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SITTING DAYS—2008

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

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FORTY-SECOND PARLIAMENT
FIRST SESSION—THIRD PERIOD

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

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

Members of the Speaker’s Panel—Hon. Dick Godfrey Harry Adams MP, Hon. Kevin James Andrews MP, Hon. Archibald Ronald Bevis MP, Ms Sharon Leah Bird MP, Mr Steven 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

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

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**PARTY ABBREVIATIONS**

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

### 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]
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<td>Assistant Treasurer and Minister for Competition Policy and</td>
<td>Hon. Chris Bowen MP</td>
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<td>Minister for Veterans’ Affairs</td>
<td>Hon. Alan Griffin MP</td>
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<td>Hon. Tanya Plibersek MP</td>
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<td>Hon. Warren Snowdon MP</td>
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<td>Minister for Small Business, Independent Contractors and the Service</td>
<td>Hon. Dr Craig Emerson MP</td>
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<td>Economy and Minister Assisting the Finance Minister on Deregulation</td>
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<td>Minister for Superannuation and Corporate Law</td>
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<td>Minister for Ageing</td>
<td>Hon. Justine Elliot MP</td>
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<td>Minister for Youth and Minister for Sport</td>
<td>Hon. Kate Ellis MP</td>
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<td>Parliamentary Secretary for Early Childhood Education and Childcare</td>
<td>Hon. Maxine McKew MP</td>
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<td>Parliamentary Secretary for Defence Procurement</td>
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<td>Parliamentary Secretary for Defence Support</td>
<td>Hon. Greg Combet AM, MP</td>
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<td>Parliamentary Secretary for Regional Development and Northern Australia</td>
<td>Hon. Dr Mike Kelly AM, MP</td>
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<td>Parliamentary Secretary for Disabilities and Children’s Services</td>
<td>Hon. Gary Gray AO, MP</td>
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<td>Parliamentary Secretary for International Development Assistance</td>
<td>Hon. Bill Shorten MP</td>
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<td>Parliamentary Secretary for Pacific Island Affairs</td>
<td>Hon. Bob McMullan MP</td>
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<td>Parliamentary Secretary to the Prime Minister</td>
<td>Hon. Duncan Kerr MP</td>
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<td>Parliamentary Secretary for Social Inclusion and the Voluntary Sector</td>
<td>Hon. Anthony Byrne MP</td>
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<td>and Parliamentary Secretary Assisting the Prime Minister for Social</td>
<td>Senator Hon. Ursula Stephens</td>
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<td>Parliamentary Secretary to the Minister for Trade</td>
<td>Hon. John Murphy MP</td>
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<td>Parliamentary Secretary to the Minister for Health and Ageing</td>
<td>Senator Hon. Jan McLucas</td>
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<tr>
<td>Parliamentary Secretary for Multicultural Affairs and Settlement</td>
<td>Hon. Laurie Ferguson MP</td>
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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
WEDNESDAY, 26 NOVEMBER

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Wednesday, 26 November 2008

The SPEAKER (Mr Harry Jenkins) took the chair at 9 am and read prayers.

BUSINESS

Consideration of Private Members’ Business

Report

Mr PRICE (Chifley) (9.00 am)—I present the report of the recommendations of the whips relating to committee and delegation reports and private members’ business on Monday, 1 December 2008. Copies of the report have been placed on the table. I point out to honourable members that the Chief Opposition Whip obviously concurs with this report.

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, 1 December 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

Orders of the day

1 CITIZEN MILITARY FORCES: Resumption of debate on the motion of Mr Scott—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 recommend that consideration of this should continue on a future day.

Notices

2 MR DANBY: To move—

That the House notes that:

(1) the 1 December 2008 is the 20th anniversary of the first commemoration of World AIDS Day under the auspices of the United Nations;

(2) the global HIV/AIDS epidemic continues to kill approximately three million people around the world every year, including approximately half a million children, and that approximately 33 million people are currently living with AIDS or HIV infection;

(3) thanks to Australia’s early adoption of, and bipartisan support for proactive prevention programs over the past 25 years, Australia has a rate of HIV infection far lower than those of most comparable countries;

(4) in Australia there are still over 900 new cases of AIDS notified each year, and that nearly 100 people a year are still dying of AIDS related illnesses each year;

(5) the slogan adopted for World AIDS Day 2008 is ‘Stop AIDS. Keep the Promise—Leadership’, and congratulates all those in Australia, both in government and in the affected communities, who are showing leadership in prevention, treatment and care related to HIV/AIDS;

(6) the Australian Government remains committed to the current bipartisan National HIV/AIDS Strategy which began in 2005,
and urges the Government to maintain its long term commitment to working with the affected communities to provide high quality prevention, treatment and care programs for all those affected by or at risk of HIV/AIDS.

Time allotted—35 minutes.

Speech time limits—
  Mr Danby—5 minutes.
  First Opposition Member speaking—5 minutes.

Other Member—5 minutes each.

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

3 MRS HULL: To move—
That the House calls on the Rudd Government:
(1) to deliver greater transparency and accountability as it moves towards the development of a Basin wide management plan by 2011 for the Murray Darling Basin; and
(2) specifically to ensure that:
   (a) community impact statements are prepared as part of the Basin plan process and that these statements are prepared in consultation with affected communities and are made publicly available when completed;
   (b) scientific data (such as the CSIRO sustainability studies) are assessed along with these community impact statements in finalising Basin wide and catchment targets;
   (c) due recognition is given to the community and individual impacts of a new water management regime as well as the ongoing effects of the current drought; and
   (d) affected communities are provided with adequate resources to develop long term options and that Government assistance is provided to allow communities to deliver against these options.

Time allotted—remaining private Members’ business time prior to 8.30 pm

Speech time limits—
  Mrs Hull—5 minutes.
  First Government Member speaking—5 minutes.

Other Member—5 minutes each.

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

Items recommended for House of Representatives Chamber (8.40 to 9.30 pm)

PRIV ATE MEMBERS’ BUSINESS

Notices

1 FRAN BAILEY: To present a Bill for an Act to amend the Water Act 2007 to save the Goulburn and Murray Rivers, and for related purposes. (Saving the Goulburn and Murray Rivers Bill 2008)

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

COMMITTEE AND DELEGATION REPORTS

Presentation and statements

1 JOINT STANDING COMMITTEE ON MIGRATION
Report on the inquiry into Immigration Detention in Australia

The Whips recommend that statements on the report may be made—all statements to conclude by 8.50 pm

Speech time limits—
  Each Member—5 minutes.

2 PARLIAMENTARY JOINT COMMITTEE ON CORPORATIONS AND FINANCIAL SERVICES
Report on the inquiry into the Franchising Code of Conduct

The Whips recommend that statements on the report may be made—all statements to conclude by 8.55 pm

CHAMBER
Speech time limits—
Each Member—5 minutes.
[Minimum number of proposed Members speaking = 1 x 5 mins]

3 STANDING COMMITTEE ON INDUSTRY, SCIENCE AND INNOVATION
Research Training in Australian Universities: Interim Report
Research Training in Australian Universities: Final Report

The Whips recommend that statements on the reports may be made—all statements to conclude by 9 pm

Speech time limits—
Each Member—5 minutes.
[Minimum number of proposed Members speaking = 1 x 5 mins]

4 JOINT STANDING COMMITTEE ON FOREIGN AFFAIRS, DEFENCE AND TRADE
Review of the Defence Annual Report 2006 - 07
The Whips recommend 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]

5 DELEGATION—VISIT TO CROATIA, BOSNIA AND HERZEGOVINA
Report of the Official Parliamentary Delegation Visit to Croatia and Bosnia and Herzegovina
The Whips recommend that statements on the report may be made—all statements to conclude by 9.20 pm

Speech time limits—
Each Member—5 minutes.
[Minimum number of proposed Members speaking = 2 x 5 mins]

6 DELEGATION—VISIT TO PAPUA NEW GUINEA AND TIMOR-LESTE
The Whips recommend that statements on the report may be made—all statements to conclude by 9.30 pm

Speech time limits—
Each Member—5 minutes.
[Minimum number of proposed Members speaking = 2 x 5 mins]

Report adopted.

AGED CARE AMENDMENT (2008 MEASURES No. 2) BILL 2008
Report from Main Committee
Bill returned from Main Committee without amendment, appropriation message having been reported; 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.

AUSTRALIAN CURRICULUM, ASSESSMENT AND REPORTING AUTHORITY BILL 2008
Second Reading
Debate resumed from 24 November, on motion by Ms Gillard:
That this bill be now read a second time.
Mr RAGUSE (Forde) (9.03 am)—This is about developing standards. The Australian Curriculum, Assessment and Reporting Authority Bill 2008 is another historic Labor
initiative. I spoke in the House the other day about a number of initiatives over the years, understanding and remembering that back in the Keating era the establishment of ANTA, the Australian National Training Authority, was very much about our push as a Labor government to increase and improve the social infrastructure in this country— our view and understanding of education, the importance of education, and certainly the establishment of a standards committee, of an authority, to then manage this process of curriculum development around the country.

Certainly the Rudd initiative, creating the vision for the education revolution, is very much a part of the Labor vision. I have said before in this House that the opposition do not quite understand what we as a government mean when we talk about a vision and a future. Nation building is not just infrastructure; it is also the soft infrastructure that we put in place. So when you look at building frameworks, particularly in education, it is about establishing the standards, providing resources and supporting the professional development of staff—teachers out in our communities in different states at different times doing different things but having some common understanding of where curriculum should be placed, certainly as a national approach to curriculum development.

It is interesting that a few members who have already spoken from the other side have suggested that it is all simply terminology—that we are beating our chests with throwaway lines. The reality is, of course, that Labor governments have a history of building and developing social infrastructure, particularly in education. All of us would remember the Whitlam era. The Whitlam government in a very short period of time in government introduced free university education. In that era no more than three per cent of our community ever got the opportunity to go to university. In this day and age over 35 per cent get fairly easy and direct access to university. In some states up to 95 per cent of people have post-secondary educational opportunities, whether it is in university, vocational education and training or other areas of skills development.

This is not something new. We have not just thought this up as something that might fit the time and have some political outcome. This is really a continuation of what Labor governments have established in the past. In the Whitlam era there was not only access to university education. People may or may not remember Myer Kangan and the Kangan report of 1974. Most people would understand and know a lot about the TAFE—technical and further education—system. Mr Speaker, you would probably be aware that it was the Kangan report to then Minister Beazley, Kim Beazley Sr, as Minister for Education, that developed our modern understanding of the TAFE system. Thirty-four years later and the TAFE system is still strong, albeit in the last 12 years coming under threat from the former Howard government. I will talk a little bit about that shortly, but the reality is that we started with major reforms in the Whitlam era in education, certainly at the tertiary education level with vocational education and training and the establishment of the TAFE system. If we take that into the Hawke era it was very much about skills and productivity linked to industrial rewards. It was all about people gaining more skills, better curricula, a better approach to training in a structured way and linked to the opportunity to not only enhance skills but get proper remuneration for those skills.

We go forward—and I have already spoken about this—into the Keating era and the establishment in 1992 of what was ANTA, the Australian National Training Authority. That was the next step in the development across the country of the TAFE system, the
technical and further education system. I gave examples previously of what happened before the establishment of ANTA and of national training standards. I will make linkages with our secondary school system and the need for a national approach to curriculum development. I used the example of people in trades. An electrical contractor working in Queensland—that is, who had the skills and the licensing—could not work in Victoria simply because a national approach did not exist. ANTA established and reformed our whole approach to vocational education and training.

In the nearly 12 years between the Keating period and the Rudd government coming to power and into the position of being able to roll out our education revolution, we saw what was essentially the dismantling of the TAFE system. We saw the establishment of the New Apprenticeships system and the weakening of the TAFE system. We can link the standards put in place by previous governments and to the Rudd government’s education revolution. It is not just about computers; it is not just about physical resources. It is a philosophy and an ideology. It is about all of those things coming together to change the way that we understand our training and our training future and how that should be rolled out.

This is about empowering teachers. I will talk more about that and about the conversations that I have had with members of the teaching fraternity in my electorate. Change is always met with concern. I have had lots of conversations with teacher groups about the need for a national approach to curriculum. A lot of teachers are concerned. After 12 years of the previous government, they are suspicious of change. They are suspicious that fiddling around with the processes will mean they are going to lose something. I would like to assure the House—and I understand curriculum development, having been an educator and having done a lot of work in curriculum development, particularly in the vocational education and training sector—that this can only mean good things for our country. I will continue to work with and talk to those teachers. This authority will be set up for the purpose of transparency. It is about the ability of all people—that is, those in the education sector and others who have linkages to industry—to come together to work out and understand what the education standards in this country should be.

We talk about the education revolution and we talk about better resourcing. If we do not have a road map for rolling out the resources, if we simply throw funds at individual schools, at individual systems or at individual states without an understanding of how we tie all this together, then it simply will not work. The establishment of this authority is an absolutely necessary first step in taking our education revolution forward and in rolling out and achieving the outcomes we want for our kids around the nation.

The wonderful thing about a national curriculum is that we will get over that problem experienced by people who move around our country—people in some of the government services or in our military—of different education systems. That has been a problem for families who have moved from Queensland to Victoria to Western Australia. There is no commonality. It is very hard to link a student who has travelled around from different states into the appropriate level of syllabus or curriculum. It is essential in finally overcoming the differences between the states. We have a model. We have the ANTA model. A national curriculum was rolled out from 1992 to 1996. The continuation of the national approach, albeit underresourced through those 12 years, has meant that we have some very good national standards in the vocational education sector.
I have spoken to our local teachers about their ability to engage in the process. Members in this House, and certainly those members who have an interest in education—and I presume that is all of us—can actively engage their local constituency and the teachers and educators in their community. I want to pay tribute to a number of people in my electorate—principals and teaching staff—who actively involve their schools in so many activities. There is the argument about what is curriculum and what is extracurricular. This is not about a tick-and-flick list. It is about understanding the core of a curriculum and making sure that people have access to many opportunities within the education system. Whether a school is private or publicly funded should not matter. If our curriculum is the basis of the way we all progress and gain our skills, then all the other skills and extracurricular activity that can be written into programs are acceptable.

I would like to pay tribute to a number of principals: Suzanne Jolly from Eagleby State School, Mike O’Connor from the Eagleby South State School and Marilyn Moballe from Beenleigh State High School. In fact, the Prime Minister back in September visited the Beenleigh High School, and I know he was very impressed with the way that school is progressing, particularly in what are at times very difficult circumstances. I also pay tribute to Alison Crane from Loganlea State High School. Alison’s school has a very high percentage of students with a learning disability. The practices in that school are very good. A national approach to curriculum would allow schools in the nation to gain information about how other schools are dealing with particular problems. That is one example. In Queensland, areas are broken up into regions, and regional directors and regional assistant directors manage the school communities. I would like to pay tribute to Samantha Knowles, who is an assistant executive director, and Glen Hoepner. I have worked closely with them in bringing their community together. I would also like to pay tribute to Michael Shyne, from the Tamborine Mountain State School. He is a very hands-on principal who understands the value of curriculum development. In fact, I know he will be leading the charge to ensure that all of the teaching fraternity within my community come together to talk about the opportunities that the education revolution will bring.

I want to pay special tribute to John Hammond from St Bernard State School on Tamborine Mountain. After a long career of teaching John is retiring. As excited as he is about a national approach to curriculum, he has decided to bow out after a long career. But I know that people like John will remain in our community and be very much part of our P&G and P&F network so that we can bring together their expertise.

I talk to many in our community about opportunities. They understand the record that Labor governments have from the Whitlam era through Hawke and Keating and now with the Rudd government—with that sad 12-year gap in between where we saw dismantled, essentially, lots of the opportunity that was there before 1996. The teachers who I talk to—and, being an educator, they certainly have some trust in where I am taking this—are fearful of change simply because of the experiences of the last 12 years. They are concerned that change does not mean good things. I can say to them that the education revolution of this government is about driving education forward. It is about not only the hard, physical resources but also building new social infrastructure. We talk about nation building certainly in physical infrastructure, but nation building is also about bringing communities, infrastructure and resources together to make Australia a better country. I believe that this is the first
step in establishing what will be a national approach to skills development, certainly in the secondary schools sector. We have done it with TAFE—we created TAFE when in government. I believe this is the final chapter in our establishment of the education revolution.

Mr SLIPPER (Fisher) (9.16 am)—I understand the honourable member for Forde said that this was the final chapter in the education revolution. Educational improvements are of course ongoing and a work in progress. I suspect that as long as this country exists we will be constantly endeavouring to improve our education system and to better our curriculum to make sure that young people, who are our nation’s future, do in fact receive the education which will fit them out to be good citizens and will also enable them to get a job and make a productive contribution towards the future of Australia.

The Australian Curriculum, Assessment and Reporting Authority Bill 2008 enjoys the support of both sides of the House in principle. Many honourable members would have heard me talk over the years about the importance of a solid education for giving young Australians the very best start on their life’s journey. There is no doubt that the aim of a national curriculum is desirable, and this was a policy initiative of the former Howard-Costello government. It is a policy initiative which I am pleased to see the current government adopting. It is particularly important that young people have a sound education and that that education includes an understanding of the three Rs because there is an undeniable link between being able to read, write and count and obtaining job and being a productive member of the Australian workforce.

Over the years we have had discussion concerning differences in curriculum and education programs from state to state. Most honourable members, like me, have had approaches from people who have moved from one part of Australia to another complaining about the fact that one education system appears to be half a year ahead or behind that in another state. We have seen young people disadvantaged by being put into a class where they are behind or losing a year by being kept back. The former government endeavoured to forge a national curriculum, but in a federation it is always difficult to get everyone to agree. The situation seemed to be that the states agreed in principle that there ought to be a national curriculum but felt that their curriculum was the best curriculum and should be the one adopted right across the nation. The Labor Party was not particularly cooperative at state level when we were in government in helping to bring about a national curriculum and I am hopeful that the Australian Curriculum, Assessment and Reporting Authority Bill 2008 might break that logjam and move the debate forward because, let us face it, the education of our young people is far too important to be a matter of party politics.

One of the legacies of the former government will be that we brought about for more Australian families the economic opportunity to choose the school and education that is most suited to their children. In Australia, we have always had non-government schools and government schools and parents have had a legal right to be able to choose the school that is best for their individual children. But, given the cost of some private schools, many parents do not have that economic choice. What the former Howard-Costello government did was to bring within the economic reach of so many more people the opportunity to choose either a government education or a non-government education—a Catholic education or other independent school education. It is really good
that people are able to choose the right school for their children.

On the Sunshine Coast—which, Mr Speaker, you would be aware is the most desirable part of Australia in which to live—we have a range of government and non-government schools. I must say that we have good government schools and good non-government schools. I do not think we really have a bad school of any sort on the Sunshine Coast. Parents are able to vote with their feet and choose the education which is right for their children, and that is fair and appropriate in a democracy in 2008. I mentioned before that there are substantial differences in the educational curriculum and programs in the various states. I think it is just so vital that we put aside all of the differences of the past and that we move forward with this national curriculum.

It may well be that in 1901, when the colonies federated to form the Commonwealth of Australia, people were not terribly mobile. People were born in a particular part of Australia and for generations their families lived in that part of Australia. But increasingly we are part of a global village; people are moving to countries throughout the world. And, more and more, it is common for people to move from one state or territory to another state or territory, and it is only fair and reasonable that their children should not be disadvantaged as a result of what is in many cases quite a natural move from one part of this country to another. Often parents who move from one jurisdiction to another do have the dilemma of a child having to go up to the next grade or go down to the previous one, and it really is unfortunate that so often their children are disadvantaged. And, when the parents move back to where they came from, as often happens, they again have that dilemma to consider.

This bill creates a new government body, the Australian Curriculum, Assessment and Reporting Authority, that has among its tasks the development of a common curriculum across all of the states, which will hopefully put to an end once and for all the situation where children in different states receive different educational programs. This body will also be responsible for the administration and collation of data at a nationwide level as well as setting achievement standards for students, collating and publishing comparative data on schools, providing resources and support for the teaching profession and so on. The idea of a national curriculum is of course, as I mentioned before, something that the previous government initiated.

I just want to digress briefly, Mr Speaker—not in a way that will incur your wrath—to place on record my admiration for the teaching profession and my regret that teachers do not seem to be remunerated anywhere near the level they should be remunerated at given the important role that they play in helping to create productive young Australians. In my own family, I have two brothers-in-law, Mr Jon Hall and Mr Michael Hall, who did various things until their early 30s, when they elected to do teacher training. One has just graduated. This is very important, because it is also vital that we try to encourage more men into teaching, particularly into primary school teaching. With so many families, sadly, confronting family breakdown, often there is the absence of a male role model. If we could encourage more men into teaching, that would be very desirable. I know that that is a view that is shared by both sides of politics. I thank you, Mr Speaker, for your indulgence in allowing me to place on the record my admiration for teachers and the fact that I believe that efforts should be made by governments around
the country to encourage more men to go into teaching.

The national curriculum aims to bring all students in line in a number of key educational streams: English, mathematics, history and science. This one, common curriculum will help do away with the problems of measuring the relative success and achievements of the states. All of us know about these national testing arrangements and how difficult it is at times to compare results in one part of Australia with results in another. I suppose some might suggest that a national curriculum is one step away from a federal system insofar as we are removing from the individual states the opportunity to determine curricula within that particular state. However, as time goes on we increasingly appreciate it is important to have the same rules right across the nation, and I do not see that anyone could seriously suggest that a national education curriculum would sound the death knell for the Federation. It ought to be recognised, however, that the national curriculum will shift the responsibility for educational programs away from each of the states and onto a central body. The establishment of the Australian Curriculum, Assessment and Reporting Authority will also ensure that data is generated that will have relevance and value for all states.

As you would be aware, Mr Speaker, this bill does enjoy—as do many other bills debated in the parliament—the support of both sides of the House, but there are some concerns on the part of the opposition that there is no requirement that there be anyone with actual teaching experience on the board of the Australian Curriculum, Assessment and Reporting Authority or involved in the process of drafting the national curriculum. I would just ask the minister that when she is making appointments she look very closely at the need for there to be people with actual teaching experience. It is important that those who understand what it is like to be in a classroom, what it is like to teach an existing curriculum, have input into what will be the national curriculum right across the country. Such a person, who has in fact had experience at the coalface, would be eminently suitable for working out what changes ought to be made, what ought to be adopted and, indeed, what ought to be rejected for the national curriculum.

There is also concern about the requirement for schools to provide information—to be collected and used in the creation of the curriculum, the drafting of policy and the collating and the processing of data and statistics—including information relating to funding sources. It would certainly be wrong, and I believe most honourable members would accept this, for a school that works hard to generate additional funding to be penalised when it came to the allocation of government funds.

There is also concern in the private school sector that they are in fact being coerced into this national curriculum without actually knowing what it will include. I would like to commend to the House an editorial on page 20 of the *West Australian* of 20 November 2008 which is headlined ‘Schools are entitled to resist coercion’. It says:

Private schools are perfectly entitled to resist the bullying demand made on them by the Rudd Government to sign up to its so-called education revolution until they know its detail.

By making acceptance of the proposed national curriculum a condition of $28 billion in grants for such schools, the Government has shown its ideological hostility to them.

Details of the national curriculum are still being worked out and private schools do not know what they are being told to accept and how it would affect what they taught and how.

The Government should stop this coercion and accept that schools are entitled to know what’s in the curriculum before they agree to it.
I certainly support that editorial and I consider that there ought to be some flexibility to preserve the diversity we have in the educational marketplace.

In summing up, it is absolutely true that the creation of a national curriculum for schools Australia-wide is a positive move. It will have enormous advantages. The former Liberal-National government had the foresight to initiate the process and create the move towards a standard curriculum. This bill introduces the body responsible for that curriculum and I am very pleased to commend this bill to the chamber.

Mr PERRETT (Moreton) (9.30 am)—
Could I just correct the record on something the member for Fisher said earlier: while the Sunshine Coast is a wonderful place to visit, obviously the electorate of Moreton is the best place in Australia to live. But I do thank him for his contribution. I also mention the earlier contribution by the member for Forde, especially the spotlight he put on to TAFE and higher education. My background is in teaching in high schools, so it was great to hear his comments about TAFE and higher education. My background is in teaching English, geography, history, religion and even science.

The Australian Curriculum, Assessment and Reporting Authority Bill 2008 does signal a new era in Australia’s education system. For those listening who have a thesaurus in front of them, another word for a new era is a revolution. The Macquarie Dictionary defines ‘revolution’ as ‘a complete or marked change in something’ and that is certainly what we are seeing here today. The education revolution by the Rudd government is about raising the quality of teaching in our schools, it is about ensuring that all students, especially those in disadvantaged areas, benefit from schooling and it is about improving transparency in, and the accountability of, all our schools.

There is agreement on all sides of the House that quality education is a basic right for all children. Only a fool would argue otherwise. Thankfully, the class wars and arguments about funding for religious schools and the like are long over. All children deserve access to the same education opportunities regardless of their parents’ bank balance, where they live or their faith. Education provides young people with the tools and know-how to enter adulthood, succeed in life and then contribute to society.

Next Sunday, 30 November, will be exactly 11 years since I taught in public and private schools, where I taught for 11 years. I also worked as an organiser with the Queensland Independent Education Union for five years and since being elected I have visited many schools in my electorate. I do know a lot about schools and spend a lot of time in schools. I spend a lot of my time teaching civic lessons, and as a former teacher it is great to go into schools now, teach a lesson and not have to mark anything. It is a great way to maintain my love of teaching. I also participate in tuckshop duties throughout my electorate.

When it comes to curriculum I am not as experienced as many others, but I have found in my dealings with our education system that on the whole it is very effective and our schools are places of great learning and great opportunity. Certainly, if we look around this side of the House, there are many people that only got their break in life not because of their parents’ bank balances but because of the education provided to them by the state or private systems. The overwhelming majority of students are performing at a high level in our schools, and our teachers and the rest of the staff in schools, parents and other volunteers work very hard to make that hap-
pen. Nevertheless, the reality is that there are still children who are left behind, who struggle to rise above their circumstances and complete their education on par with their peers. This tells us that more can be done to ensure a quality education for all and to ensure that no child is left behind. This bill will ensure, for the first time in the 107 years that the federated states of Australia have existed, that we have a national curriculum. It follows the historic COAG agreement last month to establish the new national education authority. The horse-and-buggy approach that applied at the time of Federation is over.

It reminds me of the poem by Judith Wright, *Bullocky*. Judith Wright was a much-loved poet in Australia. I think she was born in Sydney but, being a Queenslander, I note that she spent much of her formative years in Brisbane and I think her first book of poetry was actually published while she worked at my alma mater, the University of Queensland. Much of her poetry was written when she lived at Mount Tamborine in Queensland, and I think she was even a founding member and President of the Wildlife Preservation Society of Queensland. I note that shortly before she died Judith Wright marched for reconciliation here in Canberra as an 85-year-old—she must have lived in this vicinity. She was certainly a passionate character, as well as a great poet. I will read a part of *Bullocky* that indicates how much things have changed—this was from someone who was born in 1915:

Grass is across the wagon-tracks, and plough strikes bone across the grass, and vineyards cover all the slopes where the dead teams were used to pass. O vine, grow close upon that bone and hold it with your rooted hand. The prophet Moses feeds the grape, and fruitful is the Promised Land.

The days of *Bullocky* are long over and the days of the horse and buggy are long gone. We are now in the digital age and teaching has changed significantly. Back when bullockies were around teachers had a completely different role. They were called the sage on the stage. They had all the knowledge and they tested people’s ability to retain that knowledge. It was almost like they flipped their students heads back and poured knowledge into the students. Now teaching has changed significantly. Even in the 11 years since I taught, instead of being the sage on the stage teachers are much more like a guide on the side helping people learn through the internet and the like.

I am sure that all Australians are pleased to see their state and federal governments working together and getting on with the job to improve the quality of education around the country. The people who would especially appreciate it are the 80,000 students or more who move interstate each and every year. Imagine that—80,000 people. It would be like moving every single person in Toowoomba every year. Those people will benefit from us having a national curriculum. It has been too long coming.

State and territory governments will also benefit from reduced duplication and improved efficiency in education governance. The taxpayer dollar will obviously travel further and there will be many other efficiencies that come with having a national body. As its name suggests, the authority will develop and implement the national curriculum and establish a framework for assessing and reporting student and school performance. The authority will drive common national priorities in education from kindergarten through to year 12. Its first order of business will be to revamp the important subjects of English, mathematics, science and history.
Whilst I taught science for one year, my passion has always been English. I gained a bit of notoriety recently for one of the books that I have written, but there is one benefit that comes from having my name known for writing. That is, people that I did not know will now come and talk about literature with me. At touch football in the morning, where there are all sorts of people from different political parties, it is almost like there is now a secret handshake. They will come up and talk about literature even though it is not something that they would normally do publicly. It is great to have added this silver lining to my writing endeavours.

It is not for governments to impress their own agenda and ideology on a national curriculum. That is why the authority will be established as an independent statutory authority under the Commonwealth Authorities and Companies Act 1997. We saw during the Howard-Costello reign how governments can try to tinker with our schools. This is a very dangerous precedent. I think it is best that we leave education and the curriculum to the educators, not to governments and their political agendas. The independent statutory authority will ensure that there is fierce independence from the Commonwealth and appropriate performance and financial accountability to the state and territory education ministers. The national curriculum will be available from January 2011 and all schools will be required to sign up to it by 2012.

A national curriculum will drive substantial improvements in our children’s education. It will put an end to the confusion experienced by students who move interstate and have to deal with changing subject matter. They would mainly be New South Wales people and Victorians coming to beautiful Queensland, but that is our contribution to the rest of the Commonwealth! The national curriculum will also ensure that all students, no matter where they are, are learning similar material—as I said, there are over 80,000 students a year who move between school systems. It will also help teachers by giving them a clear idea about what is to be covered, but with the flexibility to adapt the curriculum to local context.

To paraphrase former shadow minister Bourke on the national curriculum, we will have a national dish but it will still have local flavours. There will be a national curriculum but around the country we will be able to have distinct local flavours. As a prac student when I was studying teaching, everyone in geography studied the wheat and sheep belt on the Darling Downs. I do not want to upset the agriculture minister and I am not taking anything away from agricultural endeavours like this, but the people on the Darling Downs obviously might not want to study the wheat and sheep belt on the Darling Downs. They might want to learn about something else, such as Victorian agricultural endeavours or the like. It is important that we maintain the national dish but have the local flavours so that schools can adapt to their environment when deciding what people need to learn.

The national curriculum will also give parents a better idea about what their children should be learning at each stage of their education and about the skills that they should be acquiring. It will do this by developing a national assessments program and managing data relating to schools and comparative school performance. For the first time, this will give parents and school communities throughout Australia a clearer picture about how their local school is performing. I stress that much of this data is already available, especially in my local state schools. Anyone moving around Australia can go on the web and look and see much of this data, especially in state schools, although not necessarily for private schools.
As the Deputy Prime Minister said, if she has the data, why can’t we trust parents to also access this data? There should be no presumption that parents, the people who are most responsible for and care about these children, should not have access to the data about how their school is performing.

The national assessment and reporting framework will also enable governments to identify where resources are needed to improve school performance. For the first time, we will be able to make informed decisions about comparable school achievements and target resources to schools that need it most. As well as leading to improved performance across the board, these new reporting measures will ensure greater transparency and lift public confidence in education spending.

The Australian Curriculum, Assessment and Reporting Authority will not be about naming and shaming underperforming schools. I know this is a concern raised by many teachers—certainly in my electorate—and by many of the teacher unions, but it is not about naming and shaming underperforming schools, and neither is it about league tables or grading schools. However, it is about ensuring that no student is left behind. It is about supporting our teachers, our teacher aides and all the other support staff, school volunteers and parents who sledge their guts out to ensure that our kids get a quality education. It is about ensuring that schools can overcome disadvantage to give their students the best possible education. The authority will also provide resources and assistance to teachers and schools to help them improve school performance.

