeker compliance system. The bill needs to be passed this year to provide Centrelink with the lead time to implement the new compliance framework to take effect from 1 July 2009, to coincide with the commencement of the new $3.9 billion employment services contract.

The measure will affect all job seekers in receipt of Newstart, youth allowance, parenting payments and special benefits including parents. The administration of the new compliance system will take into account the individual circumstances of job seekers in rural and regional areas—for example, where transport difficulties may impact on job seekers’ abilities to meet the participation requirements.

My electorate is a great example of the problems that transport can bring about. It is a major issue in my electorate and I do not ever miss the opportunity to talk about the problems of public transport that are there. For example, for someone living in The Entrance, a popular tourist area in my electorate, and wanting to travel to the major centre on the Central Coast of Gosford, using public transport it would take at least an hour and a half. This, clearly, makes difficulties for people in terms of meeting their job obligations and it needs to be taken into account. Often, public transport is the only option for those looking for work, in terms of attending interviews or taking up training opportunities, because many of them do not own cars. The difficulty with transport for a great many people on the Central Coast is a matter of daily life that they have to put up with, and it makes it difficult when they are seeking work or training opportunities.

One of the key points in the submission from my electorate of Dobell to the national 2020 Summit earlier this year was the shortfalls in public transport generally on the Central Coast and the need to look at better solutions and to provide better links between the various suburbs there to make transport, and the effect that transport has on people’s lives, a little easier.

This new welfare compliance system will restore the balance between participation and penalty. The current welfare penalty system simply is not working. It does not encourage job seekers to look for work. The current system of three strikes and then an eight-week non-payment penalty, introduced by the previous Liberal government, is ineffective. In fact, it has been counterproductive and heavily focused on a penalty culture. Nationally, the number of penalties issued more than doubled over the past two financial years. In my electorate of Dobell, where unemployment is almost twice the national average at 7.4 per cent, penalties have increased by 114 per cent in the last year—a 114 per cent increase. The most counterproductive element of all of this is that during the eight-week non-payment period job seekers are not required to report to Centrelink or their employment service provider to undertake training or look for work.

Believe it or not, Madam Deputy Speaker, those on the other side are opposing these measures—even though it is quite clear that the system as it operates at the moment has failed. Despite our proposals for changes to welfare compliance that will see a more effective system begin next year, as part of the Rudd government’s new $3.9 billion employment services, the
Liberal Party—and the two speakers who made their contribution today—continue to not recognize that the changes that have been proposed are about correcting the balance between participation and penalty. The opposition is refusing to see the writing on the wall—that their system of three strikes and then an eight-week non-payment penalty is simply not working. Data from the Department of Education, Employment and Workplace Relations shows that 75 per cent of job seekers who received an eight-week non-payment penalty last financial year came back onto income support, most within a fortnight of finishing their non-payment period. So it is not about changing the culture at all; it is just about applying a penalty—hurting those people who are most vulnerable in relation to their current work situation. It is a system of compliance that simply does not meet the needs of the modern economy and certainly is about penalising those who fall foul of the three-strikes system.

During the eight-week penalty period job seekers are not even required to report to Centrelink or their employment service provider to undertake training or to look for work. This is just one facet of a system put in place by the previous government that, for obvious reasons, simply does not make sense. Figures also show that 15 per cent of job seekers who receive an eight-week non-payment penalty have a mental illness, while five per cent have unstable housing. The opposition has chosen to ignore the fact that the number of eight-week non-payment penalties issued more than doubled over the last two financial years. However, there has been no improvement in the attendance at job network interviews, job search training or customised assistance. Almost half the people on income support in 2001 were still unemployed in 2007. This shows that the system introduced by the coalition is punishing often homeless or mentally ill job seekers for punishment’s sake. It is a good example of the sort of punishment-and-penalty culture that the opposition supports.

From 1 July next year the Rudd government is proposing to introduce a more effective welfare compliance system that includes a no-show no-pay penalty. The new system is more effective because a job seeker is penalised at the time they breach. Just like a job, if a job seeker fails to turn up to a required activity without a reasonable excuse, they will lose a day’s pay. However, any job seeker who wilfully and persistently refuses to look for work or comply will still receive an eight-week non-payment penalty. A major point of difference is that under the Rudd government’s system a job seeker can have their payment reinstated if they agree to undertake a compliance activity such as full-time Work for the Dole for 25 hours a week for those eight weeks. This was something that was never part of the previous government’s system. The government strongly supports mutual obligation but also believes that its obligation is to help job seekers gain the skills needed to break the cycle of welfare dependency.

The bill will amend the social security law to introduce a new compliance framework for the approximately 620,000 people who receive Newstart, youth allowance, parenting payments or special benefits and have participation requirements. The key features of the new compliance framework are new, more work-like no-show, no-pay failures; the retention of connection and reconnection failures; the retention of the eight-week non-compliance penalty for persistent and wilful noncompliance; a new comprehensive compliance assessment before any eight-week non-payment period is imposed; opportunities for payment to be reinstated if job seekers participate in an intensive compliance activity; new hardship provisions to replace financial case management; a waiting period for job seekers who are voluntarily unemployed.
or unemployed because of misconduct other than minor transgressions; and greater discretion for employment service providers to report on compliance to Centrelink.

Let us have a look at the no-show no-pay failure feature in more detail. If a job seeker without a reasonable excuse does not attend an activity they are required to attend—for example, training or Work for the Dole—Centrelink will impose a no-show no-pay failure. Centrelink will also impose a no-show no-pay failure if the job seeker does not attend a job interview or if they attend the interview but deliberately behave in a way that would clearly see them not being offered the job—for example, telling the interviewer that they do not want the job that they are there to apply for. A no-show no-pay failure will result in a job seeker losing one-tenth of their fortnightly payment for each day they do not attend. This does not affect any rent assistance, pharmaceutical allowance or youth disability supplement the job seeker may receive, but it does apply to any supplement the job seeker is receiving for participation in Greencorps or Work for the Dole. Quite clearly, by imposing this no-show no-pay failure at the time of the indiscretion, a culture is being built. What this compliance regime does is demonstrate that if you do not comply, if you do not turn up at the set time, the punishment is there. It is not something that may happen in the future; it has a direct correlation to the behaviour and the activity of the job seeker.

Under the connection and reconnection failure feature, if a job seeker without reasonable excuse does not attend an appointment they are required to attend—for example, with their employment service provider—Centrelink will impose a connection failure. Centrelink will also impose a connection failure if the job seeker refuses to enter into an employment pathway plan or does not meet their job search requirements. There is no penalty for a connection failure. Instead, the job seeker will have to attend a reconnection requirement—for example, a further appointment or further job search requirements. If the job seeker, without reasonable excuse, does not attend a reconnection requirement, Centrelink will impose a reconnection failure period. The job seeker will lose one-fourteenth of their fortnightly payments each day that, without a reasonable excuse, they do not comply with the reconnection requirement. Again, this does not affect any rent assistance, pharmaceutical allowance or youth disability supplement the job seeker may receive but does apply to any supplement the job seeker is receiving for participation in Greencorps or Work for the Dole.

Under the eight-week no-payment penalty, if a job seeker refuses an offer of suitable employment Centrelink will impose a serious failure. If a job seeker misses three appointments or six days of activity—for example, Work for the Dole or employment service provider requests—Centrelink will consider whether the job seeker is wilfully and persistently not complying with their obligations. This is called a comprehensive compliance assessment. Centrelink will consider whether the job seeker’s participation requirements are suitable, whether the job seeker should be referred for a job capacity assessment to receive assistance in a different stream or receive a different payment type—for example, a disability support pension—or whether a serious failure should be imposed. The consequence of a serious failure is an eight-week non-payment period. However, unlike the current legislation, a non-payment period may be ceased if the job seeker participates in intensive activity. If the job seeker does not have the capacity to participate in intensive activity and they can show that serving that penalty causes them to suffer from severe financial hardship then the non-payment period can also cease.
What we have here is a graduated compliance system, one which strikes a better balance in relation to fairness but which also continues to make sure that there is mutual obligation. Where there are penalties, the penalties occur at the time of the breach and are graduated. A job seeker who receives an eight-week non-payment period can have their payment reinstated at any time during the eight-week period if they agree to participate in intensive compliance activity. The compliance activity is on a no-show no-pay basis.