As I mentioned earlier, I spent five years as an organisational—union thug, I guess I would be called—in the private schools, those radical workplaces like the Catholic schools, grammar schools, Christian schools et cetera. In that role I had a lot to do with teachers who also happened to be union members, from both the state school system and the private school system. My union, the Independent Education Union, looked after all schools that were not state schools. What many people do not realise when they hear the word ‘union’ is how much these unions devote their resources to lifting the professional standards of teaching. So many people are passionate about their union because they look after professional standards, and that is what many people opposite would not realise.

The Australian Curriculum, Assessment and Reporting Authority is a key part of the Rudd government’s education revolution. Firstly, this revolution will see a half-billion dollar investment in early childhood preliteracy and prenumeracy. Whereas the damage was done by the time they got to me in high school, now we will be investing the money where the dollar will go furthest. Secondly, we will have HECS halved for those who are studying maths and science at university and then halved again if they choose to pursue a career teaching or working in maths and science. As a former English teacher I commend this initiative, and certainly maths and science subjects are good for commerce and the economy, but I would stress that English teachers provide another role, which is that we nourish the soul, and that makes for a much healthier community. Thirdly, we will have a new National Action Plan on Literacy and Numeracy. Fourthly, there will be a $2.4 billion education tax refund. That fantastic policy puts the focus back on parents looking after their kids. It puts education in the spotlight, and it has certainly been very well received by the parents of primary and secondary school students in my electorate of Moreton. Fifthly, the Rudd government will bring in a $1.2 billion digital education revolution to give every year 9 to 12 student in Australia access to a computer. Sixthly, there
will be a $30 million boost to education for remote Indigenous children, including a trial linking family and welfare payments to school attendance. These are great initiatives. These six initiatives are not just ideas that the Rudd government has run up the flagpole; they are actual policies that will help kids in classrooms, some of them right now, where those computers are already on desks in many schools around Australia. We have moved from talk to chalk, or nowadays, I suppose, to be a bit more modern, we have moved from speak to squeak—that is, with whiteboards.

This side of the House has a real commitment to education, whereas the other side of the House, the Liberal Party and the National Party, seems to have a fundamentally different approach to education. I guess I would say as a former teacher that, if we approached those opposite as teachers, they would only teach to the top of the class. That is very rewarding and fantastic, especially for the people in the top of the class, but unfortunately there is also a great middle and occasionally a tail, and good teachers try to bring the whole class forward. If I look back over the last 11½ years and look for the great educational ideas that came out of those opposite, what ideas did they run up the flagpole? I would commend one: the chaplains initiative, which is certainly one that has led to the great chaplains whom I have met in my electorate. I do commend those opposite for that initiative. No. 2 is some aspects of the Investing in Our Schools Program. If they had maintained funding for the states properly then it would not have been necessary, but there are some aspects of that. The third one is flagpoles. That was a great initiative. Fantastic! In terms of that education revolution, you have flagpoles. That is fantastic! But, thankfully, this side of the House does have a much deeper commitment to education. So in closing I want to congratulate the Prime Minister, the Deputy Prime Minister and all the state and territory governments for making student outcomes the top priority, rather than just flagpoles. I commend the bill to the House and look forward to seeing the national curriculum rolled out in schools from 2011.

Dr STONE (Murray) (9.50 am)—I rise to support this Australian Curriculum, Assessment and Reporting Authority Bill 2008. It further evolves the work which the coalition did and has done over a great many years, and it further evolves the whole educational structure and form in Australia over the last 100 or so years since Federation. Of course, I am the member for Murray, and as the name suggests we are on the border of two states, Victoria and New South Wales, with the Murray River running along—not running so hard at the moment, but certainly separating us from our fellows interstate. So for us the issue of a national curriculum is of critical concern. We have what we call twin communities right along the Murray, like Echuca-Moama, Yarrawonga-Mulwala and Kerang and other communities across the river, where students and families readily move. There are some 80,000 school-age students moving interstate each year right across Australia, and it has long been a problem with different rules about ages of students, commencing school, leaving school and curriculum content. The ways that school students can move and slot easily into similar class levels have been so problematic that some children have really been handicapped because they have had to be moved interstate. That is quite clearly a nonsense in a country like ours, where mobility has always been the way for families generation after generation.

In regard to my own background, I have spent a lot of years of my professional life developing curriculum for schools, particularly in secondary schools, and in particular
relation to Australia’s social history and race relations. I spent a lot of time training teachers, too, particularly in early childhood education. We still have a very long way to go in Australia. This bill, as I say, is a further step in the right direction; it is an evolution. It is not a revolution and it leaves a lot of work still undone. For example, there is no point having a national history curriculum if that curriculum is a dud or if it is so contentious that teachers refuse, in different parts of the system, to teach it, because the unions have had their way, saying you cannot talk about, for example, early pastoral history or our early evolution of labour law in this country.

We have had a nonsense in Australia where ideologues have dominated curriculum development, dumbing down what is taught in schools to the point where, I have to say, I have employers absolutely amazed to find year 12 graduates—this is the final school year in Victoria—coming to them to take up an apprenticeship and they cannot read and write. They have been passed right through the system and have apparently at- tended school often enough but they do not have basic literacy or numeracy, they certainly have no knowledge whatsoever of Australia’s history and their science background is simply nonexistent. This is a great shame because these young men and women wanting to set out in their careers are stymied and handicapped because the school system has failed them.

I think there is a real need to address excellence in education in a way which is not intimidating to teaching staff who themselves have often been poorly educated in teacher training. I will never forget being amazed to find a faculty of teacher training had to teach remedial English to their first-year intake of teacher trainees. It is not the teachers’ fault necessarily that the curriculum has been dumbed down but it is the teachers’ fault when they simply give up too often and retreat from being energetic, enthusiastic, innovative teachers who do their very best for their students even though they themselves might have been deprived of a proper framework in which to shape their own lessons or even deprived, initially, of decent teacher education back in their universities.

In terms of where we go in the future with Australia’s education, I am particularly concerned about early childhood education. Each state, as we know, still clings tenaciously to ownership of early childhood education. It varies from being compulsory to being absolutely not compulsory in a state like Victoria, with fees charged to parents and with volunteering of parents to help the preschool teacher almost the only means for that the preschool to raise money for toys and educational aids, to prepare milk and to cut up fruit for the children’s morning teas. You have a nonsense in Victoria where early childhood only goes for a small slot in the morning—from, say, nine to 11 o’clock—so a working parent or couple has no chance of being able to drop off and collect their child in a two-hour slot.

In an electorate like mine in Murray, which is in its seventh year of severe drought, where there is enormous poverty and financial distress across the electorate and where, of course, the piping of the water to Melbourne is going to be the last straw, permanently droughting that area, families have two options: they can find over $100 per term to send their child to preschool or they can keep their child in fully subsidised family day care where their three- or four-year-old does not receive early childhood education and then misses out on that first year of education and, very significantly, in that early socialisation to a classroom milieu. They do not get the early preparation with their reading or with their colours and numbers work. But that is what is happening across my electorate of Murray in response...
to bad state government early childhood policy and poverty.

Quite self-evidently, we need to have a national system of early childhood education as well which slots seamlessly into the earliest years of primary education and which is compulsory and free and which it is not, at the end of the day, accessible only to the better off or those with a parent at home. That should not be the determinant of whether or not a child has early childhood education access.

I am also concerned that a bill like this—which is, as I say, an important evolution—still will not be addressing issues like poor teacher training and of course the poor motivation for some of our brightest and best to enter the teaching profession itself. That, too, needs a lot of serious thinking and a revolution, not just more evolution.

We also have to address issues like single-sex classes for teenagers in our schools across Australia. We know that students do best in their teenage years when they can learn in girls classes and boys classes. They may be in the same school for other social interaction, sport and so on but certainly single-sex classes for the essential subjects of English, maths, science and history should be seriously contemplated and provisions made for them.

We also have to make sure that there is lifelong learning and that there is adult education built into our sense of new purpose in relation to national curriculum, assessment and reporting frameworks. A lot of younger people, especially from rural and regional backgrounds, missed out on their education and were forced to leave school early. This particularly applies if they were Indigenous children. I am also concerned about how our new-look schools system is going to make it more possible for what may be classified as a mature age person re-entering the system, not necessarily at the TAFE level but even back in the secondary school system because often TAFE is not accessible in rural and regional areas either.

As shadow minister for immigration I am concerned about our refugees. We have numbers of refugees who have no literacy and numeracy background in their home languages and whose own education has been completely interrupted by war. I refer particularly to those from African countries, people like our Sierra Leonians, our Sudanese, our Congolese. They come to Australia with a desperate need to be given urgent education so that they can take advantage of the opportunities for employment, social integration, and better enjoy the peace and tolerance offered in a nation as great as ours. Unfortunately, too often when our refugees arrive they are already older than the school system is ready to recognise for schooling. And too often we put these students into classes for English language learning which are not good enough, with no real assistance being offered, although it is recognised that they need to start from a very basic level and might need culturally appropriate learning in the first instance.

I am also saddened about one of the changes that is being made to the citizenship test which the coalition introduced some time ago. This test will still be offered in English, which is the only sensible way to go, given that English language speaking is essential to take full advantage of and participate in our economy and our society. So I am very pleased that the Minister for Immigration and Citizenship, Minister Evans, understood that it was essential to retain the citizenship test in English. What I am concerned about is the removal of the history component of the test questions that the coalition introduced. Any relationship or reference to history is to be dropped from the test, and I think that is a real shame. On the one
hand we are saying that history is an important and essential part of the new national curriculum, but when it comes to our new citizens we are not expecting them to have any idea of how our democracy was formed, of how our governance arrangements work, of how we come to be at peace now—the history of how our fighting men and women participated in the world wars and are now participating in peacekeeping. None of that is to be tested in the new citizenship test. I wonder why not and I think it is a great shame. I would like to think that perhaps our new citizens will volunteer themselves to learn about Australian history and in that way will come to better understand the culture of our country. If new arrivals are of Asian background, for example, they may come to know how Australia has already had in its history, some 150 years ago, an enormous Asian population on the goldfields and so they are not entirely the newcomers in this country facing for the first time Australian cultural experiences.

I am very concerned that this government is still not addressing the problem of rural and regional students who are increasingly less able to take up any offers of tertiary education. In my electorate—which I have already explained is in the worst drought on record; we are up to our seventh year—families have had to face the fact that they can hardly afford to put food on the table. I want to thank Heinz and their food factory in Echuca for donating, just two days ago, a huge volume of their food products and baby food to give to my farming families who are having trouble putting food on the table. I restate that the despair that is coming with the drought is exacerbated by the north-south pipeline which is to be built to take our remaining water to Melbourne, which has other options, and which will put them in drought permanently. One of the outcomes of this extreme economic distress in northern Victoria, once one of the most affluent agricultural regions in Australia, is that the number of school leavers taking up university offers or attending university has dropped by 50 per cent. This is extraordinarily serious. It means that the drought is not only causing the loss of third- and fourth-generation investment in farm properties, it is destroying their futures and their chances of taking up agribusiness. If students cannot afford to take up university places, which typically require them to live away from home, in Melbourne, Bendigo or Wodonga, a lifelong deficit will result, caused by this government not understanding that we need more than just access to rent assistance or Austudy for rural school leavers. I have to tell you that the rural Liberal members in this House have been very seriously looking at a policy for a fund, which may not necessarily be based on means testing because the family farm asset often knocks out the opportunity for these families to be specially supported. It will address how far rural, regional and remote students have to go to get their tertiary education and the costs that are needed for their accommodation, travel and communication to back home. Our policy would deliver them sufficient to live on so that they can take up offers of tertiary education.

It is one of the tragedies of the economic decline in rural and regional Australia that there is a contraction in the number of rural students able to take up tertiary education. And I have to say the situation is not much better when it comes to apprenticeships or traineeships. This is an issue that is not addressed at all in this Australian Curriculum, Assessment and Reporting Authority Bill, but I beg the government to turn their attention urgently to this problem. It is about investing in human capital. It is about being able to have our own skilled workforce developed here at home. Not only do we have this human tragedy of individuals not being...
able to develop their own personal full potential; the nation is missing out on the full potential of our human capital.

We also have to look at what people do and not just what they say. Parents in their droves are walking away from state school systems at the moment and paying fees to have their children attend private schools. That has to be a loud warning siren for this government. Of course, independent schools or private schools—they are named differently in different states—will not come under their new reporting regime. These schools will be quite independent of the various moves that are being made to make sure that parents have information about the ranking of their schools and so on. I think it is very important for this government to watch whether or not there will be an even further clamour for private school education when families look at data about their local state schools, which might show that they are having a bit of a struggle, and make their final decision to exit the system altogether.

I want to commend the government for taking education seriously, as we did. Quite clearly we have a huge disparity in the performance of students and schools across the nation. We have a public disgrace in the form of the quality of schooling offered to many of our Indigenous communities, particularly in remoter areas. The school retention rates in those places and the fact that students cannot even speak, read or write in English, condemns them to unemployment and marginalises them for life. A lot has to be sheeted home to the Northern Territory government in particular, which has chronically neglected infrastructure investment in those remote Indigenous schools. The Northern Territory has also allowed the Commonwealth to pay their teaching staff through CDEP by allowing teachers’ aides—Indigenous women, largely—to do the teaching in those schools even though those women often do not have any English language facility.

So I am afraid that, while this bill is a further evolution—and I commend it—there is a lot of work to be done. We have to have in Australia, world best education. We have to have education that looks our history in the face and teaches it accurately and fearlessly so that our multicultural, rural and urban populations can understand where we have come from and, therefore, the potential for where we can go. Our English, maths and science teaching, as we know, has to be so much better. We are in despair about our paucity of maths and science achievements across the board. We have some stars in schools but across the board our maths and science teaching leaves an enormous amount to be desired.

As I began by saying, too many employers are shocked at the poor English language understanding and the ability to communicate effectively or even to use effective grammar, in students who have just completed 13 years of formal education. So I support this bill but there is a lot more work to be done. I request this government to address those issues that I outlined as outstanding and very serious when it comes to equality of opportunity for education in this country.

The DEPUTY SPEAKER (Hon. BC Scott)—Before I call the member for Lyons, I notice that we have, in the gallery, a school visiting Parliament House. I am sure that they have, in the gallery, a school visiting Parliament House. I am sure they would have listened with great interest to the debate. I rather feel that it may even be a school from my electorate, the South Burnett College. I can see that it is the South Burnett College; I could not join them for hospitality.

Mr ADAMS (Lyons) (10.10 am)—It is a shame that the previous speaker is leaving the chamber. I was going to say that that side of the House never understands education
very well. Blaming teachers, teachers unions and state governments is not the solution to finding the answers. Of course the employers that the previous speaker spoke about now demand a higher standard of literacy and numeracy. There are higher standards because the world needs higher skills, and our workforce needs to meet those same standards.

So, with regard to people who have literacy and numeracy issues, there are not the holes that there used to be for people in this community and in our country. So we do need to work harder—I agree with the member for Murray, and she did get the issue about refugees spot on. We need to make sure that we have a learning capacity for those people who come to our country. Adult education and lifelong learning need to be high on our agenda.

The purpose of the Australian Curriculum, Assessment and Reporting Authority Bill 2008 is to establish the Australian Curriculum, Assessment and Reporting Authority, ACARA. ACARA will be an independent statutory authority. It will manage the creation and implementation of the national curriculum, national student assessment and reporting of school education outcomes. Specific functions, as provided in section 6 of the bill, will include developing and administering a national school curriculum, including content of the curriculum and achievement standards for school subjects as specified in its charter; developing and administering national assessments; collecting, managing and analysing student assessment data and other data relating to schools and comparative school performance; providing school curriculum resource services, educational research services and other related services; and providing information, resources, support and guidance for the teaching profession.

ACARA goes back a long way. It is the accumulation of a long period of policy debate which dates back to the eighties. Yesterday John Dawkins, a previous Treasurer and member for Fremantle, was in the gallery here and was acknowledged by the House and the Speaker. When he was the Minister for Employment, Education and Training he called for a common curriculum framework that would set out the major areas of knowledge and the most appropriate mix of skills and experiences for students in all their years of schooling. So it has been a long time to get this bill into the House.

Education is so important to the development of a nation. It cannot be left to the individual states and departments to set the syllabus for each state, as they may all be different. With the population being so mobile in today’s world, children from one state can often end up in another state, either in front or behind in their education pathway.

There has been much discussion about the way subjects are taught and about how there must be flexibility in schools, catering for different groups of students to achieve these standards in different ways. I think it is perfectly possible to maintain flexibility while keeping to standards of education that reflect the needs of the nation.

Other concerns include the system of reporting to parents, in which schools are required to provide parents with their children’s national literacy and numeracy test results against national benchmarks, showing how they are rated relative to their peer group in their school. I do not believe this is for purposes other than for parents to see how their child is progressing and as an early
warning system to alert the school when a child is falling behind and needs some special attention. For too long, children managed to get all the way through the education system without meeting any benchmarks, because they were not identified. If they manage to get through primary and secondary school, they then have difficulty in picking up enough skills for work purposes. As the current Minister for Education and Deputy Prime Minister said:

… to lift performance and direct new resources to where they will make most difference, we need unprecedented rigour and openness in the collection and publication of schools data.

We also need to ensure that we have a basis for fair, consistent and accurate analysis of how different schools are doing. This allows resources to flow to those schools that need the most assistance. Rupert Murdoch, in the recent Boyer lectures, put his finger fairly and squarely—sadly, I believe—on our problem. We need to set high standards for our students, teachers and schools. We pride ourselves on our passion for equity. But, as Murdoch says:

… it is getting harder and harder to square Australian pride in equality with the realities of the Australian system of public education.

While there has been some criticism of the outlaying of computers to schools, it allows students to access the tools of the 21st century to undertake their work now. But this should not be seen as the only thing they learn. Basic literacy and numeracy are vital to making the tools work properly for the student. Murdoch says:

… the best path to success is through an education that will allow us to fulfill our potential. That begins by setting high expectations, adhering to real standards, and ensuring that when you do leave school, you leave with the tools that will help you get ahead in life.

My interest, too, has been in the early learning years which, in my mind, are the most critical in the learning processes. They can set the foundations for the rest of life learning. I have been following the work of Professor Fraser Mustard, who has recently been working in South Australia. He said in his report *Investing in the early years: closing the gap between what we know and what we do*:

To achieve reasonable equity in the competence, capabilities, coping skills, health and wellbeing of populations will require societies to apply the new understanding of how experience in the early years of life affects the development of the brain and related biological pathways that set trajectories that affect health (physical and mental), learning, and behaviour throughout the life cycle and can contribute to social and economic inequalities and violence in societies.

At a seminar some years ago, held here in Parliament House, Professor Mustard spoke of education delivery being like a river. The kids who manage the scheme well swim strongly up the middle of the river. The kids who are finding school difficult for various reasons are clinging to the bank and progressing very slowly while some of them are slipping off the bank and some of them are treading water. Some of them get swept backwards, never to catch up to where the cycle should be. Professor Mustard was attempting to show us that children learn at different levels and at different rates and that our scheme is geared very much for the ones that cope the best, the strong swimmers. Although it is relatively easy to measure these groups, it becomes more complex when one is trying to measure the other groups, as so many different factors come into play for all of them. These factors include social and economic background, health and wellbeing, an ability to mix and all sorts of other factors.

So, whatever scheme we put in place for assessment of students around the country, there needs to be some ability to check in a
positive way how to keep children encouraged to continue learning, even if they are not at the front of the line. It may require programs that reflect the natural abilities of individual students, including hands-on type abilities as well as academic varieties. Both are equally valid in the workplace. Often it is more a question of approach, of how to deal with an individual’s capacity to take in information. Sometimes this requires innovative ways to stimulate the student. Going back to Murdoch’s Boyer lecture on education, he points this out in a different sort of way by explaining:

Talent and skills and judgment are part of what economists call human capital. Human capital is a broad term. It includes formal skills—for example, a degree in computer science or the ability to speak a foreign language. But human capital is much more than this. It also includes such things as good work habits, the judgment that comes from experience, a sense of creativity, a curiosity about the world, and the ability to think for oneself. Free societies succeed because the people who have these skills are free to use them to advance themselves, their enterprises, and society.

These are not easily taught, but still part of the learning process and need to be included in any program of learning. I know that many teachers have concerns about the changes that are taking place in education. In my own area, some are very concerned with the constant reporting changes. In Tasmania there have been some unfortunate circumstances in that area and they are rebelling in various ways. It is hard to incorporate change while you are busily trying to achieve the best you can in the present system with the tools that you have in your school. But life is changing very fast and so what we know now is not what we might need to know in the future. All we can really do is to open the pathways to change to make it as easy as possible. We need to provide schools with the tools, with the spaces and with the best teachers possible to ensure that our children can keep up with the pace of change.

This bill provides the broad framework within which the development of the national curriculum, the collection and analysis of student assessment data and the reporting of school performance will occur. As is noted in accompanying papers to this bill, there is considerable work to be done not only in developing and implementing the national curriculum and determining the methodology for collecting, reporting and comparing student and school performance but also in achieving stakeholder consensus about these matters. Still remaining and underpinning the success of the goals towards which the bill’s main measures are directed—that of raising the educational performance of all students regardless of where they are located and their socioeconomic background—are the critical issues of teacher supply and teacher quality.

It is well accepted, and supported by research, that teacher quality is the paramount factor influencing student outcomes. Typical of this research is that conducted by Michael Barber, former adviser to former British Prime Minister Tony Blair. His research into why the world’s best-performing school systems outdo other school systems concluded that the three most important factors were getting the right people to become teachers, developing them into effective instructors and ensuring that they deliver consistently for every child. Ultimately, “the quality of an education system cannot exceed the quality of its teachers”. This is a big ask in any job description, but the future of our children depends on the effectiveness of their teachers and we have to value them as we have valued them in the past.

There are going to be opportunities to contribute further to this debate as it proceeds, but from my point of view in Lyons we have suffered from the state’s way in the past of moving teachers around and saying
that teachers are rewarded when they have done their time in the country by going back to city schools. This has to become a thing of the past now. Teachers must become part of their communities, live in their communities and be the role model for their charges. Pay, conditions and promotions of teachers should reflect the greater importance of our rural and regional educational facilities and they should be on a par with their city counterparts. I want to see teachers clamouring to go into the country and be part of the development of regional areas, because the rewards both financially and emotionally are so much greater.

Perhaps it is wishful thinking, but with this electronic age it is possible to participate in all those educational upgrading processes while living in more isolated areas. Other professions are doing it. Why not the teachers? Tertiary education should not mean a big upheaval for families at often difficult times. It should be part of post-school learning and we should use the underutilised school infrastructure to provide it. It might mean some time changes, but we are in a new world and we should face those changes.

I also believe that we should find ways of bringing the work of many academics, education thinkers and writers do together and have a way to make that easily accessible for classroom teachers. There seems to have been very good work done over many years which never really gets down to where it can influence and help teachers improve their own teaching opportunities. There is also the issue of young teachers starting their early teaching life. They need time to reflect and time to observe other teachers in the process. They need to have mentors work with them to assist the learning process. Not having this is not only unfair on those younger teachers whom we put into the schools but unfair on some students as well.

There are many things to do, but the Minister for Education and the Labor government have gone on and succeeded. I have spent some 15 or 16 years now in this House, and I have heard conservative ministers for education blame teachers, state governments and everybody else and never really achieve anything in tackling some of the real problems. This bill does go towards finding some of the answers. It sets national goals and performance standards. As the Acting Prime Minister said about bringing in rigour, it is rigour that will drive a better education system. That has to be done fairly and decently, and I am sure that we can do that.

I have used some lengthy quotes in my speech. I thank the Parliamentary Library for their assistance. This is a very complex subject and requires a lot of consideration. It is probably one of the most important parts of our society. Education gives people great opportunities. I commend the bill to the House.

Mrs HULL (Riverina) (10.30 am)—I rise to speak on the Australian Curriculum, Assessment and Reporting Authority Bill 2008. I concur with the previous speaker in the debate, the member for Lyons, that this is a very complex subject and requires a lot of consideration. It is probably one of the most important parts of our society. Education gives people great opportunities. I commend the bill to the House.
of enormous concern to me, and the way it is funded, both by the states and by the Commonwealth, has always been one of my priorities.

I will run through some of the areas that I consider have been abandoned by this bill and where it fails miserably the people I represent in the Riverina. I go first to the issue of the axing of the Investing in Our Schools Program. The Investing in Our Schools Program was hard fought for by backbenchers in the previous government. To their credit, the former Minister for Education, Science and Training and the former Prime Minister, Mr Howard, listened to their backbenchers to understand the issues that were confronting the mums and dads in the P&Cs and the school communities across our region. It was then that the Investing in Our Schools Program was established, and it was enormously successful. In fact, the Investing in Our Schools Program delivered over $11 million to public education and about $1.2 million to private education in my electorate of Riverina. This was an enormously popular program—so popular that I note that the Labor members who opposed it when the previous government implemented it are now gung-ho to go out into their electorates, have their names put on the plaques and take all the credit for the money that is being delivered into schools. They stand in front of you and you think about all the hard work that you have put in as the local member with the school community and the P&Cs.

When the Howard government brought in the program, we applied for much needed funding, which was a process of working cooperatively with teachers, headmasters, P&Cs and community leaders—and that funding was delivered. The program was, of course, opposed by the current government, formerly the opposition. But, as I said, now they take great delight in talking about ‘their funding’ that has delivered ‘these benefits’ to communities.

In speaking on this bill in the House today I want to highlight what I believe are its deficiencies. The deficiencies include the fact that the Investing in our Schools Program has been abolished. I have had contact with many in the public education system, including the teachers, and their complaints about this bill have been extremely scathing. In the past, they launched scathing attacks on the Howard government, the role that I played as a member of the coalition in the Howard government years and the way in which we handled education, but they have now concluded their attacks on the former minister. With the new government, educators believe they have been promised much and have been delivered little. They thought that there would be a change in focus and direction from a new Labor government. They said that they went out in droves to man the polling booths in the last election in order that there could be a change of government and of education policy. But the complaints that I am getting now are that there is no difference between the policies of the past government and those of the current government. These are legitimate concerns that have been raised with me and that I have raised with the current Minister for Education.

Mr Sidebottom—Have you had a look at the bill? You’ll discuss the bill, will you?

The DEPUTY SPEAKER (Mr AJ Schultz)—Order! The member for Riverina has the call and she is addressing the bill very eloquently.

Mrs HULL—I have had numerous meetings. I am certainly not going to mention the name of the person who came in to see me in case he would be dealt a savage blow for commenting as he has. I have recently met with this local teacher, who has discussed various issues in relation to education, and I
believe that the teacher has communicated his thoughts and made some very valid points. I want to pass these on to the minister.

The teacher felt that there is a funding parity required for public education, and I am certainly always in support of that. The teacher went on to say that it is not an education revolution if Australia copies a failing system and that the government needs to look at systems that are actually working. The teacher identified areas such as Finland. He said that the government needed to remove high-stakes tests, school comparisons, performance based pay and the view that testing equals achievement. In addition, the teacher said that he had worked in the UK system, which has a national curriculum, and this meant no freedom for individuality. He felt that structuring time is counterproductive and students only apply themselves to their interests. He believed that curricula needed to have space to move to accommodate various issues.

These are the kinds of disturbing comments that we had apportioned to us in our terms in government, but it is interesting to note that the prospect of this education revolution brought out teachers en masse to support the election of a new government. Now the very same people who were standing handing out pamphlets against me at polling booths are in my office complaining that the revolution simply did not happen. I find it ironic and I believe it is worthwhile to point that out in relation to this bill, which is very relevant to the issues that the teachers have raised.

I will go back to the coalition’s Investing in Our Schools Program that has been removed in order to accommodate this bill. In order to accommodate the ideas within this bill, some very good policy was destroyed for no other reason than political gain and political point-scoring, with no thought given as to how important this program was. It will lapse on 31 December this year, and I am sure that in the meantime dozens of Labor MPs and senators will be running around electorates right across Australia taking enormous credit for the enormous amounts of money that have been delivered in both public and private schools for these very important projects like air conditioning, shade and grass for kids to be able to play on rather than dusty bowls and grounds.

Due to the funding from the Investing in Our Schools Program that is still current until 31 December 2008, this coming summer there will be more schools in my electorate of Riverina where, in 45 degree heat, the children will have the comfort of air conditioning and shadecloths to do their learning. In addition, they will have their covered outdoor learning areas to protect them from the skin cancers and the problems that the sun presents across the Riverina, and when it rains they will collect the water that will run off the roofs of those covered outdoor learning areas into the drains down into tanks that we got from the community water grants. It was such a boost to these communities because, before this, the P&C mums and dads had to fund this.

In my electorate, South Wagga Public School had been trying to save for their covered outdoor learning area for around 30 years, and I think they had around $30,000 in their account. They ended up with $150,000 for their covered outdoor learning area and water tanks from the community water grants, and they thought it was Christmas. So I think that the minister has erred most particularly in ensuring that she vetoed what was an absolutely sensational program, no matter who brought it in. I believe that if anyone, whether government or opposition, has a good idea then it is worthy of support.
There are issues that I would like to raise in reference to the public education system. In the last election it was my personal mission to fight for added resources, particularly for public education for the education and advancement of disabled students in the disability sector. It is a fact that we have increasing disabilities in Australia. With the emergence of new technology, the increasing ability to save lives and the ability to save babies at 20 and 21 weeks of gestation who have ongoing issues in the future, we will continue to have an emergence of a variety of special needs in the education system. Quite rightly, mums and dads, families and students want to enter into mainstream education. When they enter into mainstream education, at times private schools have the option of accepting or rejecting a person with special needs if they do not have the resources to offer that child their full potential in learning. In the public education system that is simply not doable. Every child is accepted and every school should have the role of accepting children and providing them with an education in all its forms.

I am terribly concerned that in the public education system there are not the resources or the money available to educate our students with special needs to their full potential. That is an indictment of our society because that is picking and choosing. I believe that parents, students and families, teachers and headmasters deserve better attention to the way in which they inevitably have to deal with these issues when they are underresourced.

I cannot see anything in this bill that includes an education revolution for all Australian students, including those with disabilities. I cannot see anything in this bill that gives intent for all Australian children, because if that were the case you would have clearly identified and put in place a program of funding that enables resources to be applied for children with special needs. Not only do the children with special needs deserve this program but every child deserves this program. What we have now is teachers struggling with children with special needs and spending the majority of their time trying to fulfil their obligation and role, because they have a need and a desire to have all of their students reaching their potential. The danger of having no resources—and this is certainly not the fault of teachers, schools or children with special needs—is that the other children are left to fend and manage for themselves. If there were a true intention to have an education revolution, the revolution would recognise students with special needs and succinctly hive out money to ensure that their full potential is able to be reached and enhanced through their education programs. It is proven that, through early intervention in schools, students with special needs go on to achieve great things in their community. It is an absolute indictment that this bill does not include many of Australia’s children who are also entitled to have an education.

I will go on to talk about the issues regarding the Australian history unit, that have been raised with respect to the bill. I believe that there has to be an option for Australian history to be taught. When I was at school I knew nothing about Australian history except for the fact that Captain Cook landed. I knew all about American history, I knew all about American presidents, but Australian history was not taught in my little Guyra Central School. I really feel that that diminished my ability to understand the issues about Australia. We all know that history repeats itself, as we see right now in many of the things that are happening across Australia. I think that we need to ensure that there is a separate unit of Australian history, particularly the history since Federation in 1901. There certainly must be an identified and complete unit so that all Australians can be proud of their his-
Chamber, can recognise their history and are accomplished to speak about our history and nation building when they represent this country, or at any given time, so that they understand their place and the way Australia has been shaped and formed. I am quite concerned about any move away from the central focus of Australian history. We need to have an intelligent balance between both our Indigenous heritage and the history of our European settlement. I hope that the history curriculum will encourage this to continue. I feel it is very important to maintain the history unit and ensure that it is ramped up rather than dumbed down.