The great failing of the previous system was that during this eight-week period nothing happened. The participant, the job seeker, was not required to do any training and was not required to go for job interviews. They were just left there. Under this legislation there is the ability during this period to come off the eight-week non-payment period if the job seeker agrees to participate in a compliance activity. This encourages good behaviour on the part of the job seeker and encourages them to adopt a culture that will assist them to find employment.

This requires the job seeker to participate in an activity for 25 hours a week for up to eight weeks, usually in full-time work or Work for the Dole. For parents and job seekers with partial work capacity it involves an intensive activity of 15 hours a week for up to eight weeks. A job seeker who does not have the capacity to participate in an intensive compliance activity and who does not have liquid assets of more than $2,500 for a single person or $5,000 for a partnered person will continue to receive income support and will continue to have participation requirements. This replaces the current restrictive financial case management arrangements.

Hardship provisions also apply to job seekers who are undergoing a waiting period. A person who has become voluntarily unemployed without a reason or unemployed due to misconduct, other than for minor transgressions, will have to wait eight weeks before they can receive income support. Presently, there is an eight-week non-payment penalty for job seekers in this situation. The guidelines for what constitutes voluntary unemployment and misconduct have been revised to ensure that employees are protected. The eight-week period commences on the day that the person becomes unemployed.

An employment service provider will be able to report noncompliance to Centrelink if they believe that compliance action is the best means of securing re-engagement and is not counterproductive to the job seeker obtaining employment. A provider can instead negotiate for the person to make up an activity on another day, further reinforcing the importance of participation.

The Liberal government presided over a harsh and counterproductive compliance regime. An effective compliance regime would result in fewer breaches because it would encourage job seekers to meet their requirements and obtain employment. But there were more than 30,000 eight-week non-payment penalties imposed last financial year, around double that in the preceding year. The current compliance regime introduced in 2006 replaced a decade-old system. Before the third-strike, eight-week non-payment penalty was activated, job seekers received an 18 per cent rate reduction for 26 weeks for the first breach in two years and a 24 per cent rate reduction for 26 weeks for a second breach.

An effective compliance system should encourage job seekers to look for work. But, under the current regime, when an eight-week non-payment penalty is imposed the job seeker is not
required to have any contact with their employment service provider and is not required to undertake any training. There is enough evidence to suggest that job seekers do not engage during the eight-week non-payment period. The current system provides too little deterrent in the early stages of noncompliance and is too harsh, too late. Under the current arrangements, job seekers can miss up to a fortnight’s participation before any action is taken and then, after three failures, they get hit with an irreversible eight-week non-payment period. The previous government went too far.

Welfare groups have told us that it is costing them too, because vulnerable job seekers turn to them for support. It costs the broader community through health, welfare and justice systems. The National Welfare Rights Network told us that the relationship between this eight-week non-payment penalty and major dislocations including homelessness, relationship breakdown, increased stress, illness, violence and crime is both categorical and direct. Homelessness Australia told us that research from the University of New South Wales Social Policy Research Centre found that up to 20 per cent of people who underwent an eight-week breach lost their accommodation or were forced to move to less appropriate housing.

Australians believe that if you are on taxpayer funded income support then you should work hard to find work. Job seekers who do not look for work will continue to be penalised. As part of instilling a work culture in the new employment services, the no-show no-pay penalty will apply. Just like a job, if you do not turn up to compulsory activities and do not have a reasonable excuse, you will not be paid. While most job seekers do the right thing, the government will not tolerate people who deliberately rort the system. This is why we are keeping the eight-week non-payment penalties for wilful and persistent noncompliance. The government is determined to maintain a strong but fair compliance regime to encourage people to look for work and improve their chances for employment. Through this bill the government is restoring the balance. I commend the bill to the House.
are elements of society or individuals who are not prepared to make those decisions, not prepared to go out to engage in the workforce, not prepared to make the most of the talents and abilities that are available to them for their own and their family’s benefit, the principle of a fair go that we all adhere to in this country is somewhat compromised. It is threatened where we see others not taking it upon themselves to engage, work hard and earn an honest, decent living.

Often, it is in that context that many people, particularly working people in electorates like mine and coming from families like mine, will look at other individuals who do not have the desire to get out and make a contribution to their community but are prepared to take a free ride on the efforts of everyone else in the economy. My personal philosophy is that that should not be tolerated or accepted, because as a nation we all have a responsibility to make a contribution. If there are some individuals who are not making that contribution then, firstly, those individuals have an obligation to lift their game and, secondly, as a community, we have an obligation to work with those individuals to make sure that their potential is realised and they are able to make a contribution.

It is in this vein that I think it is absolutely essential, in order to preserve the integrity of our overall social security system and our income support systems, for us to have an effective compliance framework in place. It is not good enough for hardworking individuals and hardworking families, when they return from work each day at whatever hour that happens to be, depending on whether or not they are doing shiftwork, to see that there might be other members of their community who have the capacity to work but have chosen, have made a deliberate decision, not to work. It is not fair for one person to see another person receiving benefits that have accrued as a result of the labours of those hardworking members of the community.

As a starting point, so far as I am concerned, we need a system in place that is very strong when it comes to enforcement of a person’s obligation to make a contribution to the community. The principle of mutual obligation has never been one that I have had any difficulty with because, in the same way that an individual has that obligation to make a contribution, there is also an obligation on the community to work with that individual to ensure that they have the opportunities that are necessary in order to realise their potential and to make a contribution.

I begin by making that point because it very clearly needs to be understood. Having said that, the question then becomes not one of whether or not we have an enforcement framework in place; the question becomes: what is an appropriate enforcement framework to have in place? The issue here and the issue that this bill seeks to redress is the imbalance that currently exists in the current enforcement framework, the imbalance that tilts the scales in favour of punishment over participation. Those hardworking people who return home each evening and who see someone in their street, their community or their neighbourhood not working but receiving some of the benefits of the Commonwealth, some of the benefits of our common toil, need to have the comfort and the reassurance that those individuals in their communities who are not pulling their weight, firstly, have the opportunity to make that contribution and, secondly, are doing their bit to make that contribution.

Under the existing system, which this bill seeks to redress, and in the former set of arrangements we have seen that those scales have been tipped too far in favour of punishment.
over participation. At the end of the day we want to see people engaging in the workforce. We
want to see people contributing to the community. Having an eight-week preclusion penalty,
as currently exists, is effectively saying: ‘After three strikes you are out; you can go home and
do what you please, but the state is not going to provide you with any support.’ There might
be some people who say that that is a fair way of resolving the issue, but it seems to me to be
an approach that emphasises punishment. It says: ‘Three strikes and then you’re out. Once
you are out, we do not really care what you do; the only thing we care about is that, as a
community, we will not give you one cent.’ I am not really sure how that is going to facilitate
greater engagement within the workforce for the individual affected. I see absolutely no con-
nection between that and how it is providing any assistance or ensuring that that person ulti-
mately does go out and do what we as a community expect, and that is to work hard, to seek
out employment, to do their level best to get themselves a job and to make themselves self-
sustainable within our economy. That should be the emphasis of any enforcement compliance
framework, and that is what the proposals contained within this bill are seeking to do.

I think the ‘no-show, no-pay’ provisions that are set out in this bill are very sensible. They
are sensible because, where an individual fails to show up to meet their obligations whilst
receiving benefits of the various types that are available, it is not unreasonable to expect their
pay or income support will be docked. That is what the ‘no-show, no-pay, provisions will
achieve—they will ensure that those people who do not turn up will not get their income sup-
port for that day; they will be docked one-tenth of their payment for their failure to turn up.