As we move into our education revolution, which is part of the bill, we talk about the rolling out of computers. I am in New South Wales. New South Wales has pulled out of the computer rollout. Right from the beginning, during the election campaign, school principals were saying, ‘This simply can’t work because we don’t have the resources for the on-costs.’ The capital rollout was going to be the least expensive part; it is the on-costs that they were going to be left with. It was again going to be mums, dads and principals who were left to pick up the shortfall. I cannot see how this revolution has revealed anything other than failure.

(Time expired)

Mr Sidebottom (Braddon) (10.50 am)—I just remind the member for Riverina of two things. She is leaving the chamber. That is bad manners. I listened to her as much as I could. Firstly, the Investing in Our Schools Program, as she well knows, was terminated in public by the former Prime Minister in 2007 and was not part of the coalition’s education or financial policy. Secondly, the Australian Curriculum, Assessment and Reporting Authority Bill 2008 is not a financial bill. This bill is for the creation of a new education authority. If she had actually read the bill and then discussed it for the public record and for her electors in Riverina, we might have been a bit more enlightened.

In my humble way, I will try to enlighten the House on this very important piece of legislation. This legislation, like most legislation in this House, is a direct result of an election commitment given by the Labor government. For the record, on 2 October 2008 the Council of Australian Governments, COAG, made a very important decision. That was to establish a national education authority. The bill that we are discussing, which the member for Riverina totally ignored, gives effect to this historic recommendation. The new National Education Authority will bring together for the first time the important functions of curriculum development, assessment and reporting at the national level. It is a common-sense policy for the 21st century to bring some form of continuity, consistency and conformity to our nation’s various education systems.

The bill establishes the Australian Curriculum, Assessment and Reporting Authority, ACARA, as an independent statutory authority under the Commonwealth Authorities and Companies Act 1997. It is important to remember that this governance model is consistent with agreements reached by the Ministerial Council on Employment, Education, Training and Youth Affairs, MCEETYA, on 12 September 2008. It is in effect the result of cooperative federalism—and over many years people in this place have sought to have our federal and state governments genuinely cooperate to achieve important national outcomes. This is one such attempt to do that. So, contrary to the member for Riverina’s comments, this is part of a revolution. A revolution starts small and will build and gather momentum. This is about producing good educational outcomes for all students throughout Australia. It is an
The bill also outlines provisions covering the composition of the authority, which will be made up of 13 persons as a board of directors. The authority will have a chief executive officer and staff. The board of directors will consist of a chair, a deputy chair, one member nominated by the Commonwealth minister, one member nominated by the National Catholic Education Commission, one member nominated by the Independent Schools Council of Australia and eight other members, with each state and territory education minister nominating one each. The CEO will be responsible for the day-to-day management of the authority.

I notice that some members opposite have made the point that they hope that there will be teacher representation on the board of directors. I, too, would expect that. I could not see that, where the charter asks for persons who are adequately and properly trained to give advice to the authority, they would not have an educational background. I would find that very unusual. I would join with those opposite if they were genuinely interested in that side of the argument.

The board members will be appointed by the Commonwealth Minister for Education. Board members will be appointed to their positions on a part-time basis for a maximum period of six years. MCEETYA, I would add, must agree to all board appointments and be satisfied that there is a balance of professional expertise in the membership of the board across a whole range of issues, including matters relating to school curriculum, school assessment and data management, analysing and reporting in relation to school performance, financial and commercial matters, the management of educational organisations and corporate governance matters. Finally, the bill provides that the authority will report on its functions to all Australian education ministers through MCEETYA. It must report in particular on its activities dur-
The national education agreement will also be established through COAG before the end of this year—hopefully this weekend. This agreement will establish for the first time the shared national targets, outcomes and policy directions that we need to achieve a world-class school system serving the needs of every Australian student. Following the current consultation period, the National Curriculum Board will determine its final recommendations and post them on its website in term 1 of 2009. By March 2009, the board will develop detailed writing briefs for the writers it will recruit to develop the detailed curriculum documents. The board will organise extensive consultation during the development phase—particularly with practising teachers—and will recruit a panel of schools across the country in which to trial material being developed. By the end of 2010, the board is to develop a national K-12 curriculum in English, maths, the sciences and history.

To bring about curriculum development and change in our country is a very comprehensive process—and I find it absolutely fascinating and exciting. However, what I find disappointing is that many on the other side have actually attacked some of the people, and one in particular, chosen to develop the curriculum. I note the member for Sturt in his contribution to this debate attacked Professor Stuart Macintyre and his competence. I find it extraordinary that one would single out an individual who has been invited in a group to put together a curriculum for this country. I note that the Australian, as it always does in its development, nurturing and continuation of the culture wars in this country, was happy to run the headlines of those opposite attacking the character of some of the individuals involved because it did not suit their agenda. Professor Macin-
tyre has never suited their agenda. I found it very disappointing.

They have chosen Dr John Hirst as one of their champions in the history and culture wars and in the right of history teaching. I am happy to read Dr Hirst. I have got his many articles on Australian history by my bedside at the moment. I thought it was terrific that he, who is part of the development group associated with the history curriculum, came out in response to the comment of the Australian in its continuation of the cultural wars and said:

The appointment of Stuart Macintyre to draw up the history section of the national curriculum should not re-ignite the history wars … I have seen his first draft and can assure you that the fears expressed in your pages about his appointment are misplaced.

This slur should belong in history, but it is resurrected and then trotted out in template papers given out to members opposite for something to say on this bill. It was indeed alluded to by the member for Riverina. Let me assure members that the history curriculum that is being developed will be rigorous, inclusive, demanding and representative of our origins, of where we are in the 21st century and of all those forces that have been at work to bring this great country about. I have no hesitation in arguing that it will be a fair and balanced process. It is not the work of one man but the work of many. As a former history teacher, I am really pleased to see that history will take its proud place in the curriculum again as a subject, as a discipline and as a very important component in education.

A second area associated with this bill, and certainly one which has raised a good deal of controversy and ire, is the whole question of transparency in reporting. The whole basis of this is to achieve better educational outcomes for our kids no matter where they are or what school they go to. The basis of this is that the data collected should be used to improve educational outcomes. We need the data at a national level—that is, data collected in a consistent and comprehensive manner from all schools, whether they be public or private. The principle behind that is not only will it have good educational outcomes—certainly that is the intention—but also that any school receiving public money should be accountable for what goes on in it. There is nothing to fear in that at all, but we have to be open about it and say it as it is.

No teacher in our schools should feel threatened by this measure, and nor should any principal or school community. The intention behind it is to gather the data necessary to determine what factors can improve a school and what factors may be at work holding that school back. That is the intention of it. I can assure you that many educators that I know, many former colleagues, want to know this information. I can tell you that the great majority of parents in Australia want to know this material. They are not scared of it. We need to use this material carefully and selectively and to compare like with like.

I draw the attention of those who might like to follow this further to a Treasury paper authored by Andrew Leigh and Hector Thompson, which I believe was released this year. They were looking at the factors at work in Western Australia, particularly trying to determine whether socioeconomic factors were the main factor in determining student outcomes in schools or whether there were other factors at play. I found it really interesting and will share it with the House, because I think it goes to the heart of what we are trying to do here. Their conclusion says:

… 20 per cent of Western Australia government schools outperform those of a similar socioeconomic status by more than 5 percentage points. That is quite considerable. It goes on:
Assuming that these schools would otherwise have been at the state average, this means that in these schools, at least one-third of students who would otherwise not have made the benchmark, do meet the benchmark. This highlights that for students who are at risk of not meeting the benchmark, being in a better performing school can make a difference.

We want the information to identify better performing and underperforming schools so that we can direct our resources to those schools that are underperforming. We need to know.

Mr ROBERT (Fadden) (11.10 am)—I note with interest that the Deputy Prime Minister, when she introduced the Australian Curriculum, Assessment and Reporting Authority Bill 2008 in her second reading speech, said:

This bill is yet another illustration of how this government is getting on with the job of delivering an education revolution to Australia.

I suggest this education revolution might as well be dashed on the Bay of Pigs for all that it will achieve for the nation. When looking forward we must look back at where we have come from before discussing education going forward. Look at what the coalition achieved. It increased funding for state schools in every budget, delivering a funding increase of 70 per cent in real terms between 1996 and 2007. It put the interests of children and parents ahead of bureaucrats and teachers unions. It enhanced the capacity of parents to choose between public and private schools. It established better formulas for schools to get funding from the federal government. It ended the Keating government’s new schools policy, which placed severe restrictions on establishing new non-government schools. I guess Labor does not like private education. The coalition also attached conditions to Commonwealth education funding to the states, which enabled the introduction of literacy and numeracy tests for all students, and testing trials were also introduced for year 9 students in 2007.

Labor promised an education revolution. Interestingly, it has also promised 11 wars on everything from unemployment to food and fuel this year. There is something about war and revolution that a Marxist based party seems to enjoy. Labor promised to deliver an education revolution that would increase productivity and provide better outcomes for all children. Yet the Prime Minister’s education revolution is unfortunately creating losers as well as winners, particularly in private schools, where Labor has cut funding by abandoning the coalition’s $1.2 billion Investing in Our Schools Program. I was recently at the Coombabah State School where the headmaster lauded the Investing in Our Schools Program for giving much-needed funds to put in place the infrastructure that the state was not providing—in this case, a range of dongas that were used for students to learn in, because the state would not provide established classrooms. The Investing in Our Schools Program also provided the funds, the means and the capability to provide internet connectivity in those classrooms.

Labor says it will divert almost all of the $1.2 billion from the Investing in Our Schools Program into trade training centres, and of course that huge failure of a white elephant, the computers in our schools program, yet these programs benefit secondary schools only. Only $800,000 goes to primary schools, who clearly are the biggest losers. Despite the claim of an education revolution, in its first budget Labor cut almost $400 million in specific programs targeted at improving standards in literacy and numeracy. The $700 Even Start tuition vouchers for students who failed to meet minimum standards have been scrapped. The $70 million summer school program has been scrapped. The $50,000 in rewards for schools that improve...
literacy and numeracy has been scrapped. Far from bringing an education revolution, Labor has increased spending on education by less than one per cent. Cracker of a revolution, boys—well done! Labor has simply replaced successful and very popular Howard government programs with new bureaucracies delivering the failed computers in schools and trade training centres programs.

Let us look at our computers in schools as we are discussing the wide range of education. The Prime Minister, at the ALP campaign launch, said:

... Labor will undertake a groundbreaking reform by providing for every Australian secondary school student in Years 9 to 12 access to their own computer at school.

So how has Mr Rudd gone on this central education policy that is primary to the education revolution? He has abandoned the promise to provide every Year 9 to Year 12 student with access to their own computer at school. Now they will have access to a computer for every two students. Less than 10 per cent of public schools have benefited from the program; less than 10 per cent of the total computers have been delivered. Yet we are a third of the way through the government’s term. State and federal governments are yet to agree on who pays the something like $3 billion for installing and maintaining computers, software, networking and all of the ancillary air conditioning and infrastructure that go with it. By not meeting these costs, the Prime Minister is providing only 20 to 25 per cent of the funds needed to pay for his election promise, insisting that parents pick up the rest. A fabulous revolution, I say! You can be truly proud of that great revolution and where it is going!

Labor promised not to alter the Howard government’s SES funding model in the 2009 to 2012 funding period, yet the Schools Assistance Bill currently before the Senate inquiry gives extra powers to a minister to stop or delay government funding for a range of what can only be construed as spurious reasons. It mandates that schools comply strictly with a national curriculum, putting funding to Steiner, Montessori, special needs, faith based and International Baccalaureate schools under some degree of threat. It introduces new disclosure requirements that will discourage fundraising. Currently, all external sources of revenue that a school raises are disclosed to the minister but not to the general public. Labor has now changed the bill to say that they must all be disclosed to the public. Why? What interest do I have in what the fundraising regimes of a private school in Tasmania are? The answer is none. But I have asked the wrong question. As I look at the former secretary of the ACTU across the table, the question should be, ‘What interest does the teachers union have in getting information about fundraising and sources of funding for private schools?’ Labor has announced plans to review school funding in 2010. On the evidence, it appears clear that they intend to return to the politics of envy and class warfare and to the policy of Mark Latham’s private school hit list. Why? Perhaps Labor does not like private schools.

Let us move on to Labor’s trade training centres. It promised new trade centres built in all of Australia’s 2,650 secondary schools, part of its 2007 election policy. The reality is that, because the funding is only $900,000 to each school on average, schools are forced to pool their funds to build something that resembles a trade training centre. In the first round, just 34 projects were successful.
If we move into the higher education space, the coalition increased funding to the higher education sector from $4.2 billion in 1995-96 to $6.7 billion in the 2007-08 year, a 13 per cent increase in real terms. It increased the higher education loan repayment threshold. Additional funding for universities was provided. There were new loan schemes and boosted funding for regional campuses. It presided over a 58 per cent increase in the number of students. Thankfully, it introduced voluntary student unionism and established the $6 billion Higher Education Endowment Fund.

Now let us look at what Labor promised with respect to voluntary student unionism. The current Minister for Foreign Affairs, Stephen Smith, said at a doorstop:

I’m not considering a compulsory HECS-style arrangement and the whole basis of the approach is one of a voluntary approach so I’m not contemplating a compulsory amenities fee.

That is what he said—a senior member of the Labor cabinet and frontbench. The Deputy Prime Minister said in the Sydney Morning Herald on 11 August:

We committed before the election that we would not reintroduce compulsory student unionism.

Those are two definitive statements that are unequivocal: there will be no compulsory amenity fee and there will be no compulsory student unionism. But let us look at the facts, because they are always a little bit more telling than the rhetoric. The government announced on 3 November this year that it would introduce a $250 service fee for Australian university students to be compulsorily paid by a deferred HECS-style arrangement. That is the height of duplicity. The Deputy Prime Minister and the current foreign minister were both unequivocal in their statements that they would not introduce compulsory fees, and here they are. Indeed, the Deputy Prime Minister, only three months earlier, said, ‘We committed that we would not introduce compulsory student unionism,’ and three months later—less than 100 days later—there it is: a compulsory fee. It is a betrayal. It is looking the Australian people in the eye, saying one thing and blatantly doing another. I guess that was not in Labor’s 70-page glossy brochure paid for by taxpayers’ dollars to celebrate the first 12 months of the failed Labor Rudd government.

So that is the past; that is where we have come from. We have come from duplicity, broken promises and farce. Let us have a look at where we are going. The current bill is establishing a new Commonwealth body, the Australian Curriculum, Assessment and Reporting Authority, ACARA, to develop and implement the new national curriculum and to collect data and provide analysis and research to governments. The government had initially committed separate funding to develop a new National Curriculum Board and a new independent National Schools Assessment and Data Centre. This bill aggregates that funding and incorporates both bodies into ACARA.

The development of a national curriculum began under the Howard government and had its obvious support. However, the opposition has expressed reservations about the direction that the curriculum has now taken under a Labor government. Minister Gillard appointed an interim National Curriculum Board to work on its development as this legislation was being prepared, and that board included working groups in each of the four subject areas being covered by the curriculum: mathematics, English, science and history. The development of the history curriculum, in particular, has caused a little concern.

The new authority, ACARA, will assume powers over curriculum and assessment that
are currently with state governments and it will further be empowered by its secondary role as the primary data analysis and research centre. ACARA’s clearest role, though, is the development of a national curriculum. We support that; we support a national curriculum. It certainly makes sense. We are concerned, though, that, should it be anything other than a useful framework, the national curriculum may be hijacked. We are concerned there is a danger of a national curriculum being taken and straddled with left-wing ideological views.

It would be a disaster for Australian students if the Labor Party and its left-wing friends used the national curriculum as an opportunity to skew and hijack schooling in Australia. We will take the Labor government on its word—which we have done a few times this year, which has only led to catastrophic failure. But we will take them on their word that ACARA will do the right thing and will develop a class curriculum that is free from ideological bias, with a strong foundation in the basics. We will take them on their word that that will be achieved.

We are concerned about any move away from the basics, any move away from literacy and numeracy and any move away from Australian history that incorporates an intelligent balance between our Aboriginal heritage, the history of European settlement and modern Australian history. We are concerned that balance is provided in the curriculum. We will closely monitor the establishment of the curriculum, we will encourage wide consultation and we will not allow perspectives to be captured by a small group of ideologues.

We have seen in the Schools Assistance Bill that the Labor Party wishes to mandate the introduction of the national curriculum before the end of the funding quadrennium in non-government schools as a condition for non-government schools to receive funding from 1 January, even though we have little idea what the national curriculum may actually look like. The Deputy Prime Minister has refused to confirm that schools currently delivering alternative recognised curricula will be able to continue to do so. This makes it very difficult for a range of high-achieving students, special students and those with different educational philosophies to continue, with some faith, going forward. It puts at risk those faith based schools who teach faith based components within their schooling. The Deputy Prime Minister’s refusal to provide comfort to these schools by accepting the opposition’s amendment to the Schools Assistance Bill to remove the mandatory application of the unwritten national curriculum has certainly not helped matters.

In a speech on 10 November 2008, the Deputy Prime Minister deferred any decision about whether alternative curriculum based schools will be able to continue under ACARA. This means that, under the current government, ACARA will have the final say as to whether the following curricula are allowed: Jewish, Islamic and Christian schools; the unique Steiner schools, of which I have one in my electorate, based in Nerang; the Montessori schools; the University of Cambridge International Examination; and the International Baccalaureate. Government has moved away from its responsibility to provide guidance and support for those curricula and is allowing ACARA to decide if they should continue.

I would contend that, for a national curriculum to succeed, ACARA and the government will need to be able to convince all of the state education departments, all the state governments and the non-government sector that the national curriculum will not interfere in those aspects of the present curriculum of which they are most proud, which differentiate their schooling and which mean
that parents know full well what the students are being taught and accept that by virtue of placing their child into a school like Steiner or Montessori. Members may draw their own conclusion as to how the government will be successful in this endeavour. But the opposition will watch carefully and will not allow the national curriculum to be hijacked by left-wing ideologues for their own purpose. We are looking for a balanced curriculum, a curriculum that meets the needs of all Australians. The opposition will hold the government strongly accountable if anything other than that is delivered.

Mr ZAPPIA (Makin) (11.27 am)—I rise to support the Australian Curriculum, Assessment and Reporting Authority Bill 2008, which brings in the Australian Curriculum, Assessment and Reporting Authority. I do so because this is good public policy. It is one of a series of measures which forms the Rudd government’s education revolution beginning with an investment of $19.3 billion in education in the May budget, an investment that is central to building a stronger future for Australia and a fairer Australia and preparing Australia for future challenges.

I will not waste my time responding to the comments and the paranoia of the member for Fadden but what I want to do is respond to one of the allegations and comments that is continually made by members opposite in respect of the Investing in Our Schools Program and how this government supposedly ended that program. The program, as other speakers on this side have pointed out, was ended by the previous coalition government. What I have before me, which quite clearly spells that out, is some press statements put out by the coalition government about 12 months ago and in the lead-up to the last federal election. I want to quote from a press release put out by the Deputy Leader of the Opposition, who at the time said:

Details of the continued support for the Investing in Our Schools Programme will be announced in due course.

That was on 28 August 2007. More than a year later, we are still waiting for those details. But more importantly and more specifically, subsequent to that press release from the Liberal Party’s website where they talked about their policies in the lead-up to the last federal election, they listed 10 objectives that they would commit to if they were elected. Not one of them talks about the continuation of the Investing in Our Schools Program. So if they want to come in here and talk about that policy ending then they ought to turn around and look behind them and look to the people who in fact did end that program and not accuse this government of having done so.

Australia is now ranked 20th amongst the OECD countries for the percentage of 25- to 34-year-olds who have completed upper secondary education or its equivalent. Access Economics estimates that young people who leave school before year 12 are six times more likely to make a poor transition to post-school activities than those who complete senior schooling. I note that each year of schooling is associated with an increase of around 10 per cent in earnings. I also note that a study published by the Dusseldorp Skills Forum and the Business Council of Australia estimated that a 10 per cent increase in year 12 or apprenticeship completion by 2010 would boost annual GDP by 1.1 per cent by 2040 as a result of increased labour force participation and improved workforce productivity. Those are some of the benefits that come from better education.

When members come into this chamber and talk about the so-called proud record of the coalition for its commitment to education, perhaps they need to look at some of those statistics which in fact paint a very damning picture of what happened to education in this...
country under the watch of the coalition government.

I said earlier that the Rudd Labor government has committed $19.3 billion to education in its first budget. That includes $1.2 billion for the digital education revolution, and as part of that spending the government is providing $11.5 million to support professional development for teachers in information and communications technology and $32.6 million over two years to supply students and teachers with online curriculum tools and resources. I also point out that $116 million has already been provided to 896 schools across Australia to fund 116,820 new computers. So the program is being rolled out, contrary to what other speakers have said, and it is being taken up by schools around Australia. I have yet to find a school that does not want new computers. The $19.3 billion also includes $2.5 billion for trade training centres in secondary schools, and $90 million of that has already been provided to 34 lead schools across the country. There will be $62.4 million over the next three years, commencing in the 2008-09 year, for the National Asian Languages and Studies in Schools Program. This is important, given that our strong trading partners in the years ahead will be Asian countries. There will be $625.8 million over three years, commencing in 2008-09, to reduce HECS rates for maths and science students. New maths and science graduates will also be eligible for a 50 per cent reduction in their HECS if they pursue a career in those fields, including in teaching.

To add to my earlier points about the need for the policies included in the education revolution, it is the aim of the government to ensure that by the year 2020 the percentage of Australians aged between 20 and 64 without qualifications at the certificate III level and above will be halved. It is the aim of the government to ensure that by 2020 the number of diploma and advanced diploma completions will have doubled. And it is also the aim of the government to ensure that by the year 2013 there will be universal access to early learning for all children. I also note that there are nearly 6.5 million Australians who have no post-school qualifications and that every year some 45,000 to 50,000 early school leavers do not go into full-time work, full-time learning or a combination of work and learning.

To return to the substance of the bill, we live in a global community where people not only travel frequently to places around the world but take up employment and career paths in different parts of the world. As we all know, transnational corporations set up businesses in many countries with the same job specifications and professional training requirements for the staff they recruit, wherever they are to be based. That is even more the case with respect to employment opportunities and qualification requirements within Australia. It makes little sense to have education providers around Australia setting individual standards and curriculum in each state and territory. The Rudd government recognises that, and the state and territory governments recognise that. That is why, on 2 October, there was a historic COAG decision to establish the Australian Curriculum, Assessment and Reporting Authority as an independent statutory authority that will bring together the functions of curriculum assessment and reporting at the national level. I believe this decision will be welcomed by families and industry around Australia. The Rudd government has highlighted time and again the significance of education to future prosperity and opportunity for individuals and future prosperity for our nation. A good education is dependent on a number of factors, and curriculum setting and assessing form part of those factors. This bill is a long overdue measure and I welcome the
intention to commence this process on 1 January 2009.

The bill also provides for a national assessment of student performance. Knowing how students compare with other students around the country is important for students, parents, employers and the teaching profession. Importantly, it is essential knowledge for governments because it will assist them in the allocation of education and social spending and in the provision of targeted funding. It is widely accepted that education outcomes are not simplistically determined by the school environment or the quality of teachers; other social factors can and do determine education outcomes. It is very important for governments to know how students from different communities are performing by assessing them against the same curriculum. Governments can then identify underlying social issues which may need addressing. In that context I want to refer to a report entitled How young people are faring 2008, prepared by the Foundation for Young Australians and released earlier this year. I referred to this report in a previous address on education, but this statement in the report is absolutely relevant to the point I am making at the moment:

Social disadvantage promotes lower rates of attainment among some groups of young Australians. . . 19 year-olds from low SES backgrounds attain Year 12 or its equivalent at a rate 26.1 percentage points lower than that of those from high SES origins.

At age 24, well over one-third of those from low SES backgrounds have not completed Year 12 or equivalent, compared to about one in seven of those from high SES backgrounds.

This is the important paragraph:
Achievement levels in school also affect attainment, and since school achievement is highly correlated with social background, policies developed to target improvements in Year 12 completion will need to address the issue of social disadvantage.

That is the critical comment made in that report, and it is the critical point of this bill. If the government can provide those assessments and those comparisons of how students are performing in different parts of the country it will enable the government to target specific spending, because quite often those performance levels are not directly related to the school, to the teachers or to the subjects that are being studied, but to other factors which also need addressing.

Of course, a national assessment will increase the level of accountability on both schools and teachers. The important issue here is to ensure that all relevant factors are taken into account when drawing conclusions about student performance and, therefore, school performance. I link that with the previous comments I made. You cannot judge a school by its performance if you simply take into account the performance of the students. You have to make a judgement on the basis of other, external factors as well. That applies if you are going to make judgements about the teachers who are teaching in those schools. I am sure that those matters are well understood by the minister.

The COAG agreement which underpins the implementation of this bill will also address a critical decision for families when they consider moving from one state to another. Each year about 340,000 Australians move interstate, and I would expect those figures to rise in the years ahead. About one-quarter of those 340,000 Australians are students.

Not having uniformity in the school system across Australia raises two matters of concern. Firstly, parents sometimes reject a worthwhile opportunity to move from one state to another because of the impact on

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their children’s education. They will make a conscious decision, perhaps, not to take up a better position for themselves because they do not want to disrupt their children’s education. They put the children’s education first.

Secondly, for those who do move, considerable readjustment is required for children still at school. If a child has to go from one school to another, sometimes in another state, it disrupts them to the point where it might affect their social wellbeing. Importantly, they may have to pick up months of learning as part of the adjustment process in the new school. Because of that they may not perform as well as they might otherwise have performed. It does have an impact on their children’s schooling so I can understand why parents are sometimes reluctant to move from one area to another.

In my own state I have known of parents who have moved from one part of the City of Adelaide to another part—or even out into the country—but have continued to send their children to the same school, even if there is considerable cost, just so that they will not disrupt their children’s schooling. Having a national curriculum overcomes many of the difficulties associated with relocating from one school to another. For that reason alone it is an important bill.

In recent weeks I have attended end-of-year ceremonies at many of the schools in my electorate. I am always impressed by the extraordinary talents I see in young people throughout our community. I am equally impressed by the commitment of so many of the teachers in those schools, and how they, in turn, always find innovative ways to make school life more meaningful and more interesting. I want to take this opportunity to speak about one such example. I refer to the Banksia Park International High School. I attended their end-of-year presentation a week ago, but some three weeks earlier I attended the launch of a very special program. The program is referred to as the Banksia Park International High School international football program. This is a brand new concept. It is a concept that was put together by the school as a response to a need from within the school community. It goes a long way, I believe, to providing real opportunities for young people, not only in their school but in schools across Australia.

Banksia Park International High School, as the name says, is a school that has students from all around the world. The most common sport that all of those students can identify with is soccer. That is why they focused on soccer as the basis for this program. There are opportunities for students from year 8 to year 12 to get involved in the program as part of their school curriculum. This is not just a recreation or a hobby program; this forms part of the school curriculum right through from years 8 and 9 to years 10, 11 and 12. The details of the program, particularly with respect to years 11 and 12, are still being finalised but they have already launched the program and it is underway. It is available to both girls and boys in the school.

You may well ask: how does this fit in with the school curriculum? Soccer is an international sport. In order to get the program up and running the school has been working with the South Australian Football Federation and with Adelaide United soccer club, which is the dominant soccer club in our state—and which, I might say, if I can digress, has performed exceptionally well this last season—and they are working with the local soccer club, Modbury Soccer Club. They are also working with the person who sponsors the Adelaide United soccer club, Mr Nick Bianco. The whole concept is about getting students involved from the early stages of the game right through to the end. It teaches the children about refereeing, coaching, sports training, administration and,
if they want to pursue it as an individual, even becoming a player.

All of those areas today provide opportunities for employment later on. All of those are career opportunities. In fact, when you consider how dominant and important sport has become in our daily lives, it really is a huge employment sector. If you want to get work in that sector, there is no better way than to devise a course that enables a pathway into sports administration, sports coaching, sports participation or refereeing. All of those areas provide opportunities for our young people. They are being pursued, but quite often they are being pursued without the proper training.

I commend this program because, as someone who has always supported sports participation in the community, I know there are benefits that go far beyond just education. Young people who get involved in sports and in this kind of program learn about leadership. They learn about taking responsibility. They learn about being committed. It is a healthy activity that they get involved in. They learn to work as a team and in conjunction with other people. It makes better people of the young people who get involved. I have seen it time and time again in those who participate in sports, even just at local sports club level. To see a school pick up all of those pieces, put them together in the form of a curriculum and then offer it to its students is commendable. I certainly look forward to working with the school in the years ahead as it rolls out the program. I understand that in the first couple of years the program will run only for a few weeks but as students move on through years 10, 11 and 12 it will become a full semester activity. As I said, it actually forms part of their school curriculum and they will be assessed accordingly.

As I said at the outset, this is part of the series of measures that the Rudd government has introduced as part of the education revolution. It is an important part and one that I believe will make a real difference to the opportunities for young people in this country. I commend the bill to the House.

Ms McKEW (Bennelong—Parliamentary Secretary for Early Childhood Education and Childcare) (11.47 am)—I would like to thank all of those who spoke on the Australian Curriculum, Assessment and Reporting Authority Bill 2008. Certainly, the level of debate shows the very strong interest that we all have in ensuring that all young Australians have the best education and the best start in life. I think it is healthy that the foundations of the education of all young Australians are being vigorously and openly debated not only here within the parliament but also in the media, in schools and in local communities. The Rudd Labor government came to office knowing that world-class education is the foundation of a competitive economy. We are committed to delivering an education revolution. The government is making new investments in schooling and building a modern high-quality education system which will ensure that all young Australians achieve their potential and have the skills to participate actively in society. We are investing up to $1½ million per high school to create trade training centres in all of Australia’s 2,650 secondary schools and $1.2 billion in the digital education revolution and computers for secondary schools, supported by digital content resources, professional development and broadband connections.

On the matter of investment, I want to correct some of the misleading statements made by the opposition regarding the Investing in Our Schools Program—the IOSP. That was an initiative of the previous government. On 19 February 2007, the former Prime Minister issued a press release noting a fourth
and final round of funding. The former government decided that there would be no further funding for the IOSP and even returned $26 million of funding for government schools to the surplus, as they claimed there was insufficient demand. Then, on 28 August 2007, Julie Bishop announced that the Howard government would continue support for the IOSP and that details of the continued support would be announced in due course. Despite this promise, the coalition stayed silent on that continued support during the election campaign, and no additional funding was ever allocated to that program. But, as I have outlined, this government is investing $2½ billion over 10 years for trade training centres, $1 billion over four years in the digital education revolution and $62 million over four years under Local Schools Working Together. But simply spending more, of course, will never be enough. Our investments will be underpinned by stronger emphasis on equity, on excellence, on transparency and on cooperation. Together with state and territory governments, we have embraced a new national vision for Australia to become the most educated country and the best skilled economy, with the best trade workforce.

This bill establishes the Australian Curriculum, Assessment and Reporting Authority. It presents a significant and systematic advance to our education system that replaces the ad hoc and part-time approach over the last 12 years of the Howard government. It ensures that all governments—state, territory and Commonwealth—will work together to improve education throughout the country. It is a real example of collaborative federalism working at its best. As the Deputy Prime Minister and the Prime Minister have said, we want nothing short of transformational change in our schools. We must continue to work together to improve the quality of teaching, to ensure every child benefits and to mandate transparency and accountability. The new authority will play a crucial role in delivering on all of these goals. It will be responsible for delivering the national curriculum and the transparency and performance-reporting agenda at the national level. It will build on the significant work that has already been achieved by the Interim National Curriculum Board.

When we came into office, the Australian government committed to the development of a rigorous world-class national curriculum from kindergarten to year 12, starting with the key learning areas of English, mathematics, the sciences and history. For 30 years Australia has needed a single, high-quality national curriculum. The national curriculum will benefit teachers by giving them a very clear understanding of what needs to be covered in each subject and in each phase of schooling. It will also bring benefits to parents by giving them a clear and explicit agreement about what it is that young people should know and be able to do. And it will also allow teachers the flexibility to shape their classes around the curriculum in a way that is meaningful and engaging for students.

On the matter of teachers, I was very interested to hear members of the opposition come out and support the interests of teachers. Of course it is a bit too little too late after over a decade of neglect of the teaching profession. Unlike the opposition in government, this government has the greatest respect for the many talented and hardworking teachers in our schools and we are backing up that respect with greater support for them and their profession. That is why on Monday the Acting Prime Minister announced that the Rudd government is prepared to invest half a billion dollars in a national partnership between the government and the states and territories. This investment will ensure that teachers are supported to ensure that all young Australians get the very best education.
But teaching, a critical part of the story, is only part of the story. We need a rigorous curriculum with the right level of flexibility. And we need to ensure that the curriculum leads to depth of understanding. There has been debate in this House about the dangers of the national curriculum being influenced by certain ideological positions. I want to be clear on this matter: the task to develop the curriculum is a matter for the experts. It is not for politicians. The Interim National Curriculum Board has gone about its work to develop the national curriculum in an open and transparent manner and has drawn on expertise as it sees fit. And they are to be commended for their efforts to date. There will always be debate regarding this area and what is in and what is not. This government welcomes and encourages that debate. Through the processes the Interim National Curriculum Board has been using, all Australians can contribute their ideas online about the national curriculum.

There has been significant debate on the dangers of the national curriculum stifling creativity and flexibility and restricting choice. The national curriculum, once agreed and completed, will be compulsory. But let me be clear on this point: this does not mean that every school will be required to teach the same subjects, line by line, in the same way. It means that there will be determined content and achievement standards in the learning areas of English, mathematics, the sciences and history. By content, I mean what it is that students are able to know and to do—the knowledge, the understandings and the skills. By achievement standards, I mean how well achievement is measured and reported.

The national curriculum will not mandate the practices that schools or teachers use to deliver that content and the achievement standards. Schools and teachers will continue to use their own professional judgement about what to cover and in what sequence and how best to reflect local and regional circumstances, different philosophies and different learning environments.

As the Acting Prime Minister stated a bit earlier, she recognises that some schools use a specialised curriculum, such as the International Baccalaureate, and that some, such as Steiner and Montessori schools, have particular educational philosophies—quite prized educational philosophies—which involve different approaches and different ways to deliver the curriculum. Clearly, there are a number of approaches that are internationally and educationally recognised and used by schools that can show their approach to curriculum is well structured and of high quality.

One of the key tasks of this new authority will be to advise on the most effective method for confirming the recognition of well-established alternative curriculum frameworks in line with the existing curriculum accreditation arrangements that operate within the states and territories. It will do this by working in collaboration with the states and territories, which have constitutional responsibility for curriculum offerings in their jurisdictions. It will make sure that, for the first time, there is a national recognition process that delivers transparency about the curriculum that is being delivered across Australia and one that is not overly burdensome.

The new authority will also play a key role in implementing improved transparency and public accountability of school outcomes through the introduction of a nationally agreed reporting framework to identify school needs and achievements. That includes moving to a new level of transparency in the reporting of student and school performance. Lack of transparency can hide failure. It feeds a culture where all the adults
involved—the teachers, the principals, the community leaders and the members of parliament—avoid accountability. And lack of transparency prevents us from identifying where greater effort and investment are needed.

Importantly, transparency and accountability are overwhelmingly supported by parents. Last month, the Department of Education, Employment and Workplace Relations, with input from the Australian Council of State School Organisations, conducted a major survey of parents’ attitudes about the information they want from schools. The results are striking, with 83.2 per cent of parents in all school systems agreeing that important information relating to school activities and performance should be made public. Parents are hungry for information about how they can help their own children to learn better, both at home and at school. And they understand the importance of information for producing systematic school improvement. And it would certainly appear from the debate in the House on this bill that most members on both sides understand the importance of the right kind of information.

Real progress has already been made in working with state and territory governments to develop a framework for publishing consistent, accurate and appropriate information. But there is much more that can be done through this new authority. We will be insisting on comprehensive information, which will be put in its proper context. Specifically, we will be comparing how the performance of a school compares to that of other like schools serving similar student groups. The Australian Curriculum, Assessment and Reporting Authority will be at the forefront of the government’s commitment to provide all young Australians with better opportunities and the best start in life. It will be the engine room of reform and a key driver of our education revolution. I commend the bill to the House.

Question agreed to.
Bill read a second time.

Third Reading

Ms McKEW (Bennelong—Parliamentary Secretary for Early Childhood Education and Childcare) (11.59 am)—by leave—I move:
That this bill be now read a third time.
Question agreed to.
Bill read a third time.

CORPORATIONS AMENDMENT (SHORT SELLING) BILL 2008
Second Reading

Debate resumed from 13 November, on motion by Mr Bowen:
That this bill be now read a second time.

Mr PEARCE (Aston) (12.00 pm)—I rise this morning to make some remarks on the Corporations Amendment (Short Selling) Bill 2008. The bill introduced by the government which is currently before the House represents some positive outcomes but also, regrettably, some dangerously negative outcomes. We in the opposition strongly support an appropriate disclosure regime and the resultant enhanced market integrity that goes with that. We support measures that enhance greater disclosure and transparency. The strength and the integrity of the Australian financial markets are of course of great importance not only to so-called ‘mum and dad’ investors but also to institutional investors and superannuation funds, to mention a few. It is of the utmost importance that disclosure that provides the basis for a strong and honest marketplace exists in this country. However, we will not support ambiguity and uncertainty, nor will we support a circumvention of proper parliamentary process.

Whilst supporting schedules 1 and 2—to which I will return shortly—the opposition
will move to amend the bill to remove schedule 3. I will move this amendment during the consideration in detail stage of the debate. Schedule 3 is an empty vessel which vainly attempts to provide a legislative base for the disclosure of covered short sales. The matter at stake goes beyond the adequate regulation of the market. At the heart of this schedule is the principle of sound governance. This principle will be done great harm by the Rudd government’s poorly conceived and grossly inadequate attempt at legislation in schedule 3. It has become absolutely clear through our discussions with industry and other stakeholders, together with the evidence presented at the recent inquiry of the Senate Standing Committee on Economics, that there is enormous concern with the way in which this particular schedule has been constructed—that is, its immense lack of detail, clarity and substance. Make no mistake: schedule 3 is a dangerously lazy outline which threatens the very certainty and strength which our market relies heavily upon. After holding an extensive process of consultation, all the government has presented to the parliament is this inept schedule which will create more instability and uncertainty than the current status quo. The opposition wants the government to do the work that needs to be done and then come back to the parliament with a schedule in a new bill which has the detail and certainty required within it.

The opposition is in agreement with the government over the actions represented by schedules 1 and 2. Schedule 1 clarifies ASIC’s power in relation to short selling. ASIC is given the authority to regulate all aspects of short selling. Any confusion over which entity has regulatory oversight for short selling would be removed. We support this measure. Schedule 2 bans so-called naked short selling, which becomes the default position. I note that ASIC is left with a regulatory carve-out to allow naked short selling where it sees fit. It is my understanding that naked short selling represents less than two per cent of all short sales conducted in Australia. It therefore clarifies and provides certainty to the broader marketplace. These first two schedules are clearly positive measures. ASIC and the ASX have already been able to ban and regulate short selling through issued orders. They nonetheless deserve our support for the purposes of clarity.

I will now come to the reasons why the opposition intends to move an amendment to omit schedule 3 from the bill, the most important of which is that we want to ensure the marketplace has certainty and stability, something that this skeleton or, if you like, the bare bones schedule in the bill does not provide. One of the most ridiculous claims asserted by the government on this schedule is that it is a matter of urgency that this bill be quickly passed. ASIC and the ASX are able to continue regulating short selling indefinitely; moreover, schedule 3 of this bill does not come into operation until regulations are tabled in the parliament. The government itself has said that the regulations are yet to be drafted and yet to be consulted upon and will only appear some time in the future, most probably months away. Considering that the Treasury has indicated that it needs more time to consider the nature and the structure of regulation, there is absolutely no justification for running the media line and the media spin that this schedule in the bill should be rushed. Undue haste without proper attention to detail and substance, as the member for Maribyrnong would know, is not good law making and, frankly, is quite dangerous in this context—and he would know that as well.

The government has invented a deadline to appear to be doing something. Just because you say you are doing something does not mean that you are actually doing what is
right or indeed what is good. Being decisive demands taking a decision to present a properly detailed bill for the parliament’s consideration. This should not be an unattainable goal, considering that the government have just conducted what they say has been an extensive consultation process. The most important aspect of this schedule is the procedure for the disclosure of covered short sales. Schedule 3 has a complete lack of detail in relation to how the disclosure requirements would actually work in practice. This means that the key issues and concerns for the industry stakeholders remain undetermined and unresolved. There are no legislative provisions on how disclosure should operate in terms of time, regularity and stock measure to be used. Most troubling is that there is neither framework nor principle espoused; therefore, there is no indication of how any regulation is to be approached. The lack of certainty is most concerning. The very point of having a parliament is that matters of national importance can be considered and debated in this place. The parliamentary legislative process provides the opportunity for interested stakeholders to scrutinise the proposed measures.

In relation to schedule 3, there is a complete lack of transparency which arises from the circumvention of the parliament. As the bill currently stands, there is no capacity for scrutiny and consultation in relation to schedule 3. If it were passed in the government’s proposed form, the government would be able to continue ignoring consultation with industry stakeholders and could simply table binding regulations in parliament, regardless of the consequences. Once again, parliamentary democracy suffers under the Rudd government. The government’s contempt for this place is unprecedented—

Government members interjecting—

Mr PEARCE—and I am pleased to hear that the members opposite agree.

There is also the government’s exposure draft, which was released in September during the now forgotten consultation period. Key industry groups, including the Investment and Financial Services Association, the Australian Financial Markets Association and the Securities and Derivatives Industry Association, do not agree with the government’s preferred option 2 in the exposure draft. There is significant opposition to the disclosure of covered short sales to other brokers as proposed in option 2. Industry advocates that positions should be disclosed to the ASX, as market operator, and not to other brokers, so as to protect commercial advantages and prevent price distortion. Key industry participants support the implementation of a permanent disclosure regime where the market participants—investors and fund managers—report their short sale positions directly to the market operator, the ASX, on a company-by-company basis. The information would then be published by the ASX on that basis. Once again, this position is contrary to the government’s selected option 2 in the exposure draft.

Industry largely has a preference for disclosure of positions to occur one to two weeks after the short sale, not on the following day as proposed by the government’s favoured option 2 in the exposure draft. Industry concerns include the proliferation of ‘copy-cat’ style behaviour, where speculators would derive great benefit from the publication of daily short-selling data. In addition, a next-day disclosure regime may expose commercially sensitive and active investment research to other participants, which could further distort the market. It has also been strongly argued to us that an exemption threshold for small traders should exist within the legislation. This would reduce unnecessary costs for small market partici-
pants. I also note that there are no legislative provisions for stock lending, despite stock lending being heavily featured in the now forgotten exposure draft.

Not only does industry have issue with schedule 3 but Treasury officials stated during the Senate Standing Committee on Economics hearing the other day that it was not ideal that the particulars on how the disclosure regime would actually operate are not invested in the main legislation. The Australian Financial Markets Association were one of the few industry groups—indeed, one of only two—that were allowed, that were actually given permission, to present to the Senate Standing Committee on Economics. This is despite many requests to appear before the committee. AFMA strongly asserted that the type of information that would be required for disclosure should be in the legislation, not left to regulation.

Mr Kerr—This is giving me a headache.

Mr PEARCE—The committee also heard from the Investment and Financial Services Association, who stated that regulation should exist only to fill in the detail and that the law itself should have the basic requirements within. IFSA held that such basic requirements must exist in order to provide direction and guidance to the detail. And I am sorry that the member for Denison is getting a headache, but he will have some empathy with the industry and the financial markets, because this bill will give them a headache.

Most damning, IFSA went on to state on the public record that the disclosure regime is the very structure which must be in the legislation for certainty’s sake. This issue of no detail being in the schedule is particularly highlighted when one refers to the government’s own explanatory memorandum. In the explanatory memorandum it says:

The amount of the compliance cost impact will be determined by the details to be prescribed through Regulations. As such, it is not possible to quantify the costs until the Regulations are made.

So there you have it for all to see: this government, because it has not done the work required, is admitting openly that it has no idea of the cost implications because it has no idea what it wants to do in terms of the important—indeed, the incredibly important—implementation and practical details of this requirement.

One does have to ask the question: why has the government decided to present only a skeleton schedule, devoid of detail and substance, after it has had so much time to do the work and to get it right upfront in the legislation? Why would the government not want to detail the implementation requirements and details in the main legislation, thereby providing absolute certainty and clarity to the market? Clearly, the answers to these questions are because the government does not know what it wants to do, it has not done the work required and it simply just wants to say that it has done something for the sake of having said it has done something.

The participants in the market in this country want certainty. They do not want requirements to change at the whim of a government long on rhetoric but short on substance. If schedule 3 as it currently stands is not omitted, it will only cause instability in the marketplace, and I am sure the member for Maribyrnong does not want to create instability in the marketplace. The market needs certainty, not ambiguity. It would be negligent of any opposition to not highlight and draw attention to such an inept schedule. Again, the opposition wants the government to do the work that needs to be done to provide certainty and substance to the market and then present it to the parliament for consideration. Our amendment will allow the
government to achieve the aims of schedules 1 and 2 as our amendment, if passed, will allow schedules 1 and 2 to become the bill. Our amendment also provides the government with yet another opportunity to get schedule 3 right, an opportunity to actually work out what it wants to do and to articulate this upfront in the main legislation and to represent it to the parliament for consideration.

Mr SHORTEN (Maribyrnong — Parliamentary Secretary for Disabilities and Children’s Services) (12.15 pm)—I rise today to speak in support of the Corporations Amendment (Short Selling) Bill 2008—

Mr Pearce—Do you want my notes?

Mr SHORTEN—I thank the shadow minister for the offer of his notes but, as I did not agree with anything he said, his notes would hardly enhance my case. Global financial markets have experienced substantial difficulties in recent times. Every country has been touched by the tough economic conditions at the moment. Although we are better placed than many other countries in the world, we are not immune to this crisis. We are suffering its impacts now and will be mauled by its impacts long into the future. So the challenges ahead remain great and there are many tests that lie before us.

The Rudd government is taking decisive and early action to protect the interests of Australian working families. Globally banks have failed or been bailed out, the latest being the largest bank in the world—Citibank—and there are countries in recession. There are no easy solutions or quick fixes to this global financial crisis. This will be a long, drawn-out crisis which will have a real impact on Australia. For the world to drag itself out of the crisis requires strong action by governments and a lift in business and individual confidence. It is to be hoped that the recent election of Barack Obama as US President will assist, as well as the actions taken in recent days by the Chinese government and past and future decisions by the G20, at whose meetings Prime Minister Rudd has been present.

The Rudd government has injected $10.4 billion—

Mr Pyne—Mr Deputy Speaker, I rise on a point of order under standing order 76. I know that when members begin their speeches they are usually given the chance to make some general introductory remarks but this is a bill about short selling and the member should be required to come back to it.

The DEPUTY SPEAKER (Mr S Georgiannas) —The member will resume his seat. I have been listening carefully to the contribution of the parliamentary secretary and he is in order.

Mr Pyne—He hasn’t mentioned the bill.

Mr SHORTEN—I, in fact, read out the name of the bill straight away. The Rudd government has injected $10.4 billion—

Mr Pyne—Mr Speaker, with all due respect, he might have mentioned the name of the bill but it requires a great deal more than that to—

The DEPUTY SPEAKER—The member has mentioned the name of the bill. He is continuing with his speech. I am listening carefully. He is in order.

Mr SHORTEN—The Rudd government has injected $10.4 billion as part of the Economic Security Strategy to stimulate economic activity and protect vulnerable groups in our society, especially pensioners, carers, people with disabilities and low-income families. This strategy builds on the decision already taken by the government to guarantee the bank deposits of all Australians. It shows true leadership by the Rudd government.
As defined by the ABS, covered short selling refers to the practice of short selling securities one does not have—to settle the trade, securities need to be purchased or borrowed. There is a general concern that short selling drives down equity values. A variety of independent studies have been published on this and the consistent conclusion is that short sellers tend to be contrarian in nature. Generally studies have demonstrated that as equity prices fall short-selling activity increases. Regulators globally continue to regard short selling as a legitimate investment technique that contributes to price efficiency and liquidity.

Short selling can protect investors from purchasing overpriced assets. However, it is fair to say that short selling has become synonymous with hedge funds and the loss of money by financial interests. Some of this criticism is exaggerated. Short selling is part of the system. Short selling can enhance market competition by allowing the pricing process to fully benefit from the insights of investors, with negative as well as positive opinions. Short selling is often used to support the following strategies: arbitrage trading, such as yield enhancement, dividend reinvestment plans, convertibles, pair trading and relative value; directional play; active extension strategies, such as 130/30 long-short mandates; merger and acquisition activity; support for derivative products, such as futures and options; and index rebalancing.

The Corporations Amendment (Short Selling) Bill 2008 contains three key measures: (1) it clarifies the ability of ASIC to regulate short selling and puts beyond doubt the validity of ASIC’s recent class orders in relation to short selling; (2) it bans naked short selling—ASIC has the power to grant exemptions from this ban; and (3) it establishes a disclosure regime for covered short-sale transactions—that is, short sales supported by securities lending arrangements.

This bill is urgent as a means of enhancing market confidence during a period of significant international market volatility. The amendments will provide certainty to the market regarding the scope of ASIC’s powers to regulate short selling. That makes the opposition’s reckless but failed attempt yesterday in the Senate to delay the passage of critical legislation a disgraceful event. The opposition’s political play on this bill was revealed yesterday when they asked a series of questions during a hearing of the Senate Standing Committee on Economics under the pretence of genuinely seeking to form a view on the bill. But an overzealous opposition senator got ahead of himself and hours before the evidence was even complete lodged a notice of motion to delay the bill—ah, the benefits of telepathy!

As the Minister for Superannuation and Corporate Law said yesterday:

At a time when the global financial crisis is hitting real people hard, such as through their superannuation accounts, this measure will deliver the certainty that is required … The Corporations Act grants ASIC the general power to omit, modify or vary certain parts of the Corporations Act through declarations. These amendments will specify how this general power applies to short selling. The amendments make it clear that ASIC has the power to regulate all aspects of short selling, including prohibiting these transactions and imposing or varying requirements on these transactions. These powers will extend to transactions with the same or a substantially similar market effect as short selling.

The amendments also expressly state that the short-selling declarations made by ASIC earlier this year were within the scope of ASIC’s general power. These declarations had the effect of prohibiting covered short
sales on Australian financial markets subject to some exemptions. They also introduced a disclosure regime for covered short sale transactions taking place under exemptions to the prohibition. ASIC’s actions were necessary in light of the high levels of volatility being experienced in Australian and global financial markets, and international regulatory developments occurring at the time. These amendments are for the avoidance of doubt. They provide both ASIC and industry with certainty over the scope of ASIC’s powers in relation to short selling. This is necessary to ensure the effective regulation of short selling in Australia.

The bill also amends the Corporations Act to prohibit naked short sale transactions. A naked short sale is a transaction where the seller does not have a presently exercisable and unconditional right to vest the product in the seller at the time of sale. Various concerns have been expressed in relation to naked short selling. Transactions of this nature may have a higher risk of settlement failure because the seller does not have the capacity to vest the products at the time of sale. They may also distort the operation of financial markets by causing increased price volatility and potentially facilitating market manipulation. In addition, the perceived activity of naked short sellers may damage market confidence, particularly among retail investors.

For these reasons, it was considered appropriate to remove the general ability for people to enter into naked short sales under the Corporations Act. However, ASIC has the power to allow naked short sale transactions if it considers them appropriate. It is envisaged that ASIC will use this power to allow some non-speculative naked short selling. This is necessary to ensure the continued ordinary operation of Australian financial markets. It is appropriate that ASIC manage these exemptions, given the dynamics of the market and the rapid changes in the conduct and structure of financial markets.

Finally, the bill establishes a disclosure regime for covered short sales. Covered short sales are sales supported by securities obtained under a legally binding securities lending agreement. Under the proposed disclosure regime, a seller will be required to disclose covered short sales to their broker. The broker will in turn be required to disclose this information to the market operator. Brokers trading on their own behalf will be required to disclose covered short sales directly to the market operator. The market operator will be obligated to publicly release details relating to this information. It will be an offence for a seller or broker to not disclose details of a covered short sale. Regulations will set out the timing and manner of the disclosures. Market practice had developed whereby most covered short sale transactions were not reported. This has created significant uncertainty relating to the activity of covered short sellers in Australian securities, which is damaging investor confidence in financial markets. These problems are obviously amplified by the current market volatility.

The legislation aims to provide certainty to markets beyond the expiry of parts of a temporary ban on all short selling imposed in September. The Australian Securities and Investments Commission imposed the ban after similar crackdowns in the United States and some European markets, as regulators acted to defend troubled financial services sectors. I agree with the words of the Minister for Superannuation and Corporate Law, who has said:

… in the current global financial crisis, there has been a need to take decisive action, particularly where we’ve seen some trading practices that involve manipulation or abuses.

Mr Pyne—Crawler!
Mr SHORTEN—The member for Sturt has criticised me for supporting my minister. I accept, from watching The Howard Years, the idea of supporting—

The DEPUTY SPEAKER (Mr S Geog- ganas)—Order! Comments will be through the chair.

Mr Pyne—What a crawler.

Mr SHORTEN—I accept that the current opposition, as evidenced in The Howard Years, has a chronic inability to ever support each other, especially in defeat.

Mr Pyne—You were supposed to be a big wheel, yet here you are crawling to the minister!

Mr SHORTEN—The Minister for Superannuation and Corporate Law has also said that the bill—

Mr Kerr—He made it to the frontbench faster than you!

Mr Pyne—Everyone did!

Mr SHORTEN—In fact, the member for Sturt may be interested to know that the Minister for Superannuation and Corporate Law has also said:

The Bill fills a gap in law, present since 2001. It will boost transparency, enhance the integrity of Australia’s markets and complement action already taken to strengthen our financial system …

There is criticism about this bill at the edges. Certainly, people who have lost money or people who are experiencing financial hardship at the moment are finding the whole operation of the market difficult to contemplate. Of course, though, we need to recognise in this legislation that short selling is not automatically bad. For instance, if BHP shares were at $20 and I were to propose shorting stock at $10, someone else at the other end of the transaction who did not think that the stock was worth more than $10 would see this as a fantastic transaction. That is the market at work. Short selling does allow liquidity in the system, but our legislation, I think, captures what is important: the market operates best when there is transparency. I think that all a regulator can do is make the transactions in the market obvious and then allow people to choose. This legislation enhances transparency in the operations of the market.

The Rudd government has been quick to act to help Australia minimise the impacts of the global financial crisis. It has been responsible, it has been equitable and it has been fair—showing all the hallmarks of true Labor values—in the best interests of the Australian people. In times of greatest hardship, the Australian people have always put their trust in Labor to deliver, and the Rudd government intends to deliver for all Australians. I commend this bill to the House.

Mr SIMPKINS (Cowan) (12.27 pm)—Sometimes some of the economic terminology that is used in this place is not well understood by everyone present. I am sure it is by most but possibly not by all. I strongly suspect that, with regard to this Corporations Amendment (Short Selling) Bill 2008, such a lack of understanding would be quite common. It is not something that everyone wants to tackle, but I welcome the opportunity to speak on this legislation today.

I will begin with an explanation of what it is all about. It starts with selling long, or buying shares at one price, with the expectation that they will go up in price and then you can sell them at a profit. Short selling is the expectation that a stock will fall in price. But where it gets different is when the stock is sold before the seller actually owns the stock. Thinking the price will fall, the short seller sells the stock with something like a three-day settlement date, at which point the handover of the stock occurs. In this way the seller does not actually need to have the stock for three days, giving the stock time to
fall and a profit to be made, as well as time for the stock to be acquired and handed over.

There are two types of short selling, one type being naked or uncovered short selling and the other being covered short selling. Naked short selling is where the seller makes the sale transaction without an existing arrangement being in place to acquire the stock for the subsequent handover to the buyer. Often a naked short seller wants a three-day settlement for his sale but a same-day settlement for his buy. Covered short selling obviously still does not require the ownership of the stock that has been sold, but it has to have an arrangement already in place whereby the seller has access to the same type of stock. Such an arrangement normally involves a lender of stock, who will lend the short seller the stock so that the settlement can be made. The short seller then acquires replacement stock to give back to the lender. Covered short selling therefore ensures that stock will be available to be settled on the settlement day.

That brings me to the reason why short selling has attracted quite a bit of interest. It is because investors do not have confidence in the efficiency and the fairness of the market in spite of the fact that regulations regarding short selling are more stringent here than in other nations. Clearly, in the current environment greater transparency is desired with regard to short selling. Investors, and in fact the whole sector, require confidence in the integrity of their markets, otherwise prices, investment, risk management and, as we have seen, the provision of capital finance, will all be at risk.

Yet if we consider why short selling is such a risk, it is because, if there is a strong interest in short selling and that becomes known, there can be a lack of confidence in the company as other traders become panicked about price falls. There are scenarios where such a lack of confidence can be created by manipulation or abuse, even abuse of information, rather than access to a transparent set of figures. Yet transparency requires the collection of market data beginning, firstly, with the identification of that data. It is always wise to learn from the current rules within Australia and the overseas experience regarding short selling to, in effect, provide a stark point for a future direction.

With regard to transparency, this does raise a very interesting point. The commentary on this bill states that disclosure of covered short selling will indicate that some stocks may be overvalued and it will effectively give confidence to the investors, the buyers, to buy in the market as they will not be uncertain about what is behind the short selling, and of course market abuse can then be reduced.

I might also note that business commentator Terry McCrann in the *Herald Sun* on 21 November this year described covered short selling as not actually being short selling. He said that, effectively, the borrowing of shares involves the transfer of the full legal title to the seller. The seller then in fact becomes the owner of the shares, which until the tax act was changed in 1989 would have represented a realisation. Mr McCrann suggested that covered short selling would stop if the tax act was changed and tax made payable on the loaned shares, which seems to be an interesting point.

I will speak about the exposure draft and industry perspectives. However, before I do that I just want to go through the coalition’s position on the bill. With regard to schedule 1—again, as I am sure others have said—we support the implementation of schedule 1 as a measure to enhance market transparency by providing certainty to both ASIC and industry regarding the scope of ASIC’s powers. With regard to schedule 2, again we support
its implementation because we believe financial transactions like naked short selling can distort the operation of financial markets by causing increased price volatility. As I have previously said, it is right that naked short selling can facilitate a market manipulation and can damage confidence even though naked short selling is estimated to represent less than two per cent of all short sales.

The coalition does not support schedule 3, because as you look through the text of the bill the amendments are not much more than a straw man of ‘ifs’ and ‘mays’ with regard to yet-to-be-announced or possibly not-yet-thought-of regulations, a straw man waiting to be filled out with regulations at the future whim of this government seeking to bypass the scrutiny of the parliament. I ask the question: why, after such consultation as stated by the government, are there no details for this schedule? I do not see how the cause of stability is furthered by this schedule which purports to deal with the disclosure of covered short selling.

I would next like to turn my attention to the government’s exposure draft and the options put forward for dealing with short selling, and I will speak on these in detail. Option 1—retaining the status quo or taking no regulatory action— involves retaining the current regulatory arrangements and encouraging voluntary disclosure of covered short sales. This means no additional regulatory costs for businesses but also no change in the level of uncertainty in the market seeking to bypass covered short-selling activity. Clearly, investors would see no reason to disclose information to the market and the government would have no additional means to make it happen.

As for option 2, the one the government wants—disclosure of covered short sales to brokers—the commentary on the exposure draft states that this option places an obligation on investors to disclose covered short sale transactions to their broker. The broker must then report on to the market operator. It is here that we on this side begin to have a divergence from the government. A general disclosure obligation and penalties are fine in the Corporations Act, but what we have in the bill are airy-fairy references to regulations which are not yet available. Yes, there is technical detail involved, but this is too loose for my liking and that is why we oppose schedule 3. It is also noteworthy that in the commentary mention is made of the need to specify the technical aspects of the disclosure requirement in regulations so as to provide sufficient flexibility so the requirements can be amended to take account of any changes in market activity in the future. That is quite right, but let us have those regulations and a schedule that accurately reflects the detail.

Option 3 is described as the direct disclosure of covered short sales to the market operator. This option requires a clear and direct obligation on investors to disclose covered short sale transactions to the market operator. As discussed before under option 2, this requirement would be implemented through the Corporations Act, and schedule 3 and lack of regulations equally undermine this option. What can be said for this option is that it would be cheaper in terms of regulatory costs than option 2—cheaper for investors but a significant problem for the market operator who would endure the significant regulatory burden. Investors would nevertheless be required to make significant changes to their processes and their systems to allow the reporting of this information directly to the operator. These would be in addition to the costs for investors identified under option 2 in relation to determining their exposure on particular securities. Investors would have the benefit of confidentiality as the brokers would not see the individual trades. It is, however, expected that the overall costs in-
curred by investors and the market operator under option 3 would in fact be greater than the costs incurred by brokers under option 2.

With regard to option 4, which is the disclosure of stock-lending transactions, this involves the obligatory disclosure of all stock-lending transactions because it would equate directly to the level of covered short-selling activity in a particular security. Similar to options 2 and 3, this option could be implemented through the Corporations Act supported by supplementary regulations and therefore suffer from the limitations we have already identified. It is worth noting that some stakeholders have questioned whether stock-lending data will provide a sufficient indication of short-selling activity—and I will go on with that later. Under those circumstances the disclosure of stock lending alone is therefore of limited value.

Finally, option 5 is a review of the existing short-selling regime—which I would have thought the government would have been attracted to given the word ‘review’ is involved. As the commentary says, this option involves a wholesale review of the regulatory framework governing all short-selling transactions. This review would cover the existing rules relating to short sales in the Corporations Act. Given the submissions taken by the government on this bill and short selling in general, this should pretty much have been achieved or at least the relevant information should have been made available already. It is obvious that option 2 has been adopted by the government. This option places an obligation on investors to disclose covered short sale transactions to their brokers. The broker will then be responsible for reporting this information to the relevant entity, the market operator.

Of course, those in the markets have another view and that is worth listening to. I am aware that AFMA, the Australian Financial Markets Association, offered two of their own proposals. Proposal A involves disclosure of all short sale positions, or a direct method. They acknowledge that one of the greatest challenges in collecting functional data on short selling is the task of producing consistent data from all market participants on their short-selling activities. AFMA is of the belief that the only way to overcome this is to collect information directly from entities that hold short sale positions. This would involve fund managers, who could report through custodians and retail clients through their Clearing House Electronic Subregister System, or CHESS, sponsors. I am informed that brokers currently report their own short sale positions to the stock exchange on a daily basis but that they do not have the information necessary to report their client positions. Similarly, it is very hard to imagine some clients wanting that information provided. However, fund managers have signalled their willingness to disclose to the market regulator on a bimonthly basis their aggregate short-selling positions on a stock-by-stock basis. I have made mention of this in a previous speech.

This overcomes the main problem identified in the commentary in relation to option 3. Many in the markets support such a proposal, as it would produce the most meaningful and reliable aggregate data on short sale positions in individual stocks. It represents data that the market would find valuable and useful. The advantage is that it would be easier for a wide range of investors to interpret. It would also provide listed companies with a clear and very interesting insight into the build-up of short sale positions in their stock. This is not possible to achieve by using just transaction data. But a public release of information in such a manner reduces the risk of increased price pressure or volatility and preserves confidentiality of strategic trading positions. It is also agreed that disclosure of
substantial positions—of five per cent of the underlying stock—is relevant to the policy objectives. I would certainly advocate for the need for entities to register with the Australian stock exchange or ASIC as an entity eligible to short sell in the Australian market, requiring effective compliance.