It seems to me that that type of approach provides a disincentive for someone to do the
wrong thing, which is something we generally try to ensure is a part of most of the laws that
we pass in this place. Apart from just providing that disincentive, it is important that it is pro-
vided in a timely fashion at the time the breach occurs. So we do not have the situation where
you have three strikes and then you are out but nothing really happens on the first two strikes.
This is a more graduated process. It is not a case of ‘three strikes and you’re out’ but rather a
case of saying: ‘If you breach, you pay. If you breach, there will be consequences; and those
consequences are consequences that we hope will provide a greater incentive for you to do
what this system requires of you—that is, to do your best to go out and get a job.’

One of the key reasons why these provisions are being addressed by the government is that
there has been a failure by the current system to achieve the stated objectives of any compli-
cance framework. I noted a bit earlier that the member for Stirling made a number of com-
ments and said, ‘If the system ain’t broke, why fix it?’ I have to say that in many respects I
think the system is ‘broke’, and there is evidence before the government and evidence out in
the public domain that seems to suggest this.

If we have a look at the figures for 2006-07 and 2007-08 just on this key indicator of the
eight-week non-payment penalty having been applied, we see an increase from 16,000 cases
to 32,000 cases. So in one year there we see a doubling of the number of cases where the
eight-week non-payment penalty has been imposed. If that is not the appropriate measure to
look at in terms of whether or not the system is working, I challenge those on the other side to
tell us what the correct measure is—because I would have thought that any system that is
promoting participation would be seeking to measure its success by whether or not people are
complying with a rule such as that. If they are not out there participating, and in increasing
numbers they are failing to participate, then it seems to me that we have a system that is not
working. Indeed it is because of that that we have sought to bring forward these proposals which we think will make a significant difference in not only restoring some incentive but also ensuring that the penalties for failing to do what you are required to do under the scheme will be immediate and proportionate to the nature of the breach.

I think it is also worth noting that the comprehensive compliance assessment process is one that really does address one of the sticking points that I have seen in terms of the operation of the current system. The comprehensive compliance assessment really will allow judgements to be made that take into account individual circumstances. I think anyone who has dealt with anyone who has suffered homelessness, mental illness, physical illness or even domestic violence would appreciate that there can often be some fairly chaotic arrangements in people’s lives that can complicate their compliance with any set of requirements—and certainly the requirements that are set out within a scheme such as this—and can preclude them from participating in the way that they should. There should be a process that allows an assessment to be undertaken in relation to a person to determine whether they are a fair dinkum case or whether they have just been in breach of their requirements. I certainly believe that the comprehensive compliance assessment process will be one that will allow that to occur.

On that point, earlier this year—it might even have been at the end of last year—the Prime Minister requested that members of the government go out and visit homeless shelters, and that was something that I did. I was very pleased to do that. I visited a number of shelters within my local community and, as I did that, there was a story that was very common—or I should say there were stories that were common, because there were a multiplicity of stories at each of these places. But there was one very consistent thing coming back, principally from the service providers because you do not always get the full story from or have the opportunity to sit down with a homeless person themselves. They are not always as forthcoming as you might like, but the service providers in particular are the ones dealing with the homeless people on a day-to-day basis and the feedback that I picked up from a lot of them was that the nature of the compliance framework that is currently in place, the framework that is in question that we seek to redress through these amendments, can lead to disengagement from the workforce for an individual. The eight-week non-payment penalty, of its nature, can lead to fairly severe consequences for the individual and their family.

Indeed, once someone is pushed outside of the system, if they do not have shelter, if they do not have food and if they do not have income support, then there is a very real possibility that they will end up placing an even greater burden on society in so many other ways. So if we are genuinely concerned—and I think in the first instance we should be concerned about the health, prosperity and future of every Australian, but if we are not concerned about that and we are only concerned about what it means to the hardworking taxpayers that are currently in employment—then I would be suggesting that we should also take a more long-sighted view about what the impact is of failing to provide support to people who might otherwise be pushed out onto some sort of social scrap heap.

If we want to create a social residue, then let it be an express intention of this parliament. I do not believe that anyone in this House really wants to see that happen, but I think the system in place at the moment is leading to outcomes in many cases where people are being disenfranchised. They are disengaging not only from the labour market but from basic and essen-
tial services and, as a result of that, they will never have the opportunity to realise their potential and make the contribution to our society that we all demand that they make.

So I think it is important to recognise the failings of the current system that these proposals seek to redress, but I just want to make an observation more generally in relation to the employment services reforms that the minister is undertaking at the moment. I want to take this opportunity to congratulate him, because these initiatives are working in parallel, and certainly the intention is that this new system will be in place to operate in parallel with the new employment services regime. The minister is currently, through the department, going about the business of working out the details of who might actually deliver programs under that package.

One of the great programs that I have observed over the years is a program called the New Enterprise Incentive Scheme, or the NEIS. This is a scheme from which I have seen some great results in my local community over the number of years that I have been involved in my local community. In fact, I remember some seven years ago, as the Mayor of Penrith, attending a NEIS graduation ceremony and hearing the stories of people that had prepared business plans through a period of unemployment and through mutual obligation. They were engaged in the process of establishing a business plan to go out and set up their own small business.

Many success stories have emerged as result of the great work that the NEIS program has been delivering. I know that through the discussion paper process it had originally been proposed that the NEIS program would cease to exist, although it would have been provided by existing employment service providers under the Employment Pathway Fund. After extensive representations were made by people—and I was one of the MPs who wrote to the minister on this issue—the minister has seen the merits of the case that has been put to him and has now decided to ensure that NEIS will continue to operate as a scheme in its own right. I take the opportunity to congratulate him. I think it is the right decision.

As one of the many people who took up this issue, I feel that some results have been achieved. There is no doubt in my mind that the fine decision that has been taken by the minister will assist in achieving the objective that we all have said that this legislation before us is seeking to achieve, and that is to give people an opportunity—and to require of them, to demand of them—to do everything that they can to make a contribution and to realise their potential. I support the bill.

Ms KING (Ballarat) (11.41 am)—I am very pleased to be here this morning to speak on the Social Security Legislation Amendment (Employment Services Reform) Bill 2008. I extend my thanks to the member for Shortland for giving me the opportunity to speak before her. It is a little tricky juggling some of my work and family commitments.

I want to support the comments made by the member for Lindsay in relation to NEIS. This scheme has been very important in assisting people in my electorate to start their own small businesses. I too am very pleased that the representations that members made, including the member for Lindsay, have been successful in ensuring that the scheme will stay as a stand-alone scheme. It is a unique feature of our employment services in this country.

This is a very important bill. It reverses some of the more punitive measures that were introduced under the previous government’s scheme—measures that the previous government would have had us believe actually helped people to find a job. From my own experiences of
working with people in the most vulnerable circumstances, yes, you do need a system of mutual obligation but you also need to be very careful about not punishing vulnerable people to such an extent that you perpetuate their vulnerabilities or the cycle that they are in. I think much of what was done under the previous system did that. It entrenched people in a system where they were punished pretty continuously for failure to engage but it did nothing to assist them in understanding the need to engage or how they could actually engage more properly.

This bill ensures that those who are the most vulnerable are not punished simply because of those vulnerabilities but are assisted through the employment services system. Conversely, this bill ensures that people who are capable of working and who do not make every effort to work or who actively sabotage their chances of finding work are not propped up. The system does deal with them but it deals with them in a compassionate and effective manner.

When reflecting on the previous government’s attempts at developing policy to curtail breaches of noncompliance, I am reminded a little of Einstein’s famous definition of insanity: doing the same thing over and over again and expecting a different result. In 2006 and 2007 there were around 15,000 eight-week non-payment penalties applied. This more than doubled in the following financial year to about 32,000 people who had an eight-week non-payment penalty applied. The system failed to provide employment to job seekers. The system clearly was not working, and you did not have to be Einstein to realise that something needed to change.

The previous punitive system moved very quickly to enforce eight-week non-payment penalties, without asking the right questions. The system did not acknowledge that there were often very real reasons why someone was unable to work or attend an interview. It did not compel someone who was bereft of their payments to continue to engage with the Job Network system or with Centrelink. People were simply cut off—three strikes and you are out—with little or no recourse to have their payments reinstated.

The strike system in itself did nothing in the early stages to identify why someone may be breaching these requirements. There was no follow-up to ascertain why a breach had occurred. Nor was there sympathy, compassion or a desire to work with them to help resolve any difficulties or issues they had encountered. There was little effective intervention to assist someone or to identify if there were issues that someone needed help with in order to fulfill their Newstart requirements. They were not encouraged to engage with training or to attend work programs; they were simply cut off. This may account for the more than doubling of the number of people who were placed in the position of having their payments suspended for eight weeks. The previous government’s system was not supported by welfare agencies, which bore the brunt of supporting the people who were left vulnerable and at risk by the three-strikes-and-you’re-out approach. These agencies, which were already under considerable strain, did not need the extra work, particularly when it was of little benefit. The previous system was simply too harsh and the costs were simply too high—that is, too high for the welfare sector, not to mention for the 32,000 people placed on the eight-week non-payment period and having no income or support and for their families, who were dependent upon that income as well.

Labor is committed to ensuring that everyone who can work does work. The new system will provide personalised assistance to job seekers to help them secure employment. It is not
about letting off the hook those who are capable of working, nor is it about letting off the hook those who refuse to work. It is about ensuring that we as a government preside over a compliance system that is not only fair but also effective. If a job seeker is persistently or wilfully non-compliant and they commit a serious breach then Centrelink will conduct a comprehensive compliance test. The decision to suspend payments for eight weeks will then be made by Centrelink based on this comprehensive test. The test will consider the reasons why a job seeker has failed to comply with their job-seeking obligations and it will take into account hurdles they may have encountered and Centrelink will make an informed decision on whether payments are suspended. It will not be an easy test to pass. Those who persistently and wilfully shirk their responsibilities will be dealt with and will pay a penalty. This government does not expect hardworking community members to foot the bill for those who can and should work, but at the same time we should be very careful about decisions that we make about people’s income—the income that they are reliant on—and those decisions should be made in light of all of the circumstances in which a person has failed to comply.

In order to reflect the reality of the workplace, any job seeker who does not attend a required activity—for example, an interview or training—will be issued a ‘no-show, no-pay’ failure. A ‘no-show, no-pay’ failure means that the job seeker will lose one-tenth of their fortnightly payment for each day that they do not attend their required activity. ‘No-show, no-pay’ failures will also apply to those who attend a job interview but actively sabotage their chances of being offered the job. This reduction in payment does not apply to rent assistance, pharmaceutical allowance or youth disability supplement. It does apply to any supplement the person is receiving as a result of participation in either Work for the Dole or a Green Corps activity. Payments can resume as soon as participation resumes, instilling a sense of responsibility onto the job seeker. This represents a far more balanced approach between participation and penalty. It places the onus back on the job seeker to ensure that they are actively seeking work in order to receive payments, but it makes a much better link between the notion of work and reward than the previous system.

This view is supported by the National Employment Services Association, the peak body for employment services. The CEO, Sally Sinclair, stated:

The proposed no-show, no-pay approach is more aligned to workforce conditions and engenders greater individual responsibility by job seekers for their actions.

A connection failure is also imposed on a job seeker if, without a reasonable excuse, they do not attend an appointment they are required to attend. This pertains to situations such as Work for the Dole, a specific employment pathway plan or any other activity that may lead to employment. While there is no penalty as such for a connection failure, there is a requirement for the job seeker to attend a further appointment or other job search requirements. This is referred to as a reconnection requirement. If the job seeker fails to engage in this reconnection requirement and does not have a reasonable excuse then they will lose one-fourteenth of their fortnightly payment each day that they do not comply with the reconnection requirement. Once again, this does not affect rent assistance, pharmaceutical benefits or youth disability supplement. The eight-week non-payment penalty still exists under the proposed bill. However, there is a capacity for the job seeker to re-engage in an activity and to have their payments reinstated.
There are a few circumstances where a job seeker may have an eight-week non-payment penalty imposed. These include where a job seeker refuses an offer of suitable employment—that is, where there is no reasonable excuse to refuse an offer of a job—and where a job seeker does not attend six days of activity, such as Work for the Dole, or misses three appointments. In this situation, Centrelink will consider whether the person is wilfully not complying within the context of a comprehensive compliance assessment. The comprehensive compliance assessment will consider the suitability of work for the job seeker, whether the job seeker should receive an alternative source of income, such as a DSP, and whether a serious failure to comply applies, resulting in a non-payment penalty. The difference with this model is that the job seeker does have an opportunity to have their payments reinstated by participating in an intense activity. The non-payment period will also cease if it is deemed that it would cause severe financial hardship. No government should be responsible for causing hunger, homelessness or other severe hardship to people who are vulnerable. It is our duty to identify when somebody needs real assistance and to do our absolute utmost to help meet their needs.

The comprehensive compliance assessment will be undertaken by specialised Centrelink staff—and I cannot emphasise enough the need for that—who will look at a job seeker’s history and encourage discussion around any personal issues that may be impacting on that person’s ability to engage in appropriate activities. This may include issues that have not been disclosed before, such as mental health issues, physical challenges or structural barriers such as homelessness. This would allow an employment pathway plan that can account for those challenges and provide a way to assist the person with these problems. It does not allow for the job seeker to be thrust into a position of being further disadvantaged by being cut off from payments, cut off from carers and cut off from the system. Having said that, it still provides a system of compliance for job seekers if they are not meeting their obligations and do not have a justifiable reason as to why. They will be penalised and will need to take reasonable action to rectify their wrongdoing.

Any reforms to employment services must focus on engagement, participation and compliance. These three words are essential when talking about employment services reforms. With unemployment sitting at around four per cent and likely to increase, it is crucial to look more closely at who is unemployed and why they are unemployed. Significant proportions of today’s job seekers have experienced long-term unemployment or are particularly vulnerable and disadvantaged.

When I undertook my social work training some 25 years ago, we did a lot of work about how victims are blamed and how many systems blame the victims. My concern has always been that often we blame people who are on unemployment benefits for the circumstances they are in. Some of it may be of their own doing, but some of it definitely is not; some of it is long-term structural disadvantage, and we have to do everything we possibly can to recognise that and to assist these people through it.

Just cutting people off from payments does not change their situation. Cutting them off from a system that can identify their particular challenges and assist them to overcome these challenges does not change their situation. A measure of care and understanding is required in order to assist this segment of the job-seeking population to engage in and to hold on to work. A caring society partnered with and underpinned by an understanding government does not and should not leave these people behind. With the current skills crisis looming, it is an abso-
It is with great pleasure that I rise to speak to the Social Security Legislation Amendment (Employment Services Reform) Bill 2008. As a person who has had a long history working in the area of employment and working with people who have been quite disadvantaged in entering the workforce, I find that this legislation is a welcome move. It is a move in the right direction. The bill will amend the Social Security Act 1991 and the Social Security (Administration) Act 1999 to give effect to measures announced in the 2008-09 budget. Those amendments were a key plank of the Labor Party’s platform in the lead-up to the last election. There was an undertaking given that we would review employment services, and coming out of that review is the legislation before us today, which will take effect in July 2009.

The key feature of this legislation puts in place a fairer and more effective compliance network. There will be new and more work-like aspects to it, with a ‘no-show, no-pay’ approach to failures to attend work, but it retains the connection and reconnection principle for fail-
— that is, it retains an eight-week non-payment penalty for persistent and wilful noncompliance, but there will be a new comprehensive compliance assessment before any eight-week non-payment period is imposed and opportunities for payments to be reinstated if job seekers participate in an intensive compliance activity. There are new hardship provisions to replace financial case management, a waiting period for job seekers who are voluntarily unemployed or unemployed because of misconduct, and general discretion for employment service providers in dealing with noncompliance. That is just a brief outline of the components of the legislation.