I should say that AFMA makes the point that the UK Financial Services Authority now requires short sellers to disclose net short positions of more than 0.25 per cent in financial stocks. The US Securities and Exchange Commission also moved recently to require disclosure by institutional investors of the number and value of each stock sold. It is correct for investors to focus primarily on the fundamentals of companies when making investment decisions, rather than on the level of shorts in the market. I think we can all agree on that. However, if this is relevant to the assessment of the underlying value then information on the level of short sale positions rather than the transactions is in fact the easiest information to interpret.

What I have described is one AFMA proposal, yet they also have an alternative—an indirect method—which involves disclosure by the Australian stock exchange of transactions that are the subject of borrowing arrangements in the market. It is suggested that securities that are lent could be the subject of coding in CHESS so that a percentage of borrowed stock can be identified as part of the total stock. They believe that this is a very good method of getting the data for onshore and offshore stock borrowings.

It would appear that the markets believe that both the above proposals are superior to the direct disclosure of covered short sales to brokers, as proposed in option 2 of the commentary. A key concern in this regard is the low value that traders attach to the information that would be collected under option 2. Transactional data is not as relevant as position data, as no observer of individual transactions can make a judgement as to the size of the open short positions in the market. There are also a variety of practical and operational problems encountered in complying with a real time tagging regime, which give rise to significant concerns about the consistency and reliability of the data in terms of the objectives of transparency. Option 2 data would not capture intraday closeouts, would be volatile over time and would not cover the purpose of short sales reported. Data quality would be reliant on clients reporting all of their short sales to their broker. Traders may not be able to advise if a particular sale is a covered short sale at the time of the order placement because they would have incomplete knowledge of the entity’s total position or how sales are intended to be settled. For instance, some traders rely on daily stock availability sheets provided by their equity finance desks to support their trading activities. The trader may not know whether the stock availability is sourced from existing inventory, borrowed stock or stock lent that can be recalled et cetera. This may lead to overreporting in some instances.

Further, when aggregating several orders together, some of which may be short and some of which may not be, tagging the order will not give accurate information to the market on the level of short selling. In addition, members have noted the need to balance transparency against possible market liquidity impacts, especially the willingness of traders and market makers to offer liquidity under these conditions, when assessing the benefit from the real time tagging of orders. There is a risk of greater market volatility. Another key concern of AFMA and the markets is that option 2 would require significant systems changes and would therefore be expensive to implement. They give an example. Direct market access systems would have to be reconfigured to capture
covered short sale trades, as clients are prohibited from naked short selling but trading pursuant to a borrowing agreement may be permitted. I certainly appreciate the information I have acquired from AFMA to inform my comments today.

I will close by speaking of the problem we have with this bill—schedule 3. The third schedule is about trying to provide a legislative base to regulate covered short selling. Yet there is insufficient detail on disclosure provisions, and we know there is industry concern about how they would work in practice. We believe that schedule 3 is an unknown quantity and is just a shell to be fleshed out with a circumvention of the parliament, because all the important detail will be outlined in the regulations.

It would certainly appear to be the case that there is a complete lack of detail in relation to how the disclosure requirements will work. The key issues and concerns of the industry remain unresolved. I say that these matters should be resolved now and dealt with to get it right in the first place. The information is available and the stakeholders have made sensible and realistic contributions. They should not be disregarded—not if the government wants to achieve the desired results. The question should be: why has all this consultation time been wasted with this ineffective and inept schedule 3?

Mr RIPOLL (Oxley) (12.45 pm)—It is a pleasure for me to speak on the Corporations Amendment (Short Selling) Bill 2008. This bill is part of a suite of bills, packages and changes that the government is putting forward to deal with the economic circumstances that we find ourselves in. These dire circumstances are global and need strong, decisive action—which is something we have heard many times in this House but which is true nonetheless. We need a government that is able to respond to evolving global financial circumstances that are largely out of our control. The things that we can control are the things that we should be acting on, and this bill is part of that action.

The bill essentially does three key things. Firstly, it will clarify the ability of the Australian Securities and Investments Commission to regulate short selling. That will put beyond doubt the validity of ASIC’s recent class audit in relation to short selling. That will mean that people will have clarity about ASIC’s role and its ability to regulate in that area. The bill also bans naked short selling. ASIC has the power to grant exemptions from this ban, but it is used in limited circumstances and under special conditions, which I will talk about in a moment. Thirdly, the bill establishes a disclosure regime for covered short sales which are supported by the securities lending arrangements.

The bill aims to do a number of things, but particularly important to all three of its aims is providing clarity, certainty and stability to a market which is under great stress and volatility. You only have to look at market movements today to see the volatility and instability that exist. You have major companies such as Rio Tinto, whose share price fell some 20 or 30 per cent today alone, and you have other companies like Citigroup in the United States, which had a massive fall just weeks ago only to rebound 60 per cent yesterday. So there is this great volatility that exists in the market. The role that we have as a government is to bring about the regulatory framework to give confidence and stability and deal with circumstances as they arise. In certain circumstances, such as those which we find ourselves in now with the global financial crisis, you have to act quickly and decisively—and that is exactly what we are doing.

The first schedule of the bill will amend the Corporations Act to clarify ASIC’s power
to regulate short selling. The Corporations Act grants ASIC the general power to omit, modify or vary certain parts of the Corporations Act through declarations. The amendments specify how that is done and how it applies to short selling. The amendments will make it clear that ASIC has the power to do that and to regulate all aspects of short selling, including the prohibition of transactions and imposing or varying requirements on certain transactions. These powers will also extend to transactions with the same or substantially similar market effect as short selling—meaning products and particular instruments that are very much the same as what would be known or described as short selling. I will also briefly discuss those definitions.

The amendments also expressly state that the short-selling declarations made by ASIC earlier this year were within the scope of ASIC’s general power—they were within the scope of powers that currently exist within ASIC. The amendments confirm that the declarations were within the power that ASIC could exercise in certain circumstances. The bill clarifies that. We have done that and supported ASIC because ASIC’s actions were necessary in light of the high levels of volatility not only around the globe but right here in Australia. It is in line with the international regulatory developments occurring in global financial markets at this time. So Australia is not stepping out of current practice in terms of trying to deal with unseen or unheard consequences in this area. These amendments aim to avoid doubt. They provide clarity and certainty and restore as best as possible stability and confidence in the market so that people can understand the circumstances by which short selling could take place, where it is banned and where it is not banned, and perhaps prevent what could be seen by some as market abuses or exploitation of the market, particularly in these very difficult times.

Schedule 2 of the bill amends the Corporations Act to repeal the exemptions that generally allow for naked short selling. These exemptions relate in particular to odd lot transactions, to arbitrage transactions and to transactions where arrangements have been made before the time of the sale that will enable delivery of the product in time for the settlement as well as transactions made under a declaration from the operator of a licensed market in accordance with the operating rules of that particular market. This effectively establishes a prohibition against naked short selling, a short sell where the person does not actually own, has not borrowed or does not in any way hold the securities which they are selling onto the market. There is the power to allow naked short sells if it is considered appropriate, and it is envisaged that ASIC will use this power to allow some non-speculative, naked short selling that is necessary to ensure continuity of ordinary operation of Australian financial markets. So there are circumstances in which it is acceptable.

I am the Chair of the Joint Committee on Corporations and Financial Services and in June of this year the committee brought down a report entitled *Better shareholders-better company: shareholder engagement and participation in Australia*. One of the areas of interest to the committee and of interest to the many people who made submissions to the inquiry was the issue of short selling. It came up in the perspective of being topical at that time in June. It still had not quite hit at that time quite hard enough globally or here in Australia for it to become such an issue that it required immediate government action, although the government was already working on looking at the circumstances in which things such as short selling were adversely impacting on the market and
the contributions that that practice makes to the market.

In the committee report we looked at the covered short-selling exercises, which describes the practice where shares that are being traded are borrowed shares and their commissions are paid. It is a not unusual practice and it is a practice that was completely within the right of people to use. It is a practice where, within a certain time, a short seller could repurchase the shares at a lower price than they had borrowed them at and then they could make a profit on the difference or the arbitrage, as it were. Naked short selling differs quite a bit in that it involves someone agreeing to sell a stock that they do not hold. They neither own it nor have borrowed it so have no coverage over that particular stock, which in itself could prove—and did prove in some circumstances—to be problematic for the market.

We saw a number of circumstances where Australian companies as well as international companies were markedly affected and impacted upon by short selling. In normal market circumstances you would not necessarily—and people did not—take a dim view. Short selling was seen as a normal instrument of the market whereby it was used to create liquidity, to allow for good trading and continuation of the market and of specific shares in companies and often worked to the advantage of shareholders, although at times it could work against the interests of shareholders. There had always been some voices who were concerned about the practice, but there were a number of rules regarding how the practice took place.

Times have changed, and that is the bottom line. Circumstances have changed. Global financial markets have changed. We now need to act in a decisive manner to ensure that we restore confidence in the markets. Amongst the findings of the committee—and they were made in consultation with organisations including the Australian Stock Exchange, the ASA, the AICD and a number of other bodies—was the need for proper disclosure and transparency. In the view of some, naked short selling was considered to be a poor practice in itself, and the committee found that the government should look closer at abandoning such practices. Generally speaking, the findings of that committee report are very much in agreement with the circumstances that we find ourselves in today and the actions that the government is taking. So I am very happy to say that not only did we inquire and report but also we have acted to restore confidence in markets.

Schedule 3, the issue of disclosure, is very important. It is as important if not more important than just the simple banning of naked short selling. The requirement for disclosure in covered short sales is exceptionally important. Covered short sales are sales which are supported by securities obtained under a securities lending agreement, so it is the borrowing of securities that is involved. The amendments that we are proposing require sellers of section 1020B products to advise their executing Australian financial services licensee, the broker, when the sale is a covered short sale—a sale which is supported by some sort of a loan or lease arrangement. In turn, the broker must inform the relevant market operator, and brokers must also report the covered short sales on their own behalf to the relevant market operator. That is to ensure that there is accountability as well as transparency and to ensure that those who monitor the market and those who are in the market and invest in the market have some certainty about who is doing what.

This is one of the big issues that came up in the report of the committee. I note that the member for Fadden, who is also a member of that committee, is here. He also contributed
to that report, so I am sure he will have some comments about these particular areas. That disclosure requirement is technically very important and has been the subject of calls from a range of organisations and, in following through from the bill we have in front of us today, puts in place some certainty. The disclosure regime will apply to sales made on a licensed market—for example, the Australian Stock Exchange—and sales that occur through on- or off-market crossings regardless of whether the seller is actually here in Australia or overseas. An important point to note is that it is not going to matter where the seller is. It is going to matter which exchange or market they use, whether they be in Australia or outside Australia. It will be an offence if sellers or brokers do not provide those particulars in the sale of section 1020B products at a time and in a manner that is required by the regulators. That is the appropriate action to be taken.

Regulations will set the mechanisms for disclosure, from sellers to brokers and from brokers to market operators, including when and how disclosure occurs. To complement the disclosure regime, brokers must ask whether the sale is a covered short sale before making the sale. That really gives proper disclosure of the highest standard that we require. It is the appropriate standard. This reflects increasing transparency and accountability in a broader range of areas so that better market knowledge exists and ensures that more timely information is provided to all participants involved in those markets.

In summarising, I make a number of remarks. The first is about the global circumstances in which we find ourselves. These are very unusual and unprecedented times. We can go back in history and look at other times when there has been market volatility: the Great Depression, the end of World War I and World War II, and other times when financial markets around the globe faced particular stress. But I think it is fair to say that here and elsewhere we face unique global circumstances. I read just this morning that the United States is pumping $1.2 trillion into their markets to ensure that there is not a financial collapse of the United States economy. This is a phenomenal amount of money on top of the money that has already been put into their own markets. I think the key point about what that demonstrates is that governments have to take strong and decisive action. That is not unusual action in unusual circumstances.

What the Rudd government is doing here in Australia is exactly that: we are taking strategic, measured efforts in a quiet manner; we are not yelling from the rooftops. We are doing the necessary things to ensure people’s confidence in Australia remains, but also so that the confidence of international markets and other jurisdictions in our economy, our banking system and our markets is maintained. It is part of the broader Economic Security Strategy that we have. It is not merely about the $10.4 billion that we are returning to pensioners, families and carers to give them an economic boost in a downturn just before Christmas to help stimulate the economy and ensure that our economy does not stall or falter. It is more than that. It is about the way we have structured the large deposit bank guarantee, and it will evolve. As each day passes, there are new circumstances that we must deal with. What the Treasurer, Treasury, the regulators and this government are doing is making sure that we strategically and in a measured way step through the very complex and difficult global financial circumstances that we find ourselves in.

You can have many different views on how these things might happen, but the courses of action that we have taken to date are absolutely spot on. They are backed not only by the regulators and Treasury but also
by the public. The public actually do understand what we are doing. The public are confident that we are ensuring their safety in these very dangerous times. What we are doing is also being supported by industry and different financial sectors. They, like us, understand that in these very complex and difficult financial times you need to take action. You cannot have a different policy every single day. You cannot change your mind three times a day. You have to not only give the perception of being stable, steady, measured and strategic; you also have to do that through your actions. That is exactly what we have done. I am very confident that we have done everything to date that is necessary. There will be more for us to do. This is only the beginning of a number of strategies and policy and regulatory changes that we may need in the future. The actions that we have taken to date not only give people confidence, security and stability here in Australia, where ordinary families can be certain that their government is looking after their interests—that they are safe—but international markets and other jurisdictions will also understand that they can have confidence in our markets because we have a stable government, with good governance and financial systems in place. I commend the bill to the House. (Time expired)

Mr ROBERT (Fadden) (1.05 pm)—The Corporations Amendment (Short Selling) Bill 2008 seeks to enhance market stability by outlawing naked short selling and increasing disclosure for covered short sales. The bill gives effect to a number of measures: clarification of ASIC’s powers to regulate and ban short selling of financial products, amendment of the Corporations Act 2001 to prohibit naked short selling, and increasing disclosure requirements. The bill is presented in the form of three schedules. The first two schedules deserve support; the third schedule deserves to be thrown in the bin.

First of all: what is short selling? When individuals invest in shares, they generally want to buy low and sell high. No-one likes to sell things for less than they paid for them—that is, they are purchasing shares for the long haul and are buying long, as any profit will be delivered down the track. Short sellers do the opposite: they want to gain from a fall in price. They are looking for shares they think will go down in price or they are looking to hedge a position against a fall in price. Unlike other share traders, short sellers generally do not own the stock they sell. They sell them hoping that the price will fall below what they purchased them for.

In a conventional short sale, an investor—and large investors are generally large super funds, investment banks or private investment funds; we may know them as hedge funds—takes the view that shares in a particular company may fall, or they wish to hedge a position in a company that may fall. They borrow shares in that company from someone who does own them, and in other cases, called naked short selling, they just sell shares they do not own. If they borrow shares on a covered short sell—most often the owner will be very large pension funds, insurance companies, super funds—the investor sells the shares in the market once the shares have fallen in value and the investor buys them back at the lower price and returns them to the original owner. If all goes well the investor pays less to buy back the shares and pockets the difference. Clearly, there is some cost involved in covered selling.

The current regulation of short selling in both the covered and the naked types is section 1020B of the Corporations Act, which regulates the short selling of certain financial products. Under current provisions, while short selling is technically prohibited, there are exceptions provided in the legislation that allow covered and some naked short
selling to occur. These include where the seller has in place before the time of sale an arrangement that will enable delivery of the product within three business days or has effected the sale in accordance with the Australian stock market rules. In both of these cases a person selling through a financial services licensee must tell the licensee that the sale is of this kind. Licensees or brokers who are participants in the financial market operated by ASIC must give ASIC certain aggregated information about such sales on a daily basis.

In response to the global financial crisis, in September 2008 the Australian Securities and Investments Commission, ASIC, responded to turmoil in international and Australian financial markets by introducing measures aimed at limiting the potential for markets to become disorderly. The problem here is that when the ban on short selling was introduced, the market was deferred from an opening of 10 to 11 because the government bungled its advice and the direction it took. Indeed, the Treasurer, our nervous man, had three positions in three days. The member for Oxley has just finished saying that the government got this spot on, that you cannot change your mind three times in three hours, that the market needs certainty—and I agree with him. The market needs certainty. You cannot go around changing your position every second day, but that is exactly what this government did. It put a lack of confidence into the market, so consumer confidence is the lowest it has been since recorded levels, and that was before the crest of the wave of the financial crisis hit us. Indeed, changing the government’s position three times in three days does not imbue anyone with confidence.

The issue of short selling was considered by the Parliamentary Joint Committee on Corporations and Financial Services in June 2008. The member for Oxley, who chairs that committee, was just speaking about it, and I also sit on that committee. Before the stock market crash in September, which sparked governments to temporarily ban or limit short selling, the committee was examining trade practices in equity markets and we remarked that there was a widespread view that short selling activities are not subject to sufficient rigorous disclosure requirements to ensure that shareholders are adequately informed. In our inquiry the disclosure requirements for the practice of short selling attracted considerable attention. The committee reported that in our view:

... while short selling is a legitimate trading tool, it is necessary to ensure it is appropriately disclosed to the market to ensure that undesirable practices that potentially accompany short sales can be identified by regulators. Further, the committee does not oppose institutional investors lending their stocks to maximise returns, but considers that funds should be required to disclose their stock lending practices or policies to members.

We in the committee were concerned about the lack of disclosure, that upwards of five, six and seven per cent of a company’s stock on issue was being borrowed from large funds to short the market and drive the price down. We were concerned that somewhere between 1.7 and two per cent of the market were naked sales—large hedge funds using billions of dollars to short a stock, to force it down and pocket the difference with no thought to the long-term wellbeing of the company or developing productivity out of what the company was doing.

The government has now introduced legislation which contains three schedules. The first schedule inserts new section 1020F(8) into the Corporations Act. The new section clarifies that the power to make a declaration under existing section 1020F(1) can be used to restrict or change the rules relating to short selling on the stock exchange. The pur-
pose of the section is to remove any doubt of
the authority to make such declarations un-
der the Corporations Act.

Of particular note is new paragraph
1020F(8)(c), which clarifies that a declara-
tion by ASIC under existing paragraphs can
exempt a transaction from the rules against
short selling, thereby allowing short selling
to occur once a declaration has been made.
The coalition supports the implementation of
schedule 1 as it is a measure to enhance mar-
ket transparency by providing certainty to
both ASIC and industry regarding the scope
of ASIC’s powers. As an aside, I commend
the government on moving towards transpar-
ency in this schedule. It would be nice if they
decided to move towards transparency in
other funds in other bills, like the nation-
buiding bill.

Schedule 2 of this bill clarifies that a per-
son can sell products previously purchased
under agreement, even though they have not
yet acquired the rights to vest the products—
that is, due to conditions of the purchase
agreement, they have not yet acquired full
rights in that regard. The explanatory memo-
randum makes it clear that the existence of
the prior purchase agreement means that the
transaction falls short of true naked short
selling. The coalition supports the implemen-
tation of schedule 2 since such financial
transactions—naked short selling—do distort
the operation of financial markets by causing
increased price volatility. Naked sales can
potentially facilitate market manipulation
and can damage market confidence. Naked
short selling is estimated to represent less
than two per cent of all short sales.

Schedule 3 deserves to be thrown soundly
in the bin. It attempts to deal with disclosure.
It outlines a number of new disclosure re-
quirements for allowable—that is, covered—
short sales. The Joint Committee on Corpo-
rations and Financial Services looked widely
at the issue of disclosure and addressed it in
its report in June this year. I can only assume
that the government has failed to read the
committee’s report. The coalition does not
support schedule 3. This amendment is es-
sentially a shell which will be fleshed out
without the intervention of the parliament,
essentially circumventing the parliament.
The complete lack of detail in this schedule
not only means that regulations will be relied
upon to provide any such detail but also that
key issues and concerns for industry stake-
holders, who are not in support of this
amendment, will remain unresolved.

The government has not done any work
on this schedule despite its extensive consul-
tation process. Not only has it not provided
any detail but it has also decided not to im-
plement any suggestions or concerns raised.
This schedule is inept, it is unclear and it will
not lead to the complete disclosure that is
needed, and one has to question why the
government consults at all if it is going to
ignore everything that it is told.

There is a complete lack of detail in rela-
tion to how the disclosure requirements will
work. This means that key issues and con-
cerns of industry remain unresolved. There
are no legislative provisions on how disclo-
sure would take place in terms of time, regu-
larity, whether it is by aggregate or daily to-
tals and what type of stock measure would
be used. There are no principles espoused to
underpin the disclosure regime; therefore we
have no idea at all as to how regulations
would be approached or how they are meant
to operate.

A lack of transparency arising from this
circumvention of parliament removes any
capacity for scrutiny and consultation. Sur-
prise, surprise—this government is trying to
move away from appropriate scrutiny by the
opposition. It allows the government to ig-
nore consultation with key stakeholders and
simply table binding regulations in parliament, regardless of consequence and what it does to the market. Key industry groups—including IFSA, FCIA, AFMA and the SDIA—do not agree with the government’s preferred option 2 in the exposure draft. The ASX supports only a modified model of option 2.

There is broad opposition to the disclosure of covered short sales to other brokers as proposed in option 2. Industry advocates that positions should be disclosed to the ASX, as the market operator, and not to other brokers to protect commercial advantage and prevent price distortion. Industry largely has a preference for disclosure of positions one to two weeks after a short sale—not on the following day, as proposed by option 2 of the exposure draft. The government has already held an extensive consultation process but has chosen not to implement suggestions with respect to this. Once again, it begs the question: why bother consulting if you are going to ignore everything you have heard? Treating industry with this degree of contempt is beneath you.

Why rush, if the consultation process has not occurred—particularly where there is a lack of consensus amongst industry groups? Government has invented a deadline but ASIC can continue to regulate short selling indefinitely. There is no need to rush and there is no imperative because ASIC has the power to regulate in the short term. And we know what happens when this government rushes, like when it rushed its bank guarantee. The rest of the world was going with $100,000 to $200,000 caps, but when the Leader of the Opposition proposed a $100,000 cap on 12 October, our Prime Minister—not to be outdone—proposed an unlimited bank guarantee. I think it was the only unlimited one on the planet, bar perhaps Ireland. What we saw was massive market distortion because he rushed. Thirteen of the top 20 cash and property management funds stopped redemptions for six months and 270,000 Australians had their money and assets frozen because this government rushed. There was no need to rush.

In fact, the great irony of this government’s rushing is that this is the only country on the planet where the government’s intervention has made things worse for the nation. Every other nation would appear, on the surface, to be more prudent. They took time and actually had all the regulators in the room when decisions were made, as opposed to just one. They trod carefully and considerately—but not this government. Not wanting to be outdone by the Leader of the Opposition, who had been calling the shots well ahead of the government, they rushed. And they are rushing again now, when there is absolutely no need because of the regulatory powers of ASIC. This is a significant change to the functioning of the Australian equities market. An unsound hastening of the process is concerning and, looking at this government’s track record, it will lead to grief because that is all this government has given in response to the financial crisis for this country. This is the only country on the planet where things are worse because of government intervention.

Any further ill-conceived market reforms, such as the bungled bank guarantee, may produce further haemorrhaging in the share market. The coalition supports enhanced market stability. The first two schedules of the bill deserve our support, but the last schedule is highly ambiguous. It is a hollow shell that is designed to circumvent parliament and it deserves to be thrown in the bin, where it truly belongs.

Mr BRADBURY (Lindsay) (1.20 pm)—I rise in support of the Corporations Amendment (Short Selling) Bill 2008 and in support of all three schedules of the bill. Clearly,
schedule 3 is the schedule that is providing the contention as far as the opposition is concerned. I will come to elements of schedule 3 in a moment, but I would like to reflect more generally on some of the comments made by the member for Fadden, who preceded me in this debate. His contribution, in his usual colourful and flowery manner, sought to portray the actions of the Rudd government in responding to the global financial crisis as having made the problem worse—I think that was the sentiment expressed by previous speaker.

Clearly that is not a view that is shared by an overwhelming majority of Australians, who have acknowledged and recognised that the early and decisive action that the government has taken has ensured that Australia has responded not only in a timely fashion but in an appropriate and proportionate way to the massive challenges that we face globally at the moment. It is important to understand the extent of the challenges we face in managing the national economy in what is a very difficult international economic environment. That is particularly important in the implementation of government policy in relation to the bill that is before the House today.

Against the backdrop of the global financial crisis and the credit crunch, we all have increasingly become aware of the significance of what commenced with difficulties in the subprime mortgage market in the US just over a year ago. We have all become familiar with the reverberations that have extended to shores as far afield as ours here in Australia. We have seen tremendous uncertainty in the global economy. We have seen massive tightening in credit markets. The credit crunch, combined with the other aspects of the global financial crisis, has ensured that the challenges that we face in managing the economy have been amplified.

In recent times we have seen our share markets cop an absolute battering. That is something that, right across this country, people have taken great interest in observing, whether it be self-funded retirees who are seeing those declines in share values on our stock market whittle away the hard earned savings that they have put aside to fund their own retirement or whether it be those whose employment is affected by the impact of what we are seeing on share markets right across the globe. Clearly the factors at play here are global in their nature. The responses can be national and inevitably will be, but we need to be responding in an international way. That is why the efforts of the Prime Minister, the Treasurer and this government in working cooperatively with countries right across the globe have been an important part of our response to the global financial crisis.

In net terms we have seen US equity prices fall by around 30 per cent since the Lehman Brothers collapse, which was only back on 15 September 2008. Over that same period the Australian market has been down by 25 per cent. So clearly there has been considerable difficulty faced not just in our share market but in share markets right across the globe. If you take Australian shares from their 2007 peak, the US Standard and Poor’s 500 index is down by around 40 per cent and Australia’s ASX 200 index is down by almost 50 per cent. The position is not a particularly optimistic one and it is not one that has been observed with any great relish by anyone throughout the community, but it is important to understand and recognise that this is the background to the proposals being brought forward.

The proposals in this bill deal with the practice of short selling. As previous speakers to this debate have commented, short selling of its nature is not necessarily a problem, although there have been examples of the way in which these practices have been
employed that have added to the volatility in the marketplace and contributed at least in part—it is always difficult to determine the extent of the contribution—to the fall in share prices, particularly in relation to certain stocks as opposed to some others. This has obviously given rise to some scrutiny of the way in which the Corporations Act seeks to deal with these matters and indeed the way in which our regulators are equipped to deal with these matters. Essentially a short sale involves an investor, quite often a hedge fund or an investment bank, forming a view that shares in a particular company are set to fall. The investor then borrows the shares from someone who owns them—often that will be a large pension fund or insurance company—and then the investor sells the shares in the marketplace. Having done that, the investor then buys the shares back. It would be the investor’s hope to do so at a price lower than what they sold them for, and then they will return them to the original owner.

It is important in the area of short selling to understand and appreciate the distinction between covered short selling and naked short selling. I think it is almost an article of faith that, when you introduce a bit of nudity into the debate, it spices up the discussion. I acknowledge and recognise that the notion of naked short selling has certainly turned a few heads in recent months and has perhaps given this issue—one that might otherwise be particularly dry—something of a more retail flavour. It would have been rather unusual a few months ago to have people visiting me at my mobile office of a weekend talking about short selling, but naked short selling has been getting a pretty good run of late as I get around the community in my mobile office. Largely these issues have been raised with me by self-funded retirees, who, as I stated earlier, are very clearly concerned about the impact that the global financial crisis and the decline in share values on our stock exchange have had on their retirement savings.

The distinction, of course, between covered short selling and naked short selling largely relates to whether or not, prior to entering into the sale, the investor has an arrangement in place whereby they have secured the ability to get their hands on the security that they are seeking to sell. The terminology that we rely upon is that, if they are exercising a covered short sale, they must have a presently exercisable and unconditional right to vest the product in the seller at the time of the sale. So arrangements have to be undertaken or put in place prior to entering into the sale in order to ensure that the seller at least has a pathway towards securing the underlying security that they are promising to sell.

I mentioned earlier that many people have come to talk to me about this at my mobile office. This is one aspect of this particular discussion that does perplex a lot of people. I think that for the layperson it is difficult to understand how this could occur—how someone could enter into a contract to sell a security that they do not own, nor do they necessarily have any secure means by which they can get their hands on that security in order to deliver on the key points of action that are set out in that particular contractual arrangement.

The bill, primarily through schedule 2, seeks to repeal those existing sections in the Corporations Act that allow for naked short sales. I have to say that in keeping with the response of all the regulators—all of those members of the Council of Financial Regulators in this country—ASIC did move very quickly and demonstrate leadership in this area in order to ensure that, at a time when market turbulence was beginning to escalate, they were able to intervene and, through the
use of their class orders, to ensure that greater stability and certainty were returned to trading at a time when things could certainly have got out of hand. So I think credit should be given there. I take this opportunity to restate the view that I have put to this House on many occasions: that right across the spectrum of our financial regulators we have some of the finest regulators that can be seen anywhere in the world economy and that the strength of our economy is in no small part a result of the great contribution of our regulators. That is why the government works very closely with those regulators and takes their advice very seriously. It is worth noting that the proposals that are contained in this bill—and in particular I will come shortly to schedule 3—are very much in keeping with the advice that has been provided by the regulators to the government, and that is appropriate. Given the commentary that we have heard from those on the other side on various occasions, I would have thought that they would be prepared to concede that that is a good thing, notwithstanding that we now see that they are determined to oppose schedule 3.

Schedule 1, of course, provides greater clarification and certainty in relation to the powers of ASIC, and specifically the powers that ASIC has to regulate in respect of short selling. That is a matter that I think did require some clarification, and certainly the amendments contained within schedule 1 have the effect of ratifying, if you like, those actions that were previously taken by ASIC in acting swiftly and decisively to put restrictions on short selling at a time when urgent and immediate action needed to be taken. Certainly the effect of schedule 1 will be to avoid any doubt in that respect. Those amendments provide ASIC and the industry with certainty in relation to the scope of the regulator’s powers, specifically in relation to short selling. It is necessary to ensure the effective regulation of short selling in Australia, and I think that that is a given.

I thought it might be timely to comment on some of the comments from third parties in the marketplace in relation to the actions that had been taken by ASIC previously in banning short selling and, indeed, extending that ban. I note the comments of Paul Fiani, managing director of Integrity Asset Management, who was quoted in the *Australian* on 22 October this year. He supported the extension of the ban back then. He made the following comment:

> What’s the point of spending trillions of taxpayers’ money to restore confidence and then let the shorters back in to destroy the confidence?

I think it is important to see these measures in the broader context of the government’s overall strategy to respond to the global financial crisis. The point he makes, I think, is a good one: that we need to ensure that there is certainty and integrity in the way in which our share markets operate at a time when the government is going to great lengths and investing significant amounts of money in trying to provide the fiscal stimulus that the economy needs. It would be counterproductive to allow, through a lack of regulation, activities and practices such as some of the more dangerous examples of short selling to jeopardise and undermine those efforts, so it is certainly good to see that endorsement there from the managing director of Integrity Asset Management.

I note also that these measures in respect of the banning of short selling were welcomed by the Australian Shareholders Association CEO, Stuart Wilson, who in the *Australian* on 30 September this year expressed his support for the ban, saying:

> THE temporary ban on short sales is working so well right now that it is hard to find an argument against adopting it permanently.
Globally, market watchdogs took action, forcing our hand. For Australia, regulatory docility was not an option.

I do not think that there was ever going to be any suggestion of docility on the part of our regulators, nor is there to be an allegation of that sort levelled against this government. Whilst those on the other side may wish to try and slow down the process of securing passage of this legislation, which will provide that certainty, we on this side are determined to ensure that that certainty is delivered.

I now turn my attention to schedule 3, which is clearly the schedule that has attracted the most criticism. I think the member for Fadden was getting a little bit carried away with himself when he said it should be thrown in the bin. I suggest that perhaps he would want to have a look at it and read it before he makes such a throwaway comment, if I can use that expression. Schedule 3 establishes the disclosure regime in relation to covered short sales. It is a very important and fundamental part of this legislative package that is before the House. In respect of covered short sales—as I indicated before, covered short sales are those supported by securities that are obtained under a legally binding securities lending agreement, so there has to be a means in place that provides the seller of the security with a presently exercisable and unconditional right to vest the product in the seller at the time of the sale—schedule 3 sets out the disclosure regime, or at least the architecture and framework of that regime.

Under the proposed regime, the seller will be required to disclose covered short sales to their broker and the broker will, in turn, be required to disclose this information to the market operator. Brokers who are out there trading on their own behalf will be required to disclose any instances of covered short selling directly to the market operator. The market operator will be obligated to publicly release details relating to this information. It will be an offence if a seller or broker does not disclose details of a covered short sale.

It is important to understand the significance of this particular aspect of schedule 3 and that is that it imposes the penalties. I hear from those on the other side that there is some comfort with allowing the existing temporary regime to continue to apply. But I suggest that those on the other side who scrutinise this amendment and the schedule more closely will have their sense of comfort shattered when they understand and recognise that under the current regime, which is only temporary, there is no effective penalty or enforcement regime in place. That is the big and fundamental difference between what is currently in place and what is proposed in terms of the disclosure regime that is set out in schedule 3.

Every day that we continue to wait, every day that this parliament fails to act and to pass this legislation, this bill, in full will be another day where the regime that is in existence, for all of the good that it has done, will effectively still be a regime operating without the ability to impose any penalties on those who are in breach of the very fundamental principles that are sought to be achieved through that regime. Clearly, this regime that we are proposing will strengthen compliance in respect of the disclosure requirements.

There are many commentators throughout the industry that have supported the government’s position in relation to schedule 3. I note that the Association of Superannuation Funds of Australia, ASFA, have stated that they support the disclosure model as outlined in the bill. They are the peak representative body of all of the APRA regulated superannuation entities and I certainly do not take their view lightly.
I should say that the ASX is on record as acknowledging and supporting the regime set forward in schedule 3 and, of course, the government is acting on the advice of ASIC in this regard. Any regulations that are to be made can be made—(Time expired)

Mr TURNOUR (Leichhardt) (1.40 pm)—I rise today to support this Corporations Amendment (Short Selling) Bill 2008—part of the Rudd government’s response to the global financial crisis. We are living in unprecedented times; historic times where banks have failed around the world, stock markets have crashed, housing prices have declined and countries in Europe and the United States are facing recession. These events that started in global financial markets have moved into the real economy, battering consumer confidence and placing at risk our future economic prosperity. These are unprecedented times and world leaders all across this global community have stated so. President-elect Barack Obama, in Jacksonville, Florida, on 3 November 2008 said:

We are in the middle of the worst economic crisis since the Great Depression. 760,000 workers have lost their jobs this year. Businesses and families can’t get credit. Home values are falling. Pensions are disappearing … It’s getting harder and harder to make the mortgage, or fill up your gas tank, or even keep the electricity on at the end of the month.

He was obviously talking about the United States but leaders in Europe and across the Asia-Pacific region have made similar statements, highlighting the grave risks to their own economies and the world economy from the global financial crisis. Our own Prime Minister Kevin Rudd has said:

… we are waging a war against global recession and global unemployment—and we are determined to deploy every tool at our disposal. The government will take whatever decisive action is necessary to protect economic growth and jobs for Australians

The Rudd government, like the US President-elect Barack Obama, British Prime Minister Gordon Brown and other world leaders, understand the magnitude of this crisis that we confront and are committed to working together to navigate a way through this global financial crisis. This shared determination to work together to tackle this crisis stands in stark contrast to the words and actions of the Leader of the Opposition, Mr Malcolm Turnbull. We need to remember that the Leader of the Opposition said the global financial crisis was being hyped and accused our Prime Minister, Mr Rudd, of hyping up the crisis.

Mr John Cobb—Mr Deputy Speaker, I rise on a point of order. I appreciate the member for Leichhardt’s grasp of world affairs but this is a very technical bill, and I draw your attention to the fact that he is not actually talking about it.

The DEPUTY SPEAKER (Hon. BC Scott)—I thank the member for Calare for his point of order. Quite often there is a wide-ranging debate relating to bills and sometimes relevance does not really mean it is relevant in this place at the particular time. But this is a very specific bill. I remind the member that this is the Corporations Amendment (Short Selling) Bill 2008 and I ask him to bring his comments back to the bill before the House.

Mr TURNOUR—It is very clear the opposition does not understand that this bill is very much a part of our response to the global financial crisis. I am sure the gallery understands that this is a global crisis and it is very important in debating these bills to place them within the context not only nationally but internationally and that is what my comments are about.

It is clear that the opposition, rather than focusing on the real challenges ahead and on how we can work together as we are doing
Internationally to tackle this crisis, is seeking at every step to play politics. That is what the Leader of the Opposition was doing when he accused the Prime Minister of hyping up the global financial crisis. We have Barack Obama, Gordon Brown and leaders all around the world looking to work together on the need for decisive and urgent action to tackle this crisis, and we have the Leader of the Opposition claiming that it is being hyped up. The opposition, rather than focusing on Australia’s national interests, is instead focusing on its short-term political interest.

Australians understand that we are not immune to the impacts of the global financial crisis but we are well placed to weather the storm. Unlike the United States and Europe, our economy is forecast to continue to grow into the future. The recently released Mid-Year Economic and Fiscal Outlook has our economy growing at two per cent. I was pleased to see that the Organisation for Economic Cooperation and Development, the OECD, in its Economic Outlook released last night is reported to expect Australia to be one of only a few developed nations to avoid a recession. It forecasts growth at 1.7 per cent for the next financial year and increasing growth into 2010. The Rudd government has taken and will continue to take early and decisive action to steer the Australian economy through these vicious economic times. This legislation is further evidence of the Rudd government’s commitment to act to protect the Australian economy. The bill contains three key measures. It clarifies the ability of ASIC to regulate short selling and puts beyond doubt the validity of ASIC’s recent class orders in relation to short selling. Secondly, the bill bans naked short selling, but ASIC has power under the bill to grant exemptions from this ban to make the markets continue to work appropriately. Thirdly, the bill establishes the disclosure regime to covered short sale transactions—short sales supported by securities lending arrangements. These amendments are urgently needed to give certainty to the markets, enhance confidence and provide time for Treasury to commence further detailed consultations with industry on how these regulations will be enacted.

Other nations all around the world have taken action on short selling and put in place temporary bans, as ASIC was required to do, in response to the global financial crisis. There is a long list of countries—to mention just a few: Japan, the United Kingdom, France and Germany—that have taken action to control short selling in response to the global financial crisis. ASIC did so with the support of the Australian government, and we are now bringing in amendments to the law to allow us to continue to do what is appropriate and to act responsibly economically. It is disappointing, then, that the opposition sought to delay the introduction of the bill. The Leader of the Opposition seems determined to play politics at every possible moment through these difficult economic times. The opposition leader continues to seek to undermine the efforts of the Rudd government to steer the nation through these difficult times.

Mr John Cobb—Mr Deputy Speaker, on a point of order on relevance: the member has been speaking for well over five minutes and has yet to refer to the bill. This is not a bill about the opposition.

The DEPUTY SPEAKER—I have been listening to the member for Leichhardt. He was referring to the three key measures in the bill just a few moments ago. But I would remind the member for Leichhardt to make sure that he keeps his comments contained to the bill before the House.

Mr TURNOUR—Thank you, Deputy Speaker. It is important to remember that
short-term merchant banker greed created this crisis, and Malcolm Turnbull’s short-term merchant banker politics is not helping the government steer a passage through it. Rather than focus on the national interest, the opposition continues to seek to play politics with critical pieces of legislation like these amendments to the Corporations Act to better regulate short selling. The Leader of the Opposition is consistently inconsistent as he seeks to play politics with every measure the government brings forward. Whether it is on the Rudd government’s measure to protect bank deposits, or on our economic security package to stimulate the economy, or on these short-selling measures—which the Leader of the Opposition has sought to delay, then support, and no doubt will oppose in time—the opposition has taken more positions than the Kama Sutra. When the Australian people are looking to their government to continue to act quickly, decisively and responsibly to protect the Australian economy, we continue not only to battle the global financial crisis but an irresponsible opposition. Double happiness is a Chinese symbol of marriage. Australians do not expect the opposition to be married to our policies, but the Australian community has become tired of the opposition’s short-term politics.

This legislation is important to maintaining continued confidence in our equity and financial markets, yet we have an opposition who wanted to delay this legislation into the new year. The Selection of Bills Committee sent this legislation off to the Senate Standing Committee on Economics and it was to report quickly, this year. Sadly, I understand that coalition senators, rather than act responsibly, sought to delay the report from the economics committee and wanted to push the reporting off to 6 February next year, effectively delaying this legislation. It took the Greens and Independents to come together with the Rudd government senators to ensure that this bill is now before the parliament. I understand the order for the delay came directly from the Leader of the Opposition. This is grossly irresponsible, given the real need for certainty and transparency in our markets to build confidence. Trying to delay this bill is pretty typical of the behaviour we have seen on a whole range of other policy initiatives we have put forward, whether on bank deposits or our economic security package. They say they are going to support it, then the next day they are opposing it and they will do what they can to play politics with it, not in the national interest but their own short-term political interests. We all know the Leader of the Opposition is a former merchant banker, and that the Gordon Gekkos of this world take a short-term view. They will say anything and do anything to make a dollar. Sadly, the Leader—

Mr John Cobb—Mr Deputy Speaker, on a point of order on relevance: this has absolutely nothing to do with a very technical bill about the way short selling operates on the Australian market.

Dr Kelly—Mr Deputy Speaker, on the point of order: this debate includes context on the bill that is relevant to the financial crisis. We listened to very similar comments from the member for Fadden. I think we should allow the honourable member to conclude his—

The DEPUTY SPEAKER—I will rule on the point of order.

Ms Saffin—Further to the point of order, in this place we have wide-ranging debate. It is a robust chamber, not a polite debating society, and within that context the honourable member is speaking in order.

The DEPUTY SPEAKER—I thank the member for Page. I am well aware of her comments and I would reiterate them myself.
But I also remind the member for Leichhardt that personal attacks are discouraged in this place. We might reflect on the Speaker’s comments of yesterday at question time, when he referred to the way we treat each other in this House. I think some derogatory comments from time to time in this place do not serve this parliament well; nor do they serve well the people who are making them from time to time.

Mr TURNOUR—Thank you, Mr Deputy Speaker. I think it is important in this parliament that we have a transparent debate, and I think it is irresponsible that the Leader of the Opposition sought to delay this bill, which is critical to our response to the global financial crisis. I will not apologise and I will not be silenced when I seek to make those points.

The member for Calare may seek to interrupt me because he does not like the community—those in the gallery and those who may be listening to or reading this speech—to know that the Leader of the Opposition sought to delay this bill, which is critical to our response to the global financial crisis. I will not apologise and I will not be silenced when I seek to make those points.

I think it is very appropriate to reflect on the past experiences that members of parliament bring to this place. I come from an agricultural background and I am very proud of it. The reality is that the Leader of the Opposition comes from a merchant banker background. The reality is that merchant bankers created this financial crisis. Their short-term greed created it and the reality, I think, is that there is a bit of merchant banker in the current Leader of the Opposition, which he has brought to this parliament. He is focused on short-term politics in his responses to much of our—

The DEPUTY SPEAKER—I think personal reflections, as I stated a few moments ago, do not serve this place well, nor do they serve you, as the member for Leichhardt well. I think those reflections of a personal nature, linking someone’s past to this chamber, are a reflection on a member and do him no credit.

Mr Sullivan interjecting—

The DEPUTY SPEAKER—I am in the chair and I call the member for Leichhardt.

Mr Gibbons—I rise on a point of order on relevance. The member for Leichhardt may have been reflecting, but the truth is seldom pretty and the truth should never be silenced in this parliament.

The DEPUTY SPEAKER—The member for Bendigo will resume his seat.

Mr TURNOUR—This legislation is urgently needed, and the Leader of the Opposition stands condemned for trying to delay it. Schedule 1 to the bill amends the Corporations Act to clarify ASIC’s power to regulate short selling. The Corporations Act grants ASIC the general power to omit, modify or vary certain parts of the Corporations Act through declarations. These amendments will specify how this general power applies to short selling.

The amendments make it clear that ASIC has the power to regulate all aspects of short selling including prohibiting these transactions and imposing or varying requirements on these transactions. The amendments also expressly state that the short-selling declarations made by ASIC earlier this year were within the scope of ASIC’s general power.

ASIC took action. We supported the regulators. The opposition has not supported the regulators this year. We support them and we are now moving legislation to ensure that is recognised. These amendments provide both ASIC and industry with certainty over the scope of ASIC’s powers in relation to short selling.
Schedule 2 to the bill amends the Corporations Act to prohibit naked short sale transactions. A naked short sale is a transaction where the seller does not have a presently exercisable and unconditional right to vest the product in the seller at the time of sale. The amendments repeal the existing sections in the Corporations Act that allow for naked short sales.

Various concerns have been expressed in relation to naked short selling. Naked short selling has a higher risk of failure. Effectively, it is people selling shares they do not own. It can distort the market and potentially allow market manipulation. The perceived activity of naked short sellers may damage market confidence, particularly among retail investors. For these reasons the Rudd government is moving to ban naked short selling under the Corporations Act.

However, ASIC has the power to allow naked short sale transactions if it considers it appropriate. It is envisaged that ASIC will use this power to allow some non-speculative naked short selling to ensure the continued ordinary operation of Australian financial markets. We are leaving it to ASIC to manage these exemptions, because, as I said, we have confidence in our regulators. We back our regulators, unlike the opposition, who continue to undermine them and the Australian economy—as they sought to do earlier by delaying this bill.

Schedule 3 of the bill amends the Corporations Act to establish a disclosure regime for covered short sales. We want to improve transparency in the market. Covered short sales are sales supported by securities obtained under a legally binding securities lending agreement. So there is some ownership or some contract in relation to these sales. Under the proposed disclosure regime, a seller will be required to disclose covered short sales to their broker. The broker will in turn be required to disclose this information to the market operator. Brokers trading on their own behalf will be required to disclose covered short sales directly to the market operator. So we are increasing transparency in the market through this legislation. We are banning naked short selling but we are improving transparency when it comes to covered short selling.

It is critically important that we return confidence to the Australian equity and financial markets. These amendments are just another tool in the Rudd government’s comprehensive approach to tackling this global financial crisis. The Rudd government has acted swiftly and decisively in response to this crisis and we will continue to take any measures we deem necessary to protect Australian businesses and working families. We are a responsible government focused on the long-term interest of the nation. I urge the opposition to stop playing short-term politics and get out of the way of the Rudd government, because we are determined to steer this nation through these difficult economic times.

I see in the lead-up to question time that the Leader of the Opposition has come into this House. He sought to delay this legislation. He has had the member for Calare standing up to try to defend him but it was short-term merchant banker greed that got us into this financial crisis, and short-term merchant banker politics is not going to get us out of it. I see the Leader of the Opposition smiling about this, but this is serious legislation. You tried to delay it. You want to play politics with it but we are going to get on with implementing this legislation.

The SPEAKER—Order! It being 2 pm, the debate is interrupted in accordance with standing order 97. The debate may be resumed at a later hour and, because his contribution seemed very popular, the member
for Leichhardt has leave to continue speaking for 30 seconds when the debate is resumed.

MEMBER FOR LYNE

The SPEAKER (2.01 pm)—This is not to be taken as a precedent but, because the member for Lyne has no party colleagues in the chamber or a whip to make this announcement, I indicate to the chamber that last night Angus Morris Murray Oakeshott was born, weighing a healthy 3.2 kilograms. Mother Sara-Jane and baby Angus are both well. In one of those small-world House of Representatives type coincidences, the paediatrician present at Angus’s birth was Dr Jim Kerr, the brother of the federal member for Denison. I am sure that the House would like me to pass on our warm congratulations to the Oakeshott family.

MINISTERIAL ARRANGEMENTS

Mr RUDD (Griffith—Prime Minister) (2.01 pm)—I inform the House that the Minister for Foreign Affairs will be absent from question time today and this week as he is attending AUKMIN—the Australia-United Kingdom ministerial meeting—in Leeds. The Minister for Trade will answer questions on his behalf. Oh, member for Boothby!

Dr Southcott—I grew this moustache while you were away.

Mr RUDD—that suggests a level of machismo on the part of the member for Boothby that I was heretofore unfamiliar with.

MINISTERIAL STATEMENTS

Economy

Mr RUDD (Griffith—Prime Minister) (2.02 pm)—by leave—This morning I returned from APEC where my discussions with leaders from around the region confirmed what we already knew: the world economy is deteriorating rapidly. The impact of the global financial crisis, which began out of the US subprime crisis only 12 months ago, has grown from a trickle to a flood. It is now sweeping across the world—from China to Chile, from Germany to Japan. It has affected the traditional economic powers of the North Atlantic and the emerging economies of the Asia-Pacific. Every nation. Every government. Every economy. Or as many leaders said in discussions over the weekend: we’re all in this boat together.

There is no point in sugar-coating the situation. The global economic downturn is accelerating. It will get worse before it gets better. Every morning we wake up to more sobering developments from abroad:

- bank bailouts—30 and counting;
- diving share markets—down 50 per cent and counting;
- government rescue packages—from 15 countries and counting.

Major developed economies, like dominoes, are falling one by one into recession. Japan; Germany; Italy and the eurozone have already fallen. Other major economies have already experienced quarters of negative growth this year, including the United States; United Kingdom; France; Italy; and Canada among others. And the projections emerging for the United States for the fourth quarter are not good. These are all fundamentally strong economies. But all have been unable to sandbag their economies against the worst financial and economic crisis the world has seen in over three-quarters of a century.

The Australian government has been upfront about the global financial crisis from the beginning. As the world’s 14th-largest economy, we experience the good and bad of economic globalisation. For the past decade and more, globalisation has served Australia well. For 10 years we have ridden the wave of a commodity price boom which has filled the Treasury coffers. We sailed through this
period with record terms of trade, leading to low unemployment and high growth.

But the global tide has changed—and the good times have now turned to bad. And our economy is now being pulled in a new direction. It is important to continue to be absolutely upfront with the Australian people about the challenges we face and the strategy we shall prosecute to see Australia through. The impact of the global financial crisis on our economy will be real. Its impact on our businesses will be real. Its impact on our families will be real. Its impact on our workers will be real. Its impact on our country will be real. Today my intention is to:

- update the House on recent developments in the global financial crisis—especially the most recent outlook for the global real economy;
- to outline the possible effects on the Australian economy for the period ahead; and
- to reaffirm the government’s commitment to continue to take whatever action is necessary to support growth and jobs and to protect Australian families from the worst effects of an economic crisis that they did not create.

Economic impact of the global financial crisis

The global financial crisis began in the mortgage markets in the United States where easy money, lax regulation and excessive risk-taking led to an extraordinary asset bubble. The unwinding of that bubble brought heavy losses for the network of financial institutions involved in the origination, securitisation and ownership of mortgage assets. The cancer in the system—in this form of extreme capitalism—has been the operation of credit default swaps which led to a collapse of trust between financial institutions, as no-one could say with confidence who owed what to whom.

This assault on transparency—and the perversion of reward structures that gave rise to greater and greater risk decoupled from any direct sense of responsibility for that risk—caused this crisis in the US mortgage market to spread throughout the global financial system. This in turn has created a crisis of confidence both in the financial sector and more broadly in the real economy. The government has been acutely aware of the profound effect that the global financial crisis was already having on economic growth now and the risks that it has created for the global economic outlook for 2009.

- Already by the end of October, global share markets had fallen by 37 per cent over 2008. This represented a massive destruction of wealth—of some US$27 trillion.
- Each of the world’s seven largest advanced economies had recorded a negative quarter of growth in the first three quarters of the year.
- And government budgets around the world were being battered—with every member of the G7 bar Canada having already gone into deficit.

Australia is not isolated from events abroad—and our forecasts have reflected this fact.

- Global funding conditions had affected borrowing costs here at home, with households and businesses facing sharply higher interest rates as banks passed on up to 60 basis points of their higher costs of funding.
- Our stock markets had fallen by 38 per cent in the year to October—similar to other comparable stock markets around the world.
Quarterly household consumption had fallen for the first time in 15 years in the June quarter.

In addition, MYEFO indicated that the global financial crisis has also had a profound effect on our budget position.

The government projected that tax receipts would be nearly $40 billion lower over the forward estimates than had been anticipated at the time of the May budget.

The last six months of the global financial crisis has resulted in a quantum shift in Australia’s economic and financial position—as it has in practically all other economies.

**Effect on Australian families**

Beyond the economic statistics, the global financial crisis is imposing a very real personal cost on Australian businesses and Australian families.

Put simply, the global financial crisis means tough times ahead for many people.

- It means more challenging conditions for older people whose incomes derive from share market investments.
- It means harder conditions for the more than two million small businesses and independent contractors who form much of the backbone of the Australian economy and employment.
- It means a tougher employment environment for many people who will find it more difficult to find their first job.

A few weeks ago I received a letter from a shop owner in regional Queensland.

I write to you at my wits end. The people who shop in the shopping centre I’m in are struggling … my business has dropped 65 per cent in sales over the last 3 months. I have already had to lay off 3 of my 7 staff … I’m scared I’m going to lose my business to bankruptcy. I’m scared my parents are going to lose their family home as it is security for my business loan. I have received many other letters like this one, I am sure many other members have as well. They show the unfolding personal dimensions to an unfolding international economic crisis.

**Deterioration in economic conditions**

In recent weeks, the global economic crisis has taken a further turn for the worse. The most recent data released in November indicates that the US is unlikely to avoid a deep and protracted downturn.

- US equity markets have fallen dramatically in the last month—now down 50 per cent from before the crisis.
- Data released on 19 November showed US housing starts fell in October to the lowest level since 1959 and building permits fell by a massive 12 per cent in the same month.
- Data released on 14 November showed US household consumption has slowed sharply, with October nominal retail sales experiencing the sharpest monthly fall since the series began in 1992.
- In the year to October, the big three car companies of Ford, General Motors and Chrysler have seen their sales fall by at least a third.
- Data released on 7 November indicated that the US unemployment rate has jumped to 6.5 per cent, up 1.7 percentage points from a year ago and the highest rate since March 1994. More than half a million American workers were added to the ranks of the unemployed in October alone.
- And, as of this week, US financial giant Citigroup now appears to be joining the list of US companies requiring a federal bailout including AIG, Bear Stearns, and Merrill Lynch.
Both the IMF and the OECD are predicting a prolonged downturn for the US economy, with growth contracting sharply until at least the middle of 2009. The deterioration in other advanced economies has also been rapid. The OECD warned in its Economic Outlook published overnight that: 'Many OECD economies are in or are on the verge of a protracted recession of a magnitude not experienced since the early 1980s.'

In our own region, the IMF expects growth in emerging and developing economies to slow to 6.1 per cent in 2009, the slowest rate of growth in more than six years. The latest economic data from Asia paints a sober picture of economic activity.

- Growth in China has already slowed by 2.5 percentage points over the past year. The global slowdown has had a heavy impact on Chinese businesses—especially in coastal export zones where the Chinese Minister for Social Services described the employment situation last week as 'grim'.
- Taiwan, Hong Kong and Singapore have all recorded negative growth in the September quarter.
- Singapore and Hong Kong are already in recession.

I wish I had better news to report to the House from my discussions with global and regional leaders, but the truth is that these discussions have reinforced the gravity of the challenge we all face—and reflect the gravity of the data released during November. It is important to remember that the Australian economy has so far fared well relative to our peers in advanced economies. However, the global events of the last few weeks have brought further bad news for the Australian economy.

- In the last three weeks Australian share markets have fallen by a further 17 per cent, bringing losses since the start of the year to over 50 per cent, the same as for the United States.
- These falls have been coupled with falling house prices, which have now dropped for two consecutive quarters.
- Consumer confidence data released on 12 November shows confidence remains at levels not seen since the early 1990s.
- Retail sales data released on 17 November shows volumes grew only marginally in the September quarter, after falling for the previous two quarters.
- Car sales data released on 19 November also fell sharply over the quarter by eight per cent.
- Building approvals data released on 5 November show that approvals plummeted in the most recent data, September, to the lowest level since April 2001—indicating that housing investment is likely to be very weak over at least the next six months.

The outlook for business investment has also deteriorated.

- Credit conditions continue to be challenging, with the ACCI-Westpac survey of 21 November showing that the incidence of businesses reporting difficulty in obtaining finance has grown to a 26-year high.

Weaker global growth will make it more difficult for our exporters to find markets.

- Of all of our major trading partners that have reported growth numbers for the September quarter, only Korea has published positive growth.
- Countries to which we send nearly half of our exports are in recession and the others are slowing.
- The deteriorating outlook for the global economy, particularly the slowdown in...
China, has also seen expected demand for commodities soften, resulting in sharp falls in spot commodity prices. As a result of falling commodity prices, the outlook for Australia’s terms of trade is weakening.

- As detailed in MYEFO, we are forecasting a fall of 8.5 per cent in the terms of trade in 2009-10.
- A sharper fall cannot be ruled out if the global downturn intensifies, and this would further reduce national income growth.

**Government action to date**

The Australian government has already taken swift and decisive action across a range of fronts to support growth, families and jobs during these troubling times. The government has been proactive in addressing the effects of the crisis. We have sought to be ahead of the curve from the start. And to the extent that it is humanly possible, we intend to remain ahead of the curve for the future.

The government’s economic strategy this year has been framed against the background of this unfolding global financial crisis. In May, the government delivered a strong budget; in the budget the government delivered $9 billion in tax cuts to help ease the cost of living pressures facing all Australian taxpayers, and to create further incentive for individuals to participate in the workforce. The budget built a strong surplus which has proven to be a crucial buffer—giving the government the flexibility to respond to the global financial crisis as it has unfolded.

- This equates to about one per cent of GDP in July 2008.

In October the government acted to strengthen the economy further and deliver much needed support to Australian households through the $10.4 billion Economic Security Strategy.

- As part of the strategy, Australia’s four million pensioners, carers and seniors will receive lump sum payments.

  Around two million families who are entitled to family tax benefit A will receive a one-off payment of $1,000 for each child in their care.

- As part of the ESS $1.5 billion has been allocated to first home buyers.

  At the end of November, the government intends to make a third investment through the substantial but responsible proposal it will put to the states and territories in education, health, and other critical services. The Commonwealth is prepared to invest more than $11 billion more into critical government services over the next four to five years, starting in 2009. Not only is this designed to prosecute the government’s long-term economic reform agenda—in particular its productivity agenda—it also provides further stimulus to the economy now by creating more jobs and better paid jobs in health, education and beyond. As a general principle, a further $10 billion in public investment will add 75,000 additional jobs.

  These measures are in addition to the $6.2 billion the government will invest from 2010 onwards to support the long-term future of Australia’s auto sector. This sector is under great stress globally—as recent developments in Detroit and Washington have demonstrated. And while much global uncertainty lies ahead, the Australian government has decided to do its part to co-invest with this industry long term to help support the more than 200,000 Australians who are employed directly or indirectly in this sector. Beyond all these measures—short, medium and long term—the government remains ready to take whatever additional action is necessary to help steer Australia through this current crisis.
The financial system

Throughout this the government, ably supported by the economic regulators, will continue to keep a weather eye on the continuing stability of the financial system. We have weathered the first part of the storm well. But as recent events overtaking Citigroup demonstrate, we are by no means through the storm yet. Furthermore, deterioration in the real economy in turn can produce a further round of effects on the balance sheets of the banks and non-bank financial institutions if loans arrears become more of a problem.

The government maintains the closest possible rolling consultation with the financial sector on both continuing and any emerging problems that arise in these unprecedented times. Once again, the government has throughout the year acted ahead of the curve against the deepening global financial crisis. Throughout the year, the RBA has responded to the uncertainty in financial markets by providing additional liquidity to the market as required. In May this year, the government announced that it would increase its issuance of Commonwealth government securities (CGS) to the tune of $25 billion.

- In September ASIC acted in concert with regulators around the world to put temporary restrictions on short selling. In November ASIC lifted the ban on short selling of nonfinancials, while the ban on financials continues.
- In September the government also announced that the Australian Office of Financial Management (AOFM) will be authorised to purchase Australian residential mortgage backed securities (RMBS).
- In October the government secured final COAG agreement for a seamless national consumer credit regulation funded by a government commitment of an additional $71 million.
- In October also the government provided a guarantee for the deposit and wholesale funding liabilities of authorised deposit-taking institutions (ADIs).

In addition to the measures I have just outlined, the government continues to operate task forces in conjunction with most branches of the financial services sector to deal with the range of other practical problems that continue to arise as a result of the massive dislocations caused to that sector by the global financial crisis.

International action

Domestic policy action by the government on the financial system and the real economy is necessary. But to be fully effective, this must be accompanied by decisive international policy action as well. At the G20 summit on 15 November in Washington leaders made three fundamental decisions. First, having taken extensive and, in some cases, radical action to stabilise financial systems, leaders agreed to take whatever further actions were necessary to stabilise the financial system into the short- and long-term future and agreed on a concrete action plan to that effect.

Second, as global economies slow down because of the financial crisis, global governments need to step in to stimulate aggregate demand and stabilise the economy through coordinated macroeconomic action. G20 economies committed to further use their national budgets to stimulate domestic demand to rapid effect, given the different economic needs and budget flexibility available to each government. Around the table, leaders agreed that the best way to protect jobs is to sustain aggregate demand.

The mathematics are like this. The reality is that the global financial crisis is projected to cut global growth by three per cent of
global GDP, which means that in a US$60 trillion global economy, coordinated government macroeconomic action is necessary to inject some $1.8 trillion into the global economy at a time when the private sector cannot be relied upon to act. The alternative is larger scale global unemployment.

The third decision made at the G20 was to open global trade and investment further. The G20 leaders agreed that we must not put up new barriers to investment and trade. Moreover, we resolved to conclude the WTO’s Doha Development Agenda this year with an ambitious and balanced outcome. Furthermore, APEC leaders directed their ministers to meet in Geneva in December to conclude the round.

The road ahead

The government, based on the data available, has been upfront about the impacts of the global financial crisis, on the economy, on budgets and on jobs. But the emerging data on the global financial crisis continues to evolve in unpredictable ways. We face great uncertainties ahead. There are great volatilities in the data, meaning it is impossible to predict the future with absolute precision.

If global growth continues to deteriorate in the period ahead, consistent with the economic data that is emerging during November, then there will be a further slowing of growth in the Australian economy—as surely as night follows day.

If Australian economic growth slows further because of a further deepening of the global financial crisis, then it follows that the Australian government revenues will reduce further. Under those circumstances, it would be responsible to draw further from the surplus and, if necessary, to use a temporary deficit to begin investing in our future infrastructure needs including hospitals, schools, TAFEs, universities, ports, roads, urban rail and high-speed broadband.

Under those circumstances, such action would support growth, families and jobs and would be undertaken in the national interest. In fact, failing to do so would be irresponsible and would sacrifice growth and jobs. But any such action would need to be temporary, consistent with the discipline of maintaining a surplus across the economic cycle. These circumstances do not prevail in Australia at present. Our current circumstances do not require us to embrace such a course of action, and the government will do everything possible to swim against the global tide to support both growth and the surplus, but this is becoming tougher and tougher.

The government will continue to be candid with the Australian public about the volatile global economic environment that has been created by the global financial crisis and the uncertainties that, therefore, lie ahead. Amidst these uncertainties, the government remains prepared to take whatever action is necessary in the future to support economic growth, families and jobs.