I welcome this legislation because the previous activity test, which led to breaching procedures, was a very harsh regime. It was all stick and no carrot. It in no way encouraged those people who were breached to reconnect and be involved in the activity of looking for work. Rather, it was nine weeks that the government, the employment services and Centrelink were just not interested in that person. We on this side of parliament actually want people to be able to move from being dependent on welfare to being able to find work and then contribute. I think that most people feel that way.

An interesting aspect is that, even though unemployment has increased recently, unemployment levels, generally speaking, are still relatively low. But I think the key factor is that the length of time that the most disadvantaged job seekers are out of work and long-term unemployed has increased. There has been an increase in the number of people who are long-term unemployed, from 74,000 people in 1999 to 110,000. This is unacceptable. These are the people who are the most disadvantaged in our community, these are the people who the system has failed and these are the people who under the previous system were most likely to be breached.

Under the previous government’s compliance regime, the penalties that were applied to people who were job seekers increased markedly. So we had an increase in the number of people who were being breached and an increase in the number of people who were long-term unemployed. There is no correlation between the two figures. For instance, each year after September 2006, when the new laws were implemented, the number of people who were breached for participation failures increased. It increased from 28.4 per cent in September 2006 to 58.4 per cent, the peak period, in September 2007. These were people who had a compulsory eight-week non-payment period placed on them for administrative breaches. I will share with the House some of those administrative breaches that constituents in my electorate came to see me about.

One woman came to see me when Centrelink was about to impose a breach on her because she changed her time for an appointment to look at her work plan with the Job Network provider three times. On the three occasions that the woman had changed her appointment time she was actually working. For a short period of time her Newstart allowance was cut off, so she had a period when she received no money, until I intervened, because the Job Network provider had reported to Centrelink that she had failed to comply with the requirement to attend appointments on three occasions.

I would like to share with the House another person’s circumstances. This is a person who lived in an area where young children were stealing the mail. It was not only the mail asking them to attend Centrelink or meet with the job network provider; it was their electricity bill,
their water rates and numerous other accounts. On three occasions this person did not turn up for appointments. They did not know that they were supposed to turn up for the appointments; they had received no literature whatsoever. It was only when they discovered that they had not received any payment at all that they became aware that they had been sent mail to attend appointments with their Job Network provider.

The previous system was a system that did not work so well for those people who were seeking to reconnect and find employment. The real strength of what we have before us today is that it actually encourages and helps people to get back into the workforce. If a person is failing to comply for one reason or another, an assessment process is put in place. It is important to know, too, that the previous system not only failed to meet its important objectives, which were to encourage people back into the workforce, but 75 per cent of job seekers who received an eight-week non-payment penalty went back onto benefits. What we are hoping to do here is to make sure that people move from reliance on a benefit to actual employment. Most of those people were back on benefits within a fortnight of finishing their non-payment period, which is an indictment of the previous system.

It is important to look at some of the submissions from peak bodies to the inquiry conducted by the Minister for Employment and Workplace Relations. ACOSS, which has a long history of working with people who are disadvantaged, made some pretty telling comments about the impact of the breaching regime under the previous government. It talked about the fact that large numbers of jobless people continued to be excluded from effective participation in the labour market, raising the level of the structural unemployment rate below which inflation is likely to increase. It also impacted on their capacity to be involved in the labour market, and it reduced the possibility of them finding employment. ACOSS has researched this very well and it identifies that we are facing a labour force or a skills shortage in this country. Here we have large numbers of Australians that have been breached and are sitting around idly with no requirement to engage. On the other hand we have a skills shortage. ACOSS made the point that prolonged joblessness and low payments lead to poverty and—and this is very important—45 per cent of people from unemployed households live below the OECD poverty line. Prolonged joblessness together with poverty levels of income are key contributing factors to severe forms of social exclusion. I feel that any scheme that is in place should be about participation. It should be about encouraging people to become part of our workforce. The previous system failed, and failed dramatically, on that level. ACOSS identified that very effectively in its submission.

The National Welfare Rights Network also made a submission to the inquiry. They highlighted the need for reform of the activity tests, which have now been renamed, and they emphasised the need to include a number of things in this review. Be mindful of these factors: people generally want to participate, but at a level that they feel capable of. Some people are not capable of participating at the level that was required under the previous legislation, and I feel very much that the legislation that the minister has put before the parliament takes into account the capability of the person and will work to increase that capability. The Welfare Rights Network also acknowledged that it is harder for people to participate the longer they are unemployed. Once again, we recognise the impact of long-term unemployment, and the assessments that will take place by specially qualified Centrelink officers will provide those long-term unemployed people with the skills that they need to re-engage in the workforce.
The National Welfare Rights Network submission also makes a point about how participation is not always predictable—the higher the level of unemployment, the more likely those people who are marginal or who have lower skills are to become unemployed, and often they are the first people to become unemployed. There is a need to encourage people who are reliant on some sort of welfare payment to understand that participating in the workforce can benefit them. Once again, I think that the legislation before us makes that point of encouraging people to understand and to see the benefits that can come from being involved in the workforce. At the same time, the Welfare Rights Network makes the point that participation should not be harmful to a person’s health, dignity, financial viability or family life and that different people participate at different levels for a variety of different reasons and acknowledges that barriers such as money, education, skills, competence, language and cultural barriers and other issues should be considered.

I also have here a submission from Homelessness Australia. That submission makes the point that unemployment leads to homelessness, that the breaching regime that has been in place has led to homelessness on a number of occasions and that there have been a number of people who, because of the breaching regime, have found themselves unable to maintain their current housing situation and as a consequence have found themselves unemployed and homeless.

In the time that I have remaining I would like to go through some of the changes that are included in this legislation—changes that deal with a number of the key aspects of how people will find it easier to participate. The first goal of this new compliance scheme is to not only ensure that people actually meet their participation requirements but also recognise that people are not participating for a number of reasons. As I have already pointed out, a large number of people—some 20 per cent of people who were breached—actually lost their homes because of the impact that that breaching had on them. There is the ‘no-show, no-pay’ failure. Once again this is creating a real-work-like situation where if a person does not turn up for work then they will be penalised. If this is a constant occurrence then Centrelink will look at why and will look at putting in place an employment pathway plan which replaces the activity test.

I think that is what it is about: it is about employment. It is about people who are unemployed re-engaging and entering the workforce. How do you do this? Is it through an activity test or is it through an employment pathway plan? I would go for the employment pathway plan every time. There will be an assessment by the Centrelink officer, who will look at the reasons for the person failing to meet their obligations, look at developing an employment pathway plan and look at how this can best be achieved. It is important to note that the breaching regime that will be in place will not affect rental assistance, pharmaceutical allowance or youth disability supplement payments. A comprehensive compliance assessment will be done by the Centrelink office. One of its officers will look at all aspects of the job seeker’s reasons for failing to meet their commitments.

This legislation is very definitely a move in the right direction. It is about linking the welfare payment with the activity that government wants to see take place. It is about re-engaging unemployed Australians in the workforce and doing it in a way that will actually achieve the goal rather than punishing the victim as the previous regime did.
Ms GEORGE (Throsby) (12.15 pm)—The bill before us, the Social Security Legislation Amendment (Employment Services Reform) Bill 2008, will amend existing social security laws to introduce a new compliance framework within the context of our decision to overhaul all of the existing employment services. As we are aware, the new employment service will commence operation on 1 July 2009. I commend the minister for the extensive consultations that have occurred with a range of community groups and employment service providers in the lead-up to the announcement about the major components of the new scheme.

Essentially, the new welfare compliance system will, I think, strike a reasonable balance between participation and penalty for nonparticipation. As the member for Throsby I have had a lot of concerns expressed to me by my constituents about the current system. It has been regarded as very punitive and counterproductive by many who have come to talk to me about the impact of the policy of three strikes followed by an eight-week non-payment period. I think the weakness of that compliance system was that it failed to encourage job seekers to find and maintain employment and resulted in many of the most vulnerable job seekers disengaging completely, particularly in that eight-week non-payment period.