Conclusion

Over the decades ahead, historians will write the history of this global financial crisis in three chapters. Chapter 1 will be the impact of the global financial crisis on international equity and debt markets. Chapter 2 will be the impact of the global financial crisis on the real economies of developed and developing countries around the world. Chapter 3 will be the impact of the global financial crisis on employment.

The challenge for the leaders of today is to do everything humanly possible to ensure this period is recorded as a snapshot in history not an enduring memory; that we deliver decisive policies which stimulate demand and lead to a strong rebound in growth; that we deliver policies which create jobs and
boost long-term productivity growth; that we put the mechanisms in place to ensure a financial crisis of this scale does not occur again as a consequence of extreme capitalism out of control; and that through our actions to deal with this crisis and the sharp temporary measures necessary to deal with it we do not sow the seeds of the next.

This is the government’s mission. This is the nation’s mission. This is also the mission of the international community to be candid about the challenges, to prosecute a coherent strategy in response to those challenges and create a rational basis for confidence in the future. This is the course of action to which this government is committed. I present a copy of my ministerial statement for tabling purposes.

Mr ALBANESE (Grayndler—Leader of the House) (2.24 pm)—I move:

That the House take note of the document.

Mr ALBANESE (Grayndler—Leader of the House) (2.25 pm)—by leave—I move:

That so much of the standing and sessional orders be suspended as would prevent Mr Turnbull (Leader of the Opposition) speaking for a period not exceeding twenty-two minutes.

Question agreed to.

Mr TURNBULL (Wentworth—Leader of the Opposition) (2.25 pm)—Experience and history tell us that Labor deficits are never temporary. The last Labor deficit lasted for six years. It was not temporary. It went on for six long years, destroying jobs, and it only came to an end with the election of a coalition government determined to do the hard work to clean up the mess that Labor committed.

The Prime Minister has today in his 22-minute address—which he was kind enough to give us a copy of 45 minutes before he started—sought a leave pass to abandon fiscal discipline. Only two days ago on 24 November the Prime Minister was asked whether he was prepared to push the budget into deficit and he said twice, ‘We do not see the need to borrow.’ On the same day his finance minister was asked the same question and he said, ‘We’re committed to keeping the budget in surplus.’ Forty-eight hours on and that has been completely abandoned.

The key to managing difficult times is discipline and the willingness, the guts to take tough decisions. All through this year the Prime Minister has made no hard decisions. The Prime Minister has mismanaged our response to the global financial crisis. Right at the beginning of the year when the rest of the world was focused on the looming threat of the credit crisis coming out of the sub-prime crisis in the United States and fuelled by a collapse in housing prices, when the rest of the world was focused on that, our government in Australia declared a war on inflation, which it continued in its rhetoric right up until September and the collapse of Lehman Brothers.

The reality of the global financial crisis only dawned on the Prime Minister in mid-September. Until then he was still waging war on inflation. If honourable members on the government benches doubt me, let us look at what the Prime Minister said about the budget. Remember, the government is now claiming that the budget was designed to ward off the damage from the global financial crisis and they put it together with the global financial crisis in mind. There is no doubt that the opposition had the global financial crisis in mind. We said again and again that we should not be rushing into measures, be they monetary or fiscal, that could overdo the downward pressure on economic activity that is coming in from the rest of the world. That is what we were saying consistently from the very beginning of the year. The Prime Minister on 13 May said:
That is why as we embark upon this budget our first responsibility is to fight the fight against inflation...

And on 2 May the Prime Minister said:
… our job is to produce a responsible budget for the overall economy and that means fighting the fight against inflation. We are waging a war against inflation at present...

Of course, from the beginning of the year when inflation was three per cent and had moved outside of the target band of the Reserve Bank, it was the Treasurer who said inflation was out of control. He said the inflation genie was out of the bottle. He egged on the Reserve Bank to put up rates, and rates went up twice at the beginning of this year. As honourable members are aware, monetary policy has very long lags. It is not a quick fix. When you put interest rates up or down, it takes a long time for that to take effect. The government was the only government in the developed world that was ignoring the global financial crisis, ignoring the global impact of that crisis and declaring its own war on inflation, when much darker storm clouds were on the economic horizon. The impact of those rate rises is being felt in the economy right now, just when we need it least. That is the consequence of the government’s failure to take account of the reality of the global financial crisis—a terrible error of judgement.

Why did they make it? They made it because, throughout this whole year, the Prime Minister has not had an economic strategy; he has had a political strategy. His aim was to blacken the economic reputation of the Howard government. When he looked at the economic metrics, the numbers that he inherited—be it the money in the bank at the Treasury; be it the fact that all of Labor’s debt was paid off; be it the fact that the former Treasurer, the member for Higgins, had put aside money in the Future Fund to take care of the previously unfunded pension obligations to public servants and defence personnel—including record lows in unemployment and strong economic growth, he could only find one which was not ideal, and that was inflation, so he said, ‘This is what I will use to blacken the reputation of the Howard government.’ He went after that with a purely political strategy and, as a consequence, talked up inflation and interest rates and did so at precisely the wrong time.

Is there anybody in this House or in this country who believes it was in the national interest for us to feel the consequences of monetary tightening today? Of course not. Everybody should be focused on the three most important priorities of the government, this House and every member of the parliament: jobs, jobs, jobs. That is the focus. That is what the government should be focused on, and yet they put pressure on the economy, downward pressure on economic growth at the beginning of this year, and they did it purely for political purposes. Always politics, always spin.

If the government want to claim that they have had a coherent economic strategy, let me ask this: how could they claim to be coherent if waging war on inflation was the No. 1 priority—if the overwhelming and overriding mission was the war on inflation because it was out of control at a little over three per cent? Now that it is five per cent, that war seems to have been abandoned. Obviously the campaign was not going very well, so new wars have been declared across the board.

We now come to the question of how we should address the global financial crisis. In the here and now, from the time Lehman Brothers collapsed and the crisis reached a new level of intensity in September, we have made the offer to work with the government on a bipartisan basis. We have invited the government to sit down with us; we have
invited them to collaborate. We have not had the courtesy of any response to that other than contempt.

Government members interjecting—

Mr TURNBULL—Government members are mocking and sneering but they should be reserving their mockery for their own front-bench. Let’s not forget it was the opposition who said—privately, in briefings, directly to ministers and then publicly—that the wholesale term funding guarantee would not be effective unless there was an appropriation law passed by this parliament. That was so blindingly obvious to everybody familiar with financial markets but apparently not to the Treasurer. He had to be begged by the banks to provide that simple piece of legislation—in effect a boilerplate—to ensure that the government guarantee could be described by credit rating agencies and others as irrevocable, unconditional and timely in terms of payment, and he was pressured by the opposition. Then, when he stood up in parliament last night, he had the audacity to blame the opposition for drawing this defect in his own plans to his attention. What a joke! That is like somebody complaining that a helpful passer-by has drawn attention to a hole in his boat before he puts it in the water.

The reality is: if the Treasurer had not finally woken up to the consequences of his own mismanagement and if we had not proceeded to pass this appropriation bill, the wholesale term funding guarantees upon which our banks, big and small, are relying to get the money they need to lend to Australians, to keep people in jobs and to keep the wheels of industry turning, would not have been able to be used and they would not have been effective. The government admit this now, because they have proceeded to bring the appropriation bill into the parliament, and yet they complain that we are lacking in bipartisanship. We have consistently made constructive proposals throughout this year. We were right about inflation at the beginning of the year—so much is very plain. We were right about the need to appropriate.

We recommended that the retail deposit guarantee be set at $100,000. That was not a particularly original number. That is where it is in most countries around the world, and there is a reason for that. When you guarantee deposits, you obviously have a distorting effect on the market regardless of where the guaranteed level is set, because you plainly benefit those institutions and funds which have the guarantee versus those that do not, and that is why historically governments that have provided deposit insurance or deposit guarantees have set them at levels that are high enough to provide comfort to households and small businesses in terms of their deposits but not so large as to distort financial markets. That is essentially the global norm.

What did the Prime Minister do? When this matter came up for decision he did not sit down with the Reserve Bank governor. He did not sit down with the one regulatory agency that not only has the greatest expertise in this area but is actively involved in the financial markets. He did not sit down with the Reserve Bank. He did not call the Reserve Bank governor. No, he went for the big, grand gesture. He went for an unlimited deposit guarantee—in other words, the maximum possible distortion. You could not distort markets more than by having an unlimited guarantee. And what have we seen? We have seen adverse consequences around the country.

Let us just walk through some of the things the Prime Minister has done by taking that step. Two hundred and seventy thousand Australians have had their savings, mortgage funds, cash management trusts and similar investment institution funds frozen to re-
demptions. That is because of the distortion that has been created by the government. Finance companies who provide the money to fund motor vehicle and equipment dealers’ floor plans—in other words, to finance the sale of cars and equipment—have not been able to raise money in order to continue funding their operations. Why is that? The cash management trusts that were the largest investors in the short-term debt obligations of these finance companies and in what is called commercial paper are investing overwhelmingly, if not entirely, in guaranteed bank deposits. The largest cash management trust, which is run by Macquarie Bank, has announced that it is only investing in guaranteed deposits with banks and other guaranteed institutions. So what this step did was dry up sources of finance for important parts of our economy, important parts of our financial system. We are seeing real hardship every day—jobs at risk, jobs being lost. Jobs, jobs, jobs—those are the three top priorities. The Prime Minister’s response has been costing us jobs already.

When the problem with this deposit guarantee became apparent—and that was within a few days; I think the Treasurer has made that clear—what did the government do? Nothing. They did not lift a finger. They were terrified to admit they had made a mistake. Too gutless to admit that they got it wrong, the government did not make a move until a letter from the Reserve Bank to the Secretary of the Treasury found its way into the media, and there we learnt that the Reserve Bank governor himself, within a few days of this unlimited deposit guarantee having been announced, was so concerned about the adverse impacts it was having, of the kind that I have just described, that he urged the government to set a cap, and he said ‘the lower the better’. We have seen bank chief executives, leaders in the financial community, saying, ‘The government must lower the retail deposit guarantee, with a cap of around $100,000.’ We know the government will not do that, because that would result in the Prime Minister having to concede that he was wrong and that maybe the opposition has a point.

We know what the government really think about bipartisanship and collaboration. They have no interest in that. Despite our frequent efforts to sit down and work constructively with the government, which are always rebuffed, with scorn, we are told in this House by the Deputy Prime Minister that the opposition should, and I quote her, ‘Just get out of the way.’ What a commentary on parliament, what a commentary on the way government feels about parliament: ‘Just get out of the way.’ The Treasurer’s comment was that the opposition is completely irrelevant. Apparently we have nothing to add to his enormous sum of economic wisdom, the amplitude of which he demonstrates every time he rises to answer a question!

We have continued and will continue to offer constructive proposals for the management of the response to the global financial crisis. Earlier this week, I raised the very important issue of insolvency laws. The Prime Minister read part of a letter from a business owner in Queensland who is fearing the prospect of bankruptcy. There are many Australians who are concerned about these difficult times, and we receive the same letters and emails and calls and we are aware of that concern in our own communities. Over the years, one of the major criticisms of Australia’s corporate or business insolvency laws has been the fact that secured creditors have so much say—secured creditors almost invariably being the major banks—that they drive companies and businesses into a speedy fire sale liquidation receivership, destroying jobs, jobs, the three top priorities, and at the same time destroying businesses and indeed paying scant regard to the
claims of other creditors, not least of which are trade creditors and so forth. So that has been a matter of concern for many years. I have seen that happen in my own experience over the years with many receiverships, which have resulted in the destruction of considerable value.

One of the great strengths of the economy of the United States, which I think we all admire, is its extraordinary resilience. The Americans have a capacity to take terrible blows and then bounce back and dust themselves off, and the great engine of the US economy gets going again. We look forward to that happening in the wake of this particular crisis. One of the reasons for that is that their insolvency laws are very much focused on restructuring, reorganisation and rehabilitation of the businesses that have found themselves in difficulties, in bankruptcy in fact.

There is an opportunity right here, right now, to look again at our insolvency laws to see what we can learn from the US experience. There has been plenty of work done on it and there are plenty of people in the insolvency industry who are very familiar with both jurisdictions. We could pull together some changes which I believe would preserve jobs. Those jobs need to be protected; we need to do everything we can to protect jobs. We call on the Prime Minister—if he has an ounce of bipartisanship in him and an ounce of genuineness in his commitment to bipartisanship—to sit down with us and look at how we can take reforms of that kind forward quickly. That will have a very material impact on how we respond to this crisis and how we ensure that, above all, we protect the jobs of Australians. This is the greatest priority of this parliament and it should be the greatest priority of this government to preserve the jobs of Australians.

We recognise there are challenges there. The government has made mistakes in its handling of the global financial crisis to date. From the very beginning of the year it has made a number of wrong calls, and we cannot afford to have any more wrong calls. We cannot afford to have any more decisions which are supposedly swift and decisive but which turn out to be rushed and bungled.

The Prime Minister gave us a tour of the global economic horizon, and there are many things he said which I think commentators and writers will find rather surprising. But the one objective of the speech he gave was the deficit he is planning to deliver. He wants a leave pass for economic laziness; he wants to be able to drop any pretence of fiscal discipline. He wants to be able to spend and he wants to be able to take whatever action he can—as long as it is not hard and as long as it is not tough. He is not interested in taking hard decisions. He is determined only to take the easy decisions and in doing so—with that lack of courage and discipline and with that political strategy—we are going to see not a temporary deficit but one that goes on for as long as we have the Rudd government leading this country. (Time expired)

Debate (on motion by Mr Albanese) adjourned.

MAIN COMMITTEE
Ministerial Statement
Reference

Mr ALBANESE (Grayndler—Leader of the House) (2.48 pm)—I ask leave of the House to move a motion that the order of the day be referred to the Main Committee for debate.

Mr Hockey—We want to debate this issue. It is the biggest issue facing the country today. To send it off to the Main Committee for debate is totally inappropriate. This House is debating a luxury car tax and it is
not prepared to debate the global financial crisis.

Leave not granted.

QUESTIONS WITHOUT NOTICE

Economy

Mr Turnbull (2.49 pm)—My question is addressed to the Prime Minister. I refer to the Prime Minister’s admission a moment ago that the government is preparing to go into what he describes as ‘a temporary deficit’. Given that the last time a federal Labor government went into a temporary deficit it lasted over six years, how many years will the Rudd government’s temporary deficit last?

Mr Rudd—My response to the honourable member’s question is that what I said was that current circumstances do not require any such course of action. I referred to the deterioration of the global economic environment and the fact that global leaders have a view of these circumstances which suggests that the situation is going to get worse rather than better.

I also note a statement from the honourable member’s old bank, Goldman Sachs, which says the government should:

…pick up the baton of stimulating economic growth in 2009. If conditions deteriorate the government should advocate the need for a deficit and build a catalyst for economic recovery. The combination of aggressive central bank easing and judicious fiscal stimulus will leave Australia better placed than its global peers in avoiding a deep and prolonged recession.

I suppose, though, if you have already made your motza out of Goldman then you do not have to listen to what they say anymore. The key thing is this. I said clearly in my statement to the House just before that the current circumstances which prevail in Australia do not require any such course of action. I have simply reported to the House the consensus emerging from global leaders both at the Washington G20 meeting and at the APEC leaders meeting that the global economic conditions are deteriorating further. I reported further that a large number of economies—in fact, all of those of the G7, bar Canada—have entered into deficit financing. I have indicated that for the future Australia must remain vigilant and, I say this again, take whatever action is necessary to support growth and jobs.

Economy

Mr Trevor (2.51 pm)—My question is addressed to the Treasurer. Will the Treasurer update the House on the findings of the OECD’s Economic Outlook released overnight?

Mr Swan—I thank the member for Flynn for his question. The OECD’s Economic Outlook released overnight is sobering reading. It is a sobering assessment of very difficult global conditions. The OECD says:

Many OECD economies are in, or are on the verge of, a protracted recession … The US, the UK, Germany, Italy, Spain, France, Canada, Japan, New Zealand, Singapore, Taiwan and Hong Kong have all recorded at least one quarter of negative growth, and the OECD expects more countries will follow. All up, the OECD expects that 19 of the 30 OECD member countries will contract over the calendar year 2009. That is pretty sobering news to contemplate and, as the Prime Minister pointed out in his remarks before, there has been a marked change over the past month. The OECD does expect modest growth for the Australian economy, modest growth similar to that predicted three weeks ago in MYEFO. But as we said then, if global growth continues to deteriorate in the period ahead, we will see slower growth, and this of course is where the OECD report comes in again. The OECD has identified a further deterioration in the global economy, a further decline in our
terms of trade and weaker growth in China as significant risks to growth in this country, and of course the OECD has joined the IMF in calling on governments to deploy all arms of policy, including fiscal policy, to strengthen growth.

Of course, we on this side of the House understand the importance of fiscal policy, and that is why we put forward our Economic Security Strategy. Those on the other side of the House deny the enormity of the international financial crisis. The Leader of the Opposition said it has all been over-hyped. Well, what the OECD has identified, what the IMF has identified and what all international organisations have identified is the need for very strong action when it comes to fiscal policy. This government has reacted with the Economic Security Strategy, and of course we now have fiscal policy and monetary policy working in tandem, unlike what occurred under the member for Higgins. He was out there spending like a drunken sailor, forcing the Reserve Bank to put interest rates up. That is what was going on. We on this side of the House understand that when conditions change, when global growth turns down, governments must act. This government is acting and will continue to act in a responsible way. Those opposite can stick their heads in the sand and deny the enormity of the global financial crisis, but we on this side of the House will act and act decisively.

Economy

Ms JULIE BISHOP (2.55 pm)—My question is to the Treasurer. I refer to the Prime Minister’s admission this afternoon that the government is preparing to go into deficit. Given that the government has forecast growth for next year at two per cent with a budget surplus of $5.4 billion and expected significant interest rate cuts, why will the government not be able to keep the budget in surplus?

Mr SWAN—Did you write that yourself?

The SPEAKER—The Treasurer will respond to the question.

Honourable members interjecting—

The SPEAKER—The House will come to order!

Mr Robert—A little nervous, Wayne, are we?

The SPEAKER—The member for Fadden will calm his nerves outside the chamber if he does not behave. He is warned.

Mr SWAN—MYEFO forecast modest growth and modest surpluses. What we said at the time of MYEFO and what the Treasury observed in MYEFO was that all the risks were on the downside and that if global conditions did deteriorate further then that would have an impact in the future. Of course, things have changed again dramatically in the last few weeks, and that is what the Prime Minister has reported upon today. But those opposite cannot accept the enormity of the global financial crisis, do not understand its magnitude and therefore cannot be part of the solution. We had the Leader of the Opposition here before talking about the collapse of Lehman Brothers, which was on 15 September. Around that time he was saying the magnitude of the crisis was all hype. Now he accepts it. Do not listen to what he says; listen to what he does. He comes into the House and calls for bipartisanship, and then he opposes the Economic Security Strategy.

Mr Turnbull—We voted for it!

Mr SWAN—You have been opposing it. The Deputy Leader of the Opposition the other day opposed the payments for children.

Ms Julie Bishop—Oh, don’t be stupid. I did not.
Mr SWAN—You did so.

Honourable members interjecting—

The SPEAKER—The House will come to order!

Mr SWAN—MYEFO showed that the global financial crisis has reduced government revenues over the forward estimates by about $40 billion, and of course events in the global economy since then will have had a further impact on those estimates. That is obvious to everybody in the House, and of course the outlook for trade and the outlook for commodity prices have both taken a turn for the worse again in recent weeks, so that will have an impact on the budget bottom line. There is no doubt about that. The point that the Prime Minister made is that we must take every action we possibly can to strengthen our economy in the face of these global events to protect jobs. This government will do everything it can responsibly do to strengthen our economy—as we have done through the Economic Security Strategy—and to have monetary policy supporting fiscal policy, and we will take further actions if necessary to support Australian jobs and Australian growth.

Workplace Relations

Mr CHEESEMAN (2.59 pm)—My question is to the Prime Minister. Will the Prime Minister outline the importance of delivering fairness and flexibility to Australian workplaces?

Mr Hockey interjecting—

Mr RUDD—I noticed that the question was greeted by scoffing from the member for North Sydney. I thought those opposite said that Work Choices was dead. It seems to be undergoing a slight case of resurrection on the part of certain members opposite, led courageously by the member for Bradfield. The member for Bradfield, the former Leader of the Opposition, is a principled man who stands by the principles to which he and his party have been historically committed, unlike those who have taken, it seems, a more opportunistic course of action in recent times. Furthermore, I notice that the Leader of the Opposition has voted on 12 occasions in support of extreme Howard government industrial relations laws, but that seems to have changed yesterday—or at least we think it has changed. I am still quite interested in the distinction between not supporting legislation on the one hand and not opposing it on the other. Perhaps the Leader of the Opposition could give us a dictionary definition of the difference.

For those opposite, I am sure the consideration of this in recent days has been a unifying factor in the joint party room, but again I commend the member for Bradfield for at least sticking by the principles for which that side of politics have stood for the better part of a decade and now pretend that they have walked away from. We know one fact for certain: when it comes to the interests of working families, given half a chance, Work Choices will be back, inflicted upon working families across Australia because that side stand for those principles on industrial relations, just as we on this side of the House stand opposed to those principles.

The first thing I would do is to commend the work of the Deputy Prime Minister of Australia. The Deputy Prime Minister has shepherded through an extensive consultation process with unions and with business leaders across Australia a very complex piece of legislation to produce a fair, balanced and flexible industrial relations system for the future. When you have both business and unions coming out in support of this piece of IR reform, I say you have it about right, and the House should record its thanks to the Deputy Prime Minister and Minister for Employment and Workplace Relations for the excellent job that she has done.
The bill establishes a stronger, enduring safety net through the National Employment Standards and modern awards for all Australian workers. Furthermore, the bill ensures that any workplace agreement must make all employees better off against the relevant award minimums. Furthermore, the bill also ensures that all employees, including in the three million workplaces with fewer than 100 employees, are protected from unfair dismissal. The safety net that we are building also protects employees’ entitlement to redundancy pay in the very difficult experience of losing their job. The Fair Work Bill also underpins ongoing business investment. It is a much simpler piece of legislation than Work Choices. Work Choices delivered, as the member for North Sydney will well remember, 600 pages of legislation.

Mr Briggs—So does yours.

Mr Rudd—We have 600 pages against their 1,500-page Work Choices legislation. If you want to make the difference between 1,500 pages on the one hand and 600 on the other, I would say that most people could understand the difference. Small businesses will have the confidence to employ new staff with the balanced fair dismissal laws and, by encouraging productivity based enterprise bargaining, the fair work legislation will over time foster both productivity growth and wages growth, to the benefit of both employers and employees and to the long-run benefit of economic growth and job creation.

Beyond the detail of the legislation, what this is about is a question of principle. For a long time, we on this side of politics have stood for fairness in the workplace. For a long time—a very long time—those opposite have stood for a set of industrial relations laws which would rip away basic conditions from working families. That is why, when they got half a chance with control of the Senate, they did it; they ripped those conditions away. Each one of those sitting opposite who were in the parliament at the time stood up here and voted for the passage of Work Choices. The Leader of the Opposition, the member for Wentworth, did exactly the same, and now he pretends he does not believe in those principles. As the Treasurer said before, with the member for Wentworth, the Leader of the Opposition, watch not what he says but what he does. What he did on 12 occasions was to vote for this extreme industrial relations legislation. What he said yesterday is that he will not do it again, and I think the people of Australia would understand the difference between those two sets of principles. The difference is clear on this, and working families across Australia know this very well. At last we have the prospect of fairness and balance in the workplaces of Australia, which gets the balance right between working families and workers, and their employers on the one hand against the Work Choices regime that it has replaced. But, if those opposite ever chance to be back on this side of the House and in government again, we know for certain, given the debate that goes on internally, that this political posturing which they have engaged in, which says that they will not bring in Work Choices again, is purely that—political posturing. Any return to the treasury bench would guarantee a return of Work Choices, however they may posture on the way through.

I would say to the House, and through the House to the nation at large: working families under the legislation which has been introduced by the Deputy Prime Minister will have a fair and balanced set of laws for the first time in a long, long time. The only way to ensure that those laws are properly passed is for them to gain speedy passage through the Senate and for those opposite not to engage in the normal double-timing tactics that they have engaged in in the past, pretending to be supporters one day but in their heart of
hearts resolving to oppose it when next they get the chance to do so.

**Economy**

**Mr HOCKEY** (3.06 pm)—My question today—which is now Deficit Day—is to the Prime Minister. I refer the Prime Minister to his own midyear economic forecast, which states that the government projects that it will increase its tax collection from individuals this year by over $2 billion more than was projected only in May in its original budget. I ask the Prime Minister: if you are collecting $2 billion more from individuals, why do you need to run the budget into deficit?

**Mr RUDD**—Firstly, I would remind the honourable member for North Sydney that this government replaced the highest taxing government in Australia’s history. I would remind the honourable member for North Sydney that tax as a proportion of GDP has been reduced as a consequence of the first budget introduced by the honourable the Treasurer. And I would remind the honourable member for North Sydney that when it comes to high taxing governments those opposite have rendered a gold medal performance.

The second point I would make to the honourable member for North Sydney is this: the current circumstances which pertain in this economy do not require the course of action to which he has just referred. What I would say to the honourable member for North Sydney is that every responsible government in the world is currently looking at the real challenge of what you do if this global financial crisis deteriorates further through the real economy and jobs. The prescription being put forward by those opposite is: do nothing. The prescription being put forward by those opposite is: if people join the ranks of the unemployed, do nothing to stimulate the economy. The prescription of those opposite is not to invest in infrastructure—in fact, a course of action for which they have an ample historical track record. The prescription being put forward by those opposite is that the global financial crisis through the global economy drives down Australian economic growth. The course of action that you recommend is to do nothing. The course of action recommended by this side of politics is to take whatever action is necessary to continue to support positive economic growth and to support jobs in this economy. This government has so resolved to do. I would suggest that those opposite get with the project to support the interests of working families, as this financial crisis threatens their future.

**DISTINGUISHED VISITORS**

**The SPEAKER** (3.08 pm)—I inform the House that we have present in the gallery this afternoon members of a parliamentary delegation from Singapore, led by the Speaker of the Parliament of Singapore, Mr Abdullah Tarmugi. On behalf of the House I extend a very warm welcome to our visitors.

**Honourable members**—Hear, hear!

**An opposition member**—They’re not having a deficit.

**The SPEAKER**—I have a feeling my nemesis is back. Without inviting the member to leave the chamber under standing order 94(a) so early, when the delegation leaves the chamber, he might follow them out and have a discussion about how the Singapore government is handling the financial crisis. It might be illuminating to him.

**QUESTIONS WITHOUT NOTICE**

**Workplace Relations**

**Ms JACKSON** (3.09 pm)—My question is to the Minister for Employment and Workplace Relations. Will the Deputy Prime Minister detail for the House the importance of implementing a set of workplace laws for
employees that do not undermine the safety net? Are there any potential barriers to implementing these laws?

Ms GILLARD—I thank the member for Hasluck for her question, for her work assisting me with the production of the Fair Work Bill 2008 and for her abiding interest in women’s employment and pay equity. Of course, she would know that there were no group of workers who suffered more in this country under Work Choices than women workers, and the statistics clearly showed that. Yesterday it was my pleasure to introduce into this parliament the Fair Work Bill, which guarantees for Australian workers—each and every one of them—a safety net that cannot be stripped away, national employment standards they can always rely on and, for employees who earn $100,000 or less a year, simple, modern awards that they can rely on. Compared with Work Choices, this is a safety net that will always be with them, because there are no individual statutory employment agreements, no Australian workplace agreements, which allow the safety net to be stripped away. Of course, it was Work Choices AWAs that did so much damage, costing people their penalty rates and their overtime without a cent of compensation.

Shortly after I introduced the bill into the parliament, the Leader of the Opposition went out and said, ‘Work Choices is dead.’ I thought to myself, ‘Gee; that’s a really familiar form of words; I’ve heard that before.’ I know there is a sort of a fever of plagiarism over there on the Liberal Party benches, so I thought I would check that Work Choices is dead. Of course, it was Work Choices AWAs that did so much damage, costing people their penalty rates and their overtime without a cent of compensation.

What has happened since this current Leader of the Opposition has said that Work Choices is dead? Well, we know that they spent yesterday brawling in their party room over support for Work Choices. Helpfully aided by the Australian newspaper, we know that the former Leader of the Opposition, the member for Bradfield, is out there defending individual statutory employment agreements, the thing that was at the heart of Work Choices—and he is nodding his head to verify that that is right; he is defending individual statutory employment agreements. And he is not alone. He is aided by the member for Menzies, who of course was the minister who was involved—and he is nodding too, another Work Choices supporter right there on the bench. He is aided by Alby Schultz—yes, Alby is giving the thumbs up to Work Choices; there he goes. And of
course there are a group of senators who I cannot, in this chamber, call on to indicate their support for Work Choices but they did in the party room. So do not watch what the Leader of the Opposition says; watch what he does. Called on to vote for Work Choices, he voted for it a dozen times in this parliament. He now leads a political party full of Work Choices supporters who think that, just for the moment, it would be better if they pretended they were not. But this is pretence, and we know it. We know that if the Liberal Party were ever the government again in this country it would be back to Work Choices, back to AWAs and back to the rip-offs, because that is what they believe in and they always will.

DISTINGUISHED VISITORS

Mr RUDD (Griffith—Prime Minister) (3.15 pm)—Mr Speaker, this is slightly unusual but, on indulgence, I want to add my remarks to those you made just before to the visiting parliamentary delegation from Singapore led by the Speaker. Singapore and Australia share many interests. We have an excellent relationship with the republic and, most recently, I was with Prime Minister Lee Hsien Loong at the APEC meeting. APEC will be hosted next year in Singapore, and that is my particular interest in extending my good wishes to the parliamentary delegation on their visit and to underline the importance which Australia attaches to the bilateral relationship between the two countries.

Mr TURNBULL (Wentworth—Leader of the Opposition) (3.15 pm)—Mr Speaker, on indulgence: the opposition shares the very warm sentiments the Prime Minister has quite rightly expressed to the parliamentary delegation from Singapore. We too, all sides of this House, are committed to ensuring that the very strong and longstanding bilateral relationship between our two countries continues to grow and prosper.

QUESTIONS WITHOUT NOTICE

Economy

Ms JULIE BISHOP (3.16 pm)—My question is to the Prime Minister. I refer the Prime Minister to his statement on 1 May—

Government members interjecting—

The SPEAKER—Order! The deputy leader might commence her question again.

Mr Hockey—Are you going to do something about them too?

The SPEAKER—Order! I simply say to the member for North Sydney that what I am doing is giving the opportunity for the Deputy Leader of the Opposition to repeat her question. Really, I think that the best that one might do is ignore—just as I have to ignore—things that happen behind him. The Deputy Leader of the Opposition has the call.

Ms JULIE BISHOP—Thank you, Mr Speaker. My question is to the Prime Minister. I refer the Prime Minister to his statement on 1 May this year when he said:

… our job is to produce a Budget which reinforces responsible economic management by producing a substantial surplus.

With the Prime Minister now admitting to driving the budget into deficit, isn’t he admitting to irresponsible economic management?

Mr RUDD—I thank the honourable member for her question as it goes to the question of responsible economic management. Responsible economic management is about how we support this economy and jobs and families during the greatest financial crisis that we have seen in three-quarters of a century. That is the practical question on people’s minds right across our nation today. What can government do to fill the gap which is left by private companies currently in retreat? What has happened with the unfolding of this crisis is as follows: the global
financial crisis going through stock markets, going through property markets, going through credit markets, hitting the real economy and, as a consequence, hitting businesses and their ability to provide employment opportunities and therefore hitting jobs and, through that, hitting families. Responsible economic management says families are facing increasing difficulties for the future. Responsible economic management lies in a $10.4 billion Economic Security Strategy: a security strategy which makes one-off payments to pensioners; a security strategy which makes one-off payments to families; a security strategy which says to first home buyers, ‘Here’s some help on the way through to help you get your first home,’ as well as providing support for the construction industry in the residential sector which is under such duress at present. That is what responsible economic management is about.