As the minister’s figures have indicated, the number of penalties issued more than doubled over the past two years, with more than 30,000 eight-week non-payment penalties imposed in the last financial year. In looking at the figures for my own electorate of Throsby, I saw that 163 local people had eight-week non-payment periods applied to them in 2007-08. This was a substantial increase of 75 per cent from the previous year, when 93 people were affected by this penalty. As we know, the people affected by the penalty—the eight-week non-payment regime—were often the most vulnerable people. They were people suffering from homelessness, people of no fixed address, people with mental illness and other vulnerabilities that made it very hard for them on many occasions to avoid these very harsh penalties. We had local agencies tell us about the distress that many people found themselves in over this period.

So we believe that an effective compliance system should encourage job seekers to continue to engage with and look for work. Under the current regime, the job seeker was not required to engage with their provider or, indeed, with Centrelink for the entire penalty period. It was not surprising, therefore, that three-quarters of job seekers who received an eight-week non-payment penalty came back onto income support, most of them within a fortnight of finishing their non-payment period. It seemed to me a case of punishment for punishment’s sake rather than looking at ways of engaging the job seeker and continuing to provide them with the skills, training and opportunities to find meaningful employment. My concern about the way the system operated locally was not just a one-off situation, as the National Welfare Rights Network argued in their submission:

The relationship between this—
eight-week non-payment—
penalty and major dislocation, including homelessness, relationship breakdown, increased mental stress, illness, violence and crime is both categorical and direct.

So in a sense we really had a system that was punishing those who are most vulnerable in our communities.

The government is determined, however, to maintain a strong but fair compliance regime. We are not abandoning in any way the sense of mutual obligation, but we want to put in place
a system that actually encourages people to look for work and that trains and skills them for
work opportunity and in so doing improves their chances of gaining meaningful employment.
I am very pleased that in the reforms that this bill will introduce there will be a better safety
net for the most vulnerable job seekers, particularly those with mental illness or those facing
homelessness, while at the same time reinforcing the onus of personal responsibility of par-
ticipants both to engage in activities that help them prepare for work and then to actively seek
work.

I think, overall, the minister has secured in this bill a good balance between participation
and engagement and maintaining appropriate penalties, particularly in the event of wilful
noncompliance. We need to discern the incidents of wilful noncompliance from those factors
that mitigate for a variety of reasons, and I referred to some examples earlier. A key feature of
the new compliance framework expressed in this legislation will be based around the princi-
ple of ‘no-show, no-pay’. ‘No-show, no-pay’ will result in the job seeker losing a 10th of their
fortnightly payment for nonattendance. Connection and reconnection failures are also encom-
passed in the new regime. If a reconnection requirement is breached without a reasonable job
excuse, the job seeker will lose a 14th of their fortnightly payment.

The ultimate penalty for wilful noncompliance will continue to be the eight-week non-
payment penalty for serious failures. However, before that harsh penalty is visited upon peo-
ple there will be some safeguards and provisos attached to that eight-week non-payment pen-
alty. As the bill indicates, prior to the imposition of that severe penalty there will be a thor-
ough and comprehensive compliance assessment. Unlike in the current scheme, a job seeker
can have their payment reinstated during any eight-week period if they agree to participate in
an intensive compliance activity for 25 hours a week; usually it is some form of work experi-
ence or Work for the Dole scheme. I am pleased to note also that, in cases of severe financial
hardship and where the job seeker does not have the capacity to participate in an intensive
compliance activity, consideration will be given to maintenance of income support.

I think the balance is right. It is not a one-size-fits-all approach. The system will give con-
sideration to the individual circumstances while at the same time make clear to people that we
expect the obligation and responsibility on their part to continue. For them to be engaged in
meaningful activity is all about helping them to be job ready and to find meaningful emplo-
ment.

I believe the previous government’s system was very harsh and in some senses counterpro-
ductive not just in terms of the compliance regime but overall. There are a range of shortcom-
ings in the current Job Network scheme which I hope will be addressed in the changes that
come into place on 1 July. The goal of our improved services is all about helping the unem-
ployed. As clearly articulated, our goal is to provide all job seekers with the vocational skills
and other forms of support, outside the traditional range of training and work experience, that
people need to both find and keep a job. In that regard, there is a high emphasis on both train-
ning and work experience in helping job seekers find ongoing employment.

Ironically, under the current system skills shortages have dramatically worsened, during the
period of the Job Network scheme. As we all know, this has acted as a severe brake on eco-
nomic growth and productivity. While we all take heart from the fact that national unemploy-
ment rates fell, far too often little attention was given to the causes of and solutions to re-
gional unemployment, in particular, and to the plight of the long-term unemployed. I know of the frustrations in my own region we all experienced—a region with above-average rates of unemployment, particularly among young people—with the one-size-fits-all approach to finding solutions to regional unemployment. Overall, the proportion of people on unemployment benefits for more than five years in fact increased under the Howard government, from about one in 10 long-term unemployed in 1999 to almost one in four today. In numerical terms, that number has grown from 74,000 people to more than 105,000 now. So, in a sense, while we took great delight in the national unemployment rate declining, when you look behind those global figures you realise that we often failed to see the plight of the long-term unemployed.

In that regard, I think the present scheme has failed too many disadvantaged job seekers, many of them having to wait for up to two years to receive assistance through the personal support program. I know that the job seeker accounts were not used very effectively. In the Illawarra we undertook a trial pilot project under the former government, with the assistance of the then minister, to try and get the Job Network providers to use the available job seeker accounts to assist disadvantaged and long-term unemployed people, but we had quite a battle in trying to get those accounts used effectively. Despite that, with our own solutions to our local problems, we have in the Illawarra successfully placed over 300 young disadvantaged people into apprenticeships. That system was made possible by the commitment of the state government to a range of prevocational opportunities so that young unemployed people were able to avail themselves of prevocational training so that, on leaving, they were at the level of a first-year apprentice. In some instances, but not in all, the job seeker accounts were then used to supplement the incentives for local small- to medium-sized businesses to employ the young person.

My concern has always been that the Job Network scheme, as devised by the Howard government, was too focused on a one-size-fits-all approach without providing incentives for local regions such as ours to come up with their own initiatives or indeed look at sustainable employment pathways for individuals. That resulted in far too many job seekers moving into and out of employment services—with a great capacity for churn—and not receiving the kind of assistance that they needed to get them out of their predicament in the long term. Departmental research shows that almost half the people on benefits in 2001 were still unemployed in 2007. Only one out of every three participants in the Work for the Dole program was employed three months after completing their activity. I think those national trends would be borne out in any detailed regional analysis of the impact of these programs in the Illawarra region.

In recognition of these fundamental flaws in employment services delivery, our minister has put the emphasis in the new system, which will emerge from 1 July, on ensuring that each job seeker will be placed into one of four streams where they will receive a level of assistance commensurate with their level of disadvantage, so the system will be much more tailored to the individual needs of the job seeker. I think that is a really good starting point. Employment service providers will work with the job seeker to develop an individual Employment Pathway Plan supported by a flexible pool of funds to access non-vocational services as well. I think that is very important. Despite the best work experience programs we can provide, we all know that some of our long-term and disadvantaged job seekers need to access other, non-vocational services such as mental health support, counselling and rehabilitation.
The new system is focused on developing a work culture where training and work experience will be provided in a wide range of activities, including the very successful Green Corps program. That will now be open to people of all ages. It has certainly been a very successful local program in the Illawarra. I trust that through the employment brokers program and the innovation fund we can develop better programs to address the barriers to employment at a regional level. Certainly, the emphasis on the Productivity Places Program will help to do that.

In concluding my remarks on the bill, I would like to make some comments on matters affecting local Indigenous employment opportunities. As we know, the rate of Indigenous unemployment is three times the rate of unemployment for other Australians. At the last census, only 48 per cent of Indigenous workforce-age people were in employment compared to 72 per cent of non-Indigenous Australians. Our government’s commitment to halving the gap in employment outcomes means we need to provide a huge number of additional ongoing employment opportunities for our Indigenous communities.

In that regard, I want to say that there is a high level of anxiety about the proposed changes to the CDEP and IEP programs in rural and regional Australia. In my own area, we have a very effective CDEP program, located at Windang, which is a key component of community development and employment opportunities for our Indigenous community, with approximately 120 CDEP participants currently involved. Recent data I obtained from the Parliamentary Library, however, showed a very worrying picture. For the Wollongong statistical area, the number of Indigenous people in the labour force was 1,071, which included participants in the CDEP program. The official number of unemployed Indigenous persons was 250—that is, 25 per cent of those officially recorded as being in the labour force. Equally disturbing, however, was that there were 785 local Indigenous people not in the labour force, of whom 259 were in the 15 to 24 age group.

The local information from Indigenous leaders that comes to my attention seems to suggest that large numbers of Indigenous people become totally disengaged from our existing employment and welfare systems and programs. So any changes to the CDEP and IEP programs locally must take into account the features of our own regional labour market in the Illawarra to ensure that we do not compound the disadvantage facing our Indigenous community members. A number of highly effective programs, including one with the local police force, could be at risk if a decision is made to terminate the existing CDEP programs without a replacement community development and employment program.

I note the minister’s reference in his speeches to the $41 million innovation fund, which will allow the development of place based solutions to address barriers to employment for highly disadvantaged job seekers, including of course, Indigenous job seekers. The minister has also indicated:

Employment services will also improve access to the small business program, NEIS, for Indigenous job seekers …

So I am hoping that with the introduction of the changes from 1 July, the new compliance regime outlined in this bill, we will be able to give much better focus to individual Employment Pathway Plans and that we will bear in mind the continuing disadvantage that long-term unemployed people are facing and the challenges and barriers that face a lot of people in regional Indigenous communities like my own.
I commend the bill and I commend the minister for the extensive consultation leading up to the changes that he has announced. I think our new compliance regime will provide an appropriate balance between participation and penalty, and I am hoping that as time goes on we can look back to the introduction of the new scheme and see the progress that has been made, specifically in terms of addressing long-term disadvantage and disadvantage faced by Indigenous people.

Mr SYMON (Deakin) (12.35 pm)—I rise today to speak in support of the Social Security Legislation Amendment (Employment Services Reform) Bill 2008, which will amend the Social Security Act 1991 and the Social Security (Administration) Act 1999. The main purpose of this bill is to encourage commitment from job seekers to find work through a tough but much fairer compliance system, a compliance system that reflects modern times and helps job seekers find and keep a job.

These reforms are necessary because over the last decade employment services have been operating under policy and administrative constraints that have failed job seekers and employers alike. This is at a time when the economy is crying out for skilled workers and when we are facing a shortfall of up to 240,000 VET qualified workers by 2016. These reforms will be of benefit to the 620,000 people on Newstart allowance, youth allowance (other), parenting payment or special benefit and having participation requirements.

Before the last election Labor promised that we would review the Job Network and other employment programs. We did so with a view to replacing the current compliance system that is clearly now out of step with a modern labour market—a system that has become flawed, ineffective and, importantly, counterproductive. Compared to 10 years ago, the rate of unemployment is lower. But there is a significantly higher proportion of highly disadvantaged and long-term unemployed amongst the job seekers.

The rate of those on unemployment benefits for more than five years has increased from one in 10 in 1999 to a figure of one in four by March 2008. This only emphasises the need for a modern compliance system that adapts to current challenges, because it is clear that the Liberals’ old, outdated system has failed in its central objective—that is, to improve employment outcomes. Through the new compliance system we will instil a work culture to the process that brings in a ‘no-show, no-pay’ ruling—meaning that, just like a job, if you do not show up without a good excuse then you will not be paid. And, just like a job, the size of the penalty will now directly relate to the length of time the job seeker fails to participate. It is really no different to taking sickies when you do not have leave from a job of employment.

The current system provides too little deterrence or intervention in the early stages of non-compliance, and it comes in too harshly and too late. In fact, as things stand under the current compliance system, job seekers can miss out on almost two full weeks of participation before any action is actually taken. But then, after three failures, job seekers are stung with an automatic and irreversible eight-week non-payment penalty. There is no coming back from that; that is just what you are given. While the new system will still retain the current approach for failure to attend or not showing enough initiative, the emphasis will be on employment outcomes. It will be a case of fairer, not softer, and, importantly, allows a pathway for prompt reconnection into the Job Network.
Under a ‘no-show, no-pay’ failure, job seekers will lose one-tenth of their fortnightly payment for each day they do not attend. However, this action will not affect their rent assistance, pharmaceutical allowance or youth disability supplement payments. For instance, a job seeker who misses six days of Work for the Dole will lose six working days of income support—that is, 60 per cent of their fortnightly allowance under Newstart. This provides a clear message to the job seeker that they need to keep looking for work whilst ensuring they are not thrown into a cycle of poverty or alienation. Under this new system, as soon as a job seeker resumes participating, their income can be restored. There will be more chances for job seekers to re-engage with job providers to avoid sanction. There will be no automatic escalation in the severity of penalty where job seekers are having trouble.

Importantly, job seekers will be asked why they are not complying when there are signs out there that they are not. That is the critical difference between the old and the new compliance system. Centrelink will now have the capacity and the resources to actually talk to job seekers who are in breach, assess their reasons and determine if those reasons are valid or not. For instance, they might have been made homeless or they might be suffering from domestic violence. They might have become ill or they might even have been short of money to get to the job interview. These may all be valid reasons which can be considered by Centrelink through the use of a comprehensive compliance assessment before any penalty is applied.

There is also scope for employment services providers to exercise their professional judgement on when to report or not report noncompliance of a job seeker. Employment services providers will not be required to report noncompliance to Centrelink if they feel it will ultimately be counterproductive to the progress of a job seeker. So we see added flexibility now built into this part of the process.

Whilst the government will not tolerate those who go deliberately out of their way to avoid work, we cannot punish those who miss the chance for work due to genuine personal reasons. Even in cases on which Centrelink has imposed an eight-week non-payment period under the new system, this will no longer be irreversible. Built into the system will be the chance to re-engage. Any job seeker who is prepared to participate can have their payment reinstated by participating in a compliance activity such as full-time Work for the Dole. Therefore, participation in intensive compliance activities such as Work for the Dole for up to 25 hours per week for up to eight weeks will allow for the reinstatement of those payments. For those job seekers who wilfully and persistently are noncompliant, the eight-week penalty will be retained. The compliance system then goes from being about punishment and coercion to being about incentive and re-engagement. I believe that has to produce better outcomes. Under the bill, when passed, these reforms will come into place from 1 July 2009.

Under the existing compliance regime introduced by the Howard Liberal government, a job seeker receives an automatic eight-week non-payment penalty after three breaches. We know that 15 per cent of those who have received the eight-week non-payment penalty suffered from mental illness and over half the job seekers serving eight-week non-payment penalties have not paid their rent or board on time. Even more disturbing, 15 per cent of that group have been evicted from their homes. Under the current regime there is no requirement to look for work, training or work experience, and there is no requirement to front up at the job seeker’s employment provider or even turn up at a Centrelink office when you are in that breach period. Many job seekers are already in a very vulnerable state. In fact, 237,000 of the
current case load have a recognised vulnerability. This includes 102,000 job seekers who have a mental illness or psychiatric problems. Many more job seekers have unstable housing or living arrangements. This is backed up by the various welfare groups, who are out there on the front lines dealing with problems caused by the existing compliance regime.

Welfare groups of all types have written to us about this issue because their resources are now under strain as more job seekers whose Newstart allowance has been cut off are presenting for assistance. In fact, over 160 organisations from across Australia, ranging from welfare agencies to job placement companies, unions and peak industry organisations, tendered submissions to the government prior to the introduction of this bill. So many submissions express real concern with the gradual shift of the compliance system from one of employment outcomes to one of coercion and punishment. For instance, the National Welfare Rights Network told us that the relationship between the eight-week non-payment penalty and major dislocation, including homelessness, relationship breakdown, increased mental stress, illness, violence and crime, is both categorical and direct. Homelessness Australia told us about research from the University of New South Wales’ Social Policy Research Centre which found that up to 20 per cent of people who underwent an eight-week breach lost their accommodation or were forced to move to less appropriate housing.

Berry Street, in their recent submission on this issue to the federal government, told the story of a 19-year-old young man who they called Zac so as to conceal his identity. They said that Zac’s literacy and numeracy skills were very limited. He undertook a job capacity assessment through DEEWR and was determined, by that assessment, to be ready for employment. Zac failed to keep appointments and his payments were regularly breached, leading to greater instability in accommodation and a downward spiral towards engagement in more serious self-harm and crime.

We know that, more broadly speaking, many of the job seekers who are in the Job Network at present are extremely disadvantaged. Eight weeks without an income does of course impose severe financial hardship in many cases and this in turn can exacerbate other personal and family problems. Compounding this problem was that there were no requirements during those eight weeks for job seekers to look for any work or to maintain contact with Centrelink or, as I said before, their job service provider. At the end of those eight weeks, they are miraculously expected to have a change of mind or a change of heart and somehow find the motivation after being in financial hardship for nearly two months to go back into job hunting again with the network that they have just been breached from.

There are more and more cases of people in this situation. There is evidence to suggest that job seekers do not engage during the eight-week non-payment period. For many job seekers, the downward spiral of poverty and alienation is only sped up. Under the compliance regime introduced by the Howard government, 75 per cent of job seekers who received an eight-week non-payment penalty went straight back onto benefits, and most of those were within two weeks of the lapsing of their eight-week non-payment period.

Last financial year, there were around 32,000 eight-week non-payment penalties imposed. But in the financial year before, there were around 15,000 non-payment penalties imposed. This means that non-payment penalties have doubled in the space of one year. Even though there was a doubling of the number of eight-week non-payment penalties between the years
2006-07 and 2007-08, attendance at job search training has not improved. This pattern also holds for Job Network interviews and customised assistance. This is a very obvious sign that the current compliance system is more about punishment than results. This is especially so when we consider that the social security compliance system has been changed 10 times since its introduction way back in 1945. Half of these changes were during the term of the Howard government.

In my own electorate of Deakin in Melbourne’s outer east, there was a 59 per cent increase in the number of people hit with eight-week non-payment penalties when comparing this year to last. Of the many electorates surrounding Deakin, the figures were even higher. In light of this, I believe the bill should not be delayed in any circumstance at all. It is vital that we get it put through as soon as possible so that, come 1 July next year, a new system will be in place, ready to go and available to assist those who really do need help in searching for a job. On that note, I commend the bill to the House.

Mr SHORTEN (Maribyrnong—Parliamentary Secretary for Disabilities and Children’s Services) (12.47 pm)—I rise today to support the Social Security Legislation Amendment (Employment Services Reform) Bill 2008. I am rising to support a balance between fairness and effectiveness, between empowering job seekers to participate in the workforce and making sure they do. The unlamented previous Liberal government presided over a compliance regime which did not have balance. It was harsh, it was counterproductive and it failed to bring down noncompliance in the workforce. It was a system that was not working, and we are proposing a better system—one that motivates job seekers to actually go out and look for work; one that looks into individual situations and provides help where it is needed.

Under the current regime, where there is an eight-week non-payment penalty, the job seeker is not required to have any contact with Centrelink or their employment service provider for that entire period. Given this, job seekers are not going to very eagerly look for work in that period. Why should they? There is too little deterrence in the early stages of noncompliance and too much later. Job seekers can miss up to a fortnight’s participation before any action is taken. Then, after three failures, they get hit with an irreversible eight-week non-payment period. The previous government went too far. But that is not news; they always went too far.

Let us examine the figures. In 2006-07 there were around 16,000 eight-week non-payment penalties applied. In 2007-08 this doubled to around 32,000 eight-week non-payment penalties. This was the opposite, I believe, of what was logically intended. There should have been fewer numbers each year because more job seekers will participate. I believe that these figures highlight the imbalance in the existing arrangements and the heavy-handedness of the punishments attached thereto.

An effective compliance system should result in fewer breaches because it encourages job seekers to meet their requirements and obtain employment. And it is just not working. This ‘penalise first’ approach prevents employment services from using their judgement to analyse a person’s circumstances. We acknowledge, and those of us who have a union background especially understand, there are occasions when things can get out of control; you have not paid the rent, you have been evicted and you are on the street on a winter’s night in a city far...
from where you grew up. No governmental process should leave a vulnerable person without food or shelter or multiply personal hardship the way the current system does.

We have heard through the employment services review that stopping payment for eight weeks places job seekers at great risk of disconnection, personal crisis and homelessness, and we heard it with no surprise. The flow-on effect of this is felt not only by the individual but by their families, their friends and the welfare groups that they turn to for support. I believe it also costs the broader community in tax through the health, welfare and justice systems. The Welfare Rights Network told us:

The relationship between this—

eight-week non-payment—

penalty and major dislocation, including homelessness, relationship breakdown, increased mental stress, illness, violence and crime is both categorical and direct.

Homelessness Australia told us about research from the University of New South Wales Social Policy Research Centre which found that up to 20 per cent of people who underwent an eight-week breach lost their accommodation or were forced to move to less appropriate housing.

With this measure this government is restoring the balance. Australians believe that if you are on taxpayer funded income support then you should work hard to find work; you should look all over. We are encouraging job seekers to find work and also giving them the means to be more work-ready. But there should also be appropriate penalties when people unreasonably fail to do what they said they would, which is look hard. Job seekers who do not look for work will be required to do so. As part of instilling a work culture in the new employment services, the ‘no-show, no-pay’ penalty will apply. It is just like it is with a job: if you do not turn up and you do not have a reasonable excuse then you will not be paid.

Noncompliance will have an immediate financial impact. There will be no waiting until the third strike before handing out unfair punishment, a double whammy, as it were, to the recipient. The size of the penalty under our idea will grow with the length of time that the job seeker plays hookey from their reasonable obligations. The new system will retain the current approach if you fail to attend an appointment or if you do not reasonably look for work. Job seekers can avoid a penalty by reconnecting with their provider or by meeting a further job search requirement. If they fail to do so, they will incur a penalty for the time they have been in absentia. This measure, we believe, will encourage participation and re-engagement.

Most job seekers are doing the right thing. But, like all Australians, the Rudd government will not put up with those who behave unreasonably. We are keeping the eight-week non-payment penalty for wilful and persistent noncompliance, but there will not be an automatic escalation in the severity of the penalty. One of the big differences between the current misguided system and the new system is that we will ask people why they are not complying. You are not automatically guilty until proven innocent with our reforms. We respect, we understand and we comprehend the fact that some job seekers face circumstances beyond their control which prevent them from meeting their obligations.

It seems that the previous government, as was their wont, painted every job seeker with the one brush, as a dole bludger. We will find out if a person has a good reason for not turning up, for not complying. If they do not, we will encourage them after the penalty to take responsi-
bility and re-engage in the system. If they do have a good reason then their payment will be reinstated. This is in stark contrast to the current system, where they never have to look for work, where once penalised they are discouraged from looking for work—work which could improve their lives and provide much needed opportunity.

Our new system is tough but fair. It has a stronger safety net for vulnerable job seekers and a more powerful encouragement for the inattentive and the lackadaisical to get into the habit of work. It is a new compliance system for the new employment service system, an employment service system that focuses on the most disadvantaged job seekers, that provides 253,000 opportunities for training over five years through the productivity places program and that focuses on ensuring that job seekers will have the skills employers need. The Rudd government believes that those people on welfare who can work should work but it will not unfairly penalise those who cannot. I commend this measure to the House.

Debate (on motion by Ms Neal) adjourned.

Main Committee adjourned at 12.55 pm