Responsible economic management is also about taking that $10.4 billion, equivalent to one per cent of GDP, and injecting that into the economy as quickly as you can—going hard, going households, going early—in order to ensure that we can try and fill the gap when it comes to growth and activity in the economy. Can I say to those opposite who find the Economic Security Strategy amusing that if you sucked out one per cent of economic activity from the economy right now, the consequences for jobs would be devastating. And let me say this to the member for Curtin: when it comes to the future, responsible economic management means putting an absolute premium on anything governments can do to support jobs into the future. If you read the OECD report on the impact of unemployment across the developed economies in the period ahead, the further revision down of growth, projecting—I believe, from my reading of the report—significant negative growth across those OECD economies across the year 2009, the impact on employment is something like eight million people losing their jobs. That is the impact which has registered. So the strategy which is available to any government and any legislature across the OECD is this: to stand back and let it all happen, let the damage be inflicted upon households, families, individuals trying to hold onto a job or to get their first job, or to do something about it. Our approach is to do something about it.

Mr Costello—You’re telling us about jobs, are you?

Mr Rudd—I would suggest to those opposite that they reflect long and hard about the course of action which they are currently advocating which is, in effect, to do nothing. And I would suggest to the member for Higgins that he could have begun this process some time ago, taking the advice from Access Economics, by investing in the nation’s infrastructure in the past, because now we are confronted with a double challenge. We have to overcome the infrastructure deficit left by those opposite over a 10-year period when the member for Higgins was rolling in the cash, as it came in the door off the back of the resources boom, but not investing a single dollar in the nation’s infrastructure. What we must do now as a responsible government is this: invest in the nation’s infrastructure—in our ports, in our roads, in our urban transit systems, in our rail, in our high-speed broadband, in our hospitals, in our schools, in our universities, in our TAFE colleges; support investment in the nation’s infrastructure and, through doing that, support growth and jobs and help families on the way through. That is a strategy for responsible economic management. And I suggest to those opposite they get with the project.

Child Care

Ms Neal—I would suggest to those opposite that they reflect long and hard about the course of action which they are currently advocating which is, in effect, to do nothing. And I would suggest to the member for Higgins that he could have begun this process some time ago, taking the advice from Access Economics, by investing in the nation’s infrastructure in the past, because now we are confronted with a double challenge. We have to overcome the infrastructure deficit left by those opposite over a 10-year period when the member for Higgins was rolling in the cash, as it came in the door off the back of the resources boom, but not investing a single dollar in the nation’s infrastructure. What we must do now as a responsible government is this: invest in the nation’s infrastructure—in our ports, in our roads, in our urban transit systems, in our rail, in our high-speed broadband, in our hospitals, in our schools, in our universities, in our TAFE colleges; support investment in the nation’s infrastructure and, through doing that, support growth and jobs and help families on the way through. That is a strategy for responsible economic management. And I suggest to those opposite they get with the project.

Child Care

Ms Neal—My question is to the Minister for Education, Minister for Em-
ployment and Workplace Relations and Min-
ister for Social Inclusion. Will the minister
inform the House of the latest developments
in ABC Learning childcare centres?

Ms GILLARD—I thank the member for
Robertson for her question on this important
topic in which I am sure all members of the
House are interested. Can I inform members
of the House that this afternoon the receiver
of ABC Learning Ltd, Mr Chris Honey, of
McGrathNicol, wrote to ABC parents and
staff confirming that a majority of the
group’s childcare centres will continue oper-
ating in 2009. This is obviously a welcome
development for thousands of parents and
ABC Learning staff who have been waiting
for news.

In a statement made to the media just a
short time ago the receiver has identified that
656 ABC Learning centres will continue to
be open and trade as normal in 2009. This
represents almost two-thirds of all ABC cen-
tres, which provide care for around 80,000
Australian children, or more than 70 per cent
of children in ABC Learning centres. The
receiver says he sees a positive future for
ABC Learning, and I am sure that news is a
relief to parents and to staff—particularly
those employed in these centres.

It is a big step forward that the receiver
has been able to provide certainty for so
many parents and employees less than a
month after ABC Learning went into receiv-
ership. The receiver has said that this after-
noon a full list of ABC Learning centres and
their status will be available on ABC Learn-
ing’s website, which is
www.childcare.com.au. When posted the list
will also be accessible from the Australian
government’s website, which is
www.mychild.gov.au. That is the website
that we have been using to inform people of
ABC Learning developments, each and
every step of the way. So parents and em-
ployees who have used it can go back to the
website to find these further details.

The Rudd government understands how
important it is for families and ABC Learn-
ing employees to be kept informed of devel-
opments in these uncertain times. That is
why we will continue to be as open as possi-
ble about the information regarding this
situation. Can I confirm that our childcare
industry taskforce has been there every step
of the way, working through this complex
process, and will continue to work closely
with the receiver to ensure continuity of care
at ABC Learning centres. Can I also say that
ABC Learning’s receiver McGrathNicol has
notified that 656 will remain open in 2009
and of the other centres he expects a propor-
tion will also stay open. But the receiver
needs more time to examine the centres in
detail so that a correct decision can be made
on their future.

The receiver has written to parents and
staff at those centres to emphasise that this
does not mean that their centre will neces-
sarily be closed. It simply means that more time
is needed to look at possible improvement
initiatives at these centres. The government
and the receiver are conscious that for staff
and parents using those centres this will
cause a further period of uncertainty. Can I
say to those staff and the parents who use
those centres that the receiver has indicated
that he expects to make a further announce-
ment in respect of these centres in a week’s
time. This will mean that in a week’s time
parents at all ABC Learning centres will
know what is happening in 2009, and people
who use 656 of the centres will have the as-
surance today that their centre is going to
continue.

I reaffirm that for all centres the govern-
ment’s arrangement with the receiver contin-
ues to be in place, and all centres will remain
open until 31 December this year.
Economy

Mr HOCKEY (3.26 pm)—My question is to the Prime Minister, and I refer him to his earlier statement that he is taking the Australian budget into deficit. I refer the PM also to his earlier statement about ‘going hard, going households, and going early’. Does the Prime Minister stand by his decision in the May budget to go hard, go households and go early by introducing $20 billion in increased and new taxes? How much higher, Prime Minister, would Australia’s growth rate be if the government had not taken decisions to increase taxes and other revenue by $20 billion in May?

Mr RUDD—For the benefit of the member for North Sydney I return to an answer I gave to an earlier question from him, which is how tax as a proportion of GDP changed between the member for Higgins’s last budget and the first budget for the member for Lilley, the current Treasurer. The answer is this: tax as a proportion of GDP went down under this Labor government. Can I say something? We are proud of that fact. We are proud of that fact because it provided greater incentive out there in the economy. On top of that I would say that the government also, consistent with its pre-election commitments, has gone about implementing a $44 billion tax reduction program across the forward estimates.

As a consequence of that the first tranche has been delivered in the budget in May. The second tranche will occur on 1 July next year. That is a responsible course of action because it actually adds to the overall ability of working families to deal with the challenges which lie ahead. I would also draw the honourable member of North Sydney’s attention to this, as he is so interested—at least temporarily—in tax matters. For the first time in the history of the federation, we are introducing an education tax refund, which will enable working families to claim, at the end of this financial year—as of 1 July next—an amount back for primary and secondary school kids for their basic education outlays. That is what I call acting on tax reform—helping working families to deal with the cost of education and helping the family pay packet through introducing stage 1 of a $44 billion tax reduction strategy. On top of that we are providing additional assistance to families and to pensioners through the $10.4 billion, one per cent of GDP, Economic Security Strategy released only last month. That, I would say to the honourable member for North Sydney, is properly supporting working families under the current circumstances. That is what I call acting responsibly in terms of the tax inheritance we received from those opposite—quite apart from the spending frolic in which they were engaged, which this government had to engage in, through its own expenditure review process, upon taking office.

The member for Higgins smiles benignly as if all was well with the state of Denmark, forgetting the fact that tax as a proportion of GDP reached the highest level in the history of the federation under his stewardship. Investment in national infrastructure reached the lowest level in the history of the federation. Two great report cards for the member for Higgins; two great report cards for the Liberal government! This government is getting on with the business of providing support for working families and will continue to do so into the future.

DISTINGUISHED VISITORS

The SPEAKER (3.29 pm)—I inform the House that we have present in the gallery this afternoon members of a parliamentary delegation from Saudi Arabia led by the Speaker of the Shura Council, His Excellency Dr Saleh bin Abdullah bin Humaid. On
behalf of the House I extend a very warm welcome to our visitors.

Honourable members—Hear, hear!

QUESTIONS WITHOUT NOTICE

Thailand: Travel Advice

Ms HALL (3.30 pm)—My question is to the Minister for Trade representing the Minister for Foreign Affairs. What is the government doing to assist Australians affected by disruptions at Bangkok International Airport?

Mr CREAN—I thank the honourable member for her question and for her concern in relation to the events in Bangkok. Anti-government protests in Bangkok have disrupted flights in and out of Bangkok’s Suvarnabhumi airport. As at 11.45 today, the international airport was closed by Airports of Thailand. The duration of the closure is not known at this stage. There have also been demonstrations at the Don Muang domestic airport. Some Australians, including those in transit, have been affected by flight disruptions. The Australian embassy is maintaining close contact with local authorities, and consular officers have been stationed in Bangkok International Airport to assist Australians and liaise with the airlines.

The travel advice for Thailand was reissued this morning and continues to advise Australians to exercise a high degree of caution because of the uncertain political situation and the ongoing political unrest. Australians are advised to avoid demonstrations, to avoid political rallies and concentrations of military personnel and to continue to regularly monitor local media and travel advice. The situation in Thailand, and in particular at Bangkok International Airport, is being continually monitored by the Department of Foreign Affairs and Trade. Any changes in the situation or increased threat to Australians in Thailand will be reflected in the travel advice. Australians in Thailand or planning to travel to Thailand should remain in close contact with their airlines and travel providers, follow any instructions issued by local authorities and monitor DFAT’s travel advice at www.smartraveller.gov.au for any updates. Australians in Thailand who require consular assistance can contact DFAT’s 24-hour consular emergency centre on (61)(2)62613305. Here is another number for you: any family in Australia with serious concerns may call 1300555135. The consular centre has put on extra staff to handle inquiries from Australian travellers and their families.

Unemployment

Dr SOUTHCOTT (3.33 pm)—My question is to the Minister for Education, the Minister for Employment and Workplace Relations and the Minister for Social Inclusion. I refer the minister to the OECD Economic Outlook, which has forecast that there will be 200,000 more Australians out of work by 2010. Is the minister aware that it has taken more than six years to reduce the number of unemployed by 200,000? What is the government’s comprehensive strategy to keep unemployment as low as it was under the coalition government?

Ms GILLARD—I thank the member for his question. I think the member would be aware that a global financial crisis has occurred and it is having, as the Prime Minister outlined comprehensively in his statement to the House, implications for economies all around the world, including implications for our own economy. As a result of the fact that this nation is not immune, when we published the Mid-Year Economic and Fiscal Outlook we did publish a new prediction for unemployment. I know that the OECD prediction that the member points to is slightly higher, though I would ask him to note that it is for the calendar year and not for the finan-
cial year. So it is a prediction made on a slightly different basis.

In the face of the global financial crisis and its implications for the Australian economy, this government’s first and foremost priority has been to protect the jobs of working Australians. That is why we acted decisively with the economic security statement—to stimulate the economy, to make sure that we were doing what we could to be in front of the curve, keeping the economy moving and growing. The estimates of the jobs impact of that fiscal stimulus is around 75,000. In that package, we committed to 56,000 new productivity places—new training places for jobs. This was against a backdrop where our new training places for jobs had been oversubscribed because there were so many Australians who wanted access to those training places. So we invested in 56,000 more. That was coming off the Liberal government’s track record of failure to invest in training, leaving this nation with a skills crisis and leaving us underprepared to meet the needs of the future, including the training of Australians.

The member may be aware that the government has moved the employment services model so that it will be a more responsive model that will provide people with services when they need that assistance. As the Prime Minister outlined in his statement today, our foremost priorities are protecting jobs and keeping our economy growing. That is what the Prime Minister’s statement was about. That is what we are aiming to do. That is why we are investing in places such as our productivity places to assist those Australians who need that assistance. I would also say to the member that he ought to be aware that those productivity places are aimed at giving people the skills that they need to get into those sections of the labour market where employers are still crying out for skilled la-

bour. It is consequently a very important assistance for those Australians.

**Australian Council of Local Government**

**Ms BIRD (3.38 pm)**—My question is to the Minister for Infrastructure, Transport, Regional Development and Local Government. How has last week’s Australian Council of Local Government meeting been received by local governments? Has there been any criticism of the council and its outcomes?

**Mr ALBANESE**—Indeed, last week’s Australian Council of Local Government meeting has been well received by local government, including by ALGA, Council of Capital City Lord Mayors, Local Government Managers Association and local mayors around the nation, who came to Canberra for what was an extremely successful dawn of a new partnership between the Commonwealth and local government. Regional mayors welcomed the event. Sandra McCarthy, the Kiama mayor, told the *Illawarra Mercury*:

> For the first time I feel we are a genuine part of the overall demographic of government in Australia and it’s long overdue.

The opposition did what it usually does: it came out and welcomed the event and the funding, and then it went to work undermining it; then it went to work walking both sides of the street.

Perhaps the best example of that was the member for Cook, one of their shadow ministers for local government—they have two—saying that the community of Wollongong, because they are under administration, should not have received any local government funding. He argued that the ratepayers of Wollongong should be punished for the actions of some rogue councillors from Wollongong. The good people of Wollongong did not react kindly to that. The paper ran an article headed ‘Shadow minister for silly statements’ and the subheading said:
Scott Morrison says he’s appalled at a $2.15 million grant for Wollongong council. (Yeah, we’ve never heard of him either)
But it was not just the full page splash—there was more. The Illawarra Mercury had a bit to say about it in their editorial on behalf of the people of Illawarra. They said:
The corrupt actions of one of our developers and some councillors were enough to bring a slur on the … good name of Wollongong—we didn’t need a numskull .. MP to compound the situation …

Opposition members interjecting—
The SPEAKER—The minister will resume his seat while the House comes to order.

Mr ALBANESE—Some objections to the administration of the Wollongong council have been raised in interjections from those opposite. It pays to have a sense of history and a bit of memory going back more than a day; more than 24 hours. The night before the Australian Council of Local Government meeting, we had the National Local Government Awards, at which were presented awards to local government for best practice during the last year.

Mr Hockey—The DAs of Wollongong?

Mr ALBANESE—In fact, DAs at Wollongong were rewarded—by the previous government. The then Minister for Local Government, Jim Lloyd, issued a press release on 23 July 2007. The award from the Howard government for asset management for foreshore development went to Wollongong council. So it pays to have a bit of memory. But the member for Cook did not remember that and nor did the Deputy Leader of the Opposition when they opposed the good people of Wollongong receiving any funding for local capital works.

It gets even worse, because you do not have to go back a year; you can go back a month. There is another council in New South Wales that is under administration: the Port Macquarie Shire Council. We know about Port Macquarie because there has been a bit of focus on it. We had a by-election just a month ago which returned an outstanding representative in Rob Oakeshott to this parliament. They did not object to Port Macquarie council getting funding of over a million dollars as part of the $300 million Regional and Local Community Infrastructure Program. I wonder why? I wonder why they are having a go at Wollongong even though last year it was the award-winning council but for Port Macquarie they are hands off? How inconsistent are they? I thought back. I visited the electorate of Lyne during that by-election and I remember that the mayor who was dismissed for corruption, Rob Drew, was the National Party candidate just one month ago.

Mr Hockey—Mr Speaker, I rise on a point of order. There has never been any allegation at all—

The SPEAKER—If he does not have a point of order, the Manager of Opposition Business will resume his seat.

Mr Hockey—I do, Mr Speaker. The minister should withdraw, move a substantive motion or have the guts to go outside and say that.

The SPEAKER—Order! The minister will bring—

Mr Price interjecting—

The SPEAKER—I will name the Chief Government Whip and wish him a happy birthday! The minister has the call and he will conclude his answer.

Mr ALBANESE—The fact is that Port Macquarie council was dismissed and is in administration. Because of its maladministration it was dismissed. The opposition are very sensitive about these issues. They are very quick to go out there and say that the
people of Wollongong should not receive any funding on that basis, which is what the member did.

Mrs Bronwyn Bishop—Mr Speaker, I rise on a point of order. If the minister has a point to make in the defamatory manner he has just displayed, it can only be done by way of substantive motion and he should properly withdraw.

The SPEAKER—Order! On the point of order, the person that I understand was mentioned in the response is not a member of this place and therefore is not protected by the measures that have been raised by others.

Mr Pyne—Mr Speaker, on a point of order, I heard what you said to the member for Mackellar, but under standing order 91:

A Member’s conduct shall be considered disorderly if the Member has …

(b) used objectionable words …

To accuse someone of corruption when there is no substantive case against them is surely objectionable to the Speaker and I would ask you to ask the minister to withdraw it.

The SPEAKER—The case being put to me by the member for Sturt does not apply in this case.

Mr Pyne—But you can decide anything objectionable.

The SPEAKER—And I will, based on the precedents, but this is going beyond the precedents. I will simply say that there are other mechanisms.

Mr Pyne—Mr Speaker, I—

The SPEAKER—No, the member for Sturt will resume his seat. I am going to give the call to the member for Berowra.

Mr Ruddock—Are you calling for further questions, Mr Speaker? I have one to the Treasurer.

The SPEAKER—I believe the minister has concluded his answer. I will now give the member for Berowra the call, so the microphone can be put on and his words will be recorded.

Indonesia: Budgetary Support

Mr RUDDOCK (3.48 pm)—I thank you for the call, Mr Speaker, to question the Treasurer and to seek information which will be of interest to honourable members. I refer the Treasurer to reports that the government is considering a request from Indonesia for emergency budgetary support of more than $3 billion. I ask the Treasurer to advise whether this support would be in the form of a loan or grant and whether any conditions will be attached to it.

Mr SWAN—I thank the member for his question. It is a very important question. It is the case that the Indonesians have approached a number of international organisations, including the World Bank, and also have approached the Australian government for some assistance at a time which is very testing for many emerging economies. This is part of what we have been talking about in this parliament over the last month or so—the spread of the global financial crisis around the world from developed countries to developing countries. As has been the case in the past—I think back in 1998—the Indonesians have sought some assistance from Australia in conjunction with multilateral organisations. That request is currently before the Australian government. It is receiving our thorough consideration, and if a decision is taken it will be reported in a transparent way to the Australian parliament.

Carers

Ms KING (3.49 pm)—My question is to the Minister for Families, Housing, Community Services and Indigenous Affairs. Will the minister update the House on challenges faced by young carers and how the government is supporting them?
Ms Macklin—I thank the member for Ballarat for her question. This is a special day for her but an even more special day for one of her constituents. Seventeen-year-old Sam, Ballarat region’s Young Citizen of the Year, is here at Parliament House for the Young Carers Forum. Sam is completing year 11, working part-time, looking after his mum, who has MS, and supporting his two younger brothers—I think, as every single member of this House would say, a truly remarkable young man.

Honourable members—Hear, hear!

Ms Macklin—There are 32 young carers who have come to Canberra today—and will be here tomorrow—and some of them are up in the gallery and we welcome them here. They have come to the ‘Bring It!’ 2008 forum. There are four from each state and territory and there are young people from the country and from our cities.

There are 170,000 young carers under the age of 17 around Australia—thousands of young people growing up with at least two jobs: going to school, sometimes working as well and being carers. This forum that they are participating in is helping to shape the policy of the future, to make sure that all of us provide better support to young carers. This year, the government has provided $7.6 million to the Young Carers Respite and Information Services Program, and today I announced an extra $15.7 million for a further two years.

In my meeting with some of the young carers earlier today, I was told by them how this program really gives them somebody to talk to, someone to call at a time of crisis when they need advice or sometimes just when they need somebody to talk to. It certainly helps them stay at school or at university while also balancing their caring responsibilities, which are so important to their families. The young carers I met today also emphasised the need to identify carers, to make sure that those youngsters who do not even know they are carers get to understand that they have these responsibilities and that there are many supports out there available to them.

As well as the challenge of staying at school or university, we know that it can be very tough to make ends meet. That is why the government will be paying all recipients of carer payment a lump-sum payment from 8 December of $1,400 for each single carer. Those young carers who are receiving the carer allowance will also receive an extra $1,000 for each eligible person in their care. I am sure that every single member of the House is delighted that these young carers could come to Canberra. We all congratulate them for the outstanding work that they do.

Honourable members—Hear, hear!

Banking

Mr Ramsey (3.53 pm)—My question is to the Treasurer. Having caused a freezing of funds in non-bank financial institutions by its action in guaranteeing bank deposits, what is the government planning to do when on 30 November GE Finance ceases to operate in Australia, leaving Bob Moulton and the partners of Booleroo Agency, a large agricultural dealership in the electorate of Grey, with a $2 million floor plan and no prospects of refinancing? What does the Treasurer and his government suggest that Mr Moulton and his business do; and how many motor and machinery dealers does the government expect to close their doors as a result of the paralysed finance sector?

Mr Swan—I thank the member for his question. There was a similar question yesterday and it is the case that there is a substantial issue to do with car financing and that is an issue which predates the bank guarantee and the guarantee for wholesale funding. Indeed, one of the major providers
of finance announced they were pulling out well before the bank guarantee was put in place, so we should have very clearly in our mind that there are many areas out there in the finance sector, whether it is car finance, whether it is mortgage trusts or whether it is cash management trusts, that are all impacted upon by the global financial crisis and the impact on the cost of borrowing.

What the government has been doing in this case, when it comes to car finance through David Murray and the Treasury, is working very closely with financial institutions and industry to see whether we can get an arrangement in place which provides finance from institutions which are liquid. Those are discussions which are happening at this moment. I cannot predict the outcome of those discussions, but we understand the importance of the car industry and the importance of car finance, and the government is doing everything it possibly can, working with the private sector and working with the industry to get a positive result. That is an ongoing process and I will report back to the House on that process at a later stage.

Tourism

Mr TURNOUR (3.55 pm)—My question is to the Minister for Resources and Energy and Tourism. Would the minister update the House on the actions the government has taken to assist the tourism industry in tropical North Queensland to address the reduction of air services into Cairns from Japan from December 2008?

Mr MARTIN FERGUSON—I thank the member for Leichhardt for his question. He is a member who not only understands the nature of his regional seat but also understands the importance of the tourism industry to tropical North Queensland. As we appreciate, the seat of Leichhardt is one of Australia’s iconic tourism destinations. It has the Great Barrier Reef and the wet tropical rainforests. Tourism is exceptionally important to the economy of Northern Queensland, representing in the year to June 2008 more than $2 billion spent by visitors to the region. This spend is exceptionally important not only to the tourism industry generally but especially to small- and medium-sized operators.

It is for that reason that the government in association with the Queensland government was concerned about the decision for commercial reasons by Qantas to cut its services from Japan to Cairns, a traditionally important market to tropical North Queensland. That represented a major blow to the tourism industry in tropical North Queensland. It effectively represented the withdrawal of many thousands of seats for an industry that has historically relied on the Japanese market for prosperity. For those reasons, the Australian government allocated a transition package of $4 million in association with financial support from the Queensland government to try and assist the transition from tropical North Queensland’s heavy historical reliance on Japan to not only look at new opportunities out of Japan but also look at markets which should be part of its future.

I am also pleased to say that Tourism Australia is able to redirect an additional $2 million to assist in advertising in Japan to try and assist Cairns through this period of transition. To date we have been able to allocate $640,000 as a first tranche to assist with charters. That has translated into 6½ thousand seats, which will come during the next couple of months following the cuts of December with respect to Qantas’s traditional servicing of Cairns. I am also pleased to say that last Friday I was able to announce an additional amount of $1.25 million, an amount well received by the industry in tropical North Queensland for the purposes of further consumer support and trade mar-
Mr Ciobo—Not much is it? Peanuts! What a token effort!

Mr MARTIN FERGUSON—I note that the member for Moncrieff is questioning the government’s commitment to assist these small- and medium-sized operators. I simply say that the shadow minister for tourism has clearly shown to the tourism industry in recent times that so far as he is concerned as the shadow minister for tourism there is no care or responsibility for the future prosperity of the tourism industry during this very difficult period.

I am also pleased to say that we are trying to assist the industry to make the transition into future market opportunities rather than maintaining an ongoing reliance on Japan. That is about the industry having a serious look at new markets such as India and China, and also trying to assist them in having a look at the quality of the product and the need for accreditation to lift standards to guarantee that they can compete in a tough global community.

I say in conclusion to the Australian community at large that the tourism industry at the moment is doing it exceptionally tough. The global financial crisis is not only having an impact on tropical North Queensland; it is also having a serious impact on the tourism industry Australia wide, as the member for North Sydney appreciates as the former minister for tourism. I therefore remind Australians at large that, with the holiday season fast approaching and the Australian government’s economic security package kicking in on 8 December, we as a community, if we are going to have a holiday, should seriously think about having a holiday here at home.

In that context I also remind Australian employers that it is their responsibility to actually assist in managing their workforce. I do not think it is acceptable that Australian workers presently have 129 million days of accrued leave, representing an estimated wage value of $29 billion. Tourism Australia is currently working with the business sector to try and encourage employers to support workers to actually take their accumulated annual leave and long service leave, to have a break here at home in Australia and assist all those hard-working small and medium sized tourism operators to survive the impact of the global financial crisis.

Asia Pacific Economic Cooperation
Mr JOHNSON (4.01 pm)—My question is to the Prime Minister. I refer the Prime Minister to the derisory response of APEC leaders to his plan for a European Union style Asia-Pacific Community. Can the Prime Minister confirm that this personal crusade is costing Australian taxpayers, including Ryan taxpayers, almost $50,000 a month yet rated only a single dismissive sentence in the six-page communique at the APEC summit? Prime Minister, is this the most expensive footnote in the history of Australian diplomacy?

Mr RUDD—The member for Ryan, of course, has extensive familiarity with various countries in the region, particularly in and around Hong Kong, but we will leave that to one side given the notorious history of his branch structure in Brisbane. Going on to the broader question of the future of the region, I say as follows—

Mr Johnson—Mr Speaker, I rise on a point of relevance. I am not sure what part of the question the Prime Minister did not understand, but I am happy to ask—

The SPEAKER—Order! The member for Ryan will resume his seat. I will listen carefully to the Prime Minister. The Prime Minister is responding to the question.
Mr Rudd—In fact, it was both Hong Kong and Taiwan that I should have referred to in the earlier answer. The Asia-Pacific Community is a proposal of the Australian government which looks at the question of where we want to be in 2020 in the Asia-Pacific region. It simply asks this: do we want to shape our region’s future or simply respond to events; do we want to repeat in this region the mistakes made by Europe in an earlier century; do we want to allow conflicts to arise or do we want to form the structures necessary which will support cooperation and the habits of cooperation to bring about a common sense of security in the period ahead?

When I launched this proposal in an address to the Asia Society earlier this year, I said that there would be a long process of discussion with the region. We have dispatched Dick Woolcott, an eminent Australian diplomat of great standing and who is, I believe, respected by both sides of the parliament—I would have hoped by the member for Ryan as well—to various capitals across the region to solicit their views on how such an Asia-Pacific Community could be shaped into the future. That process of consultation continues. Furthermore, it has been the subject of considerable discussion between myself and various heads of government, both in capitals and most recently in Lima at the APEC summit.

The bottom line is this: either you can be reactive in your foreign policy, as those opposite have been for so long, or you can have an activist approach which says, ‘Here is the region we would like to see in 2020; here are the building blocks to get there; here is how we preserve peace into the future; here is how we preserve stability in the future; here is how we actually support economic growth into the future; and here are some structures and suggestions about how that might be done.’ Similarly, this government has done the same on the question of nuclear disarmament and non-proliferation: either you can stand back and allow the forces that have been at work for some time to simply have their play and have no results produced or you can put your best foot forward and have a go. We have done that with a joint commission, chaired by ourselves and the Japanese, which is currently co-chaired by a former foreign minister of Australia, Gareth Evans, and a former foreign minister of Japan. That work will have its report by the time we get to the NPT review conference next year.

I simply make the point: you can either play a passive-reactive game in terms of Australia’s voice in the world or engage in an activist foreign policy which seeks to shape our region and the global order to maximise not only the interests of Australia but also the interests of peace and security in the 21st century. That is what we are on about when it comes to foreign policy and we are proud of it.

Binge Drinking

Ms Rishworth (4.05 pm)—My question is to the Minister for Health and Ageing. Will the minister outline to the House any new developments in the government strategy to tackle binge drinking?

Ms Roxon—I thank the member for her question. I know that as a health professional and as a young woman that she has been particularly interested in our campaign to tackle binge drinking. I would like to announce to the House and draw their attention to the fact that our new binge drinking campaign was launched last Friday in Melbourne with a team of paramedics who pick up the pieces and consequences of binge drinking every day of their working lives. The campaign is called Don’t Turn a Night Out Into a Nightmare. As was promised by the Prime Minister when this was announced, the campaign is hard-hitting and in your face. We have had
a number of young women contact us to say that it is a very confronting campaign, and we make no apologies for that. When we are dealing with young people, many of whom think they are bulletproof, we do need to take this very strong tactic to tackle this problem.

If there is anybody in the House who still doubts the importance of tackling binge drinking—I know that some opposite have had their doubts—I invite them to consider some of the images that have been on our televisions in the past few days as schoolies week is occurring across the country, or perhaps they might contemplate the figures that are being used in the campaign. Four Australians under 25 die due to alcohol related injuries in an average week. That is four young people we are losing every week. On average, one in four hospitalisations of people aged 15 to 24 happen because of alcohol and 70 Australians under 25 will be hospitalised due to alcohol caused assault every week. These terrible figures translate into harm and enormous hurt, and for some the grief and pain that they cause will last a lifetime. It is our dedicated police, doctors and ambulance workers who see the worst of it day in and day out and I think that we should acknowledge and thank them for the work that they are doing.

This campaign does not tell people not to drink. It does not tell them not to have a good time. It tells them to take care. It tells them to have a good time in moderation and not to turn their night out into a nightmare. We hope that it will have some impact and that everyone in this House can support it.

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

QUESTIONS WITHOUT NOTICE: ADDITIONAL ANSWERS

Australian Council of Local Government

Mr ALBANESE (Grayndler—Minister for Infrastructure, Transport, Regional Development and Local Government) (4.08 pm)—Mr Speaker, I seek the indulgence of the chair to add to an answer.

The SPEAKER—The minister may proceed.

Mr ALBANESE—During question time today I stated that Port Macquarie council was dismissed for corruption. I correct the record. It was dismissed for incompetence. In a statement, the Minister for Local Government said—

Opposition members interjecting—

Mr ALBANESE—I am happy to correct the record. In a statement the minister said that it was dismissed for misleading the community about the Port Macquarie cultural and entertainment centre, known as the Glasshouse; and that the estimate of the project was $6 million to $7 million and that it had blown out to $41.7 million. I am happy to correct the record.

Opposition members interjecting—

Mr ALBANESE—I am happy to correct the record and also to apologise if there were any aspersions cast on any individual.

Opposition members interjecting—

The SPEAKER—Order! The matter has been dealt with.

PERSONAL EXPLANATIONS

Mr MORRISON (Cook) (4.09 pm)—Mr Speaker, I wish to make a personal explanation.

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

Mr MORRISON—Yes.

The SPEAKER—Please proceed.

Mr MORRISON—Earlier today the Minister for Infrastructure, Transport, Regional Development and Local Government made a number of remarks suggesting that I had said certain things. I note that the minister did not refer to any specific quotations,
because he would have been unable to do that in terms of the implication of what he said. My statement was fairly clear on these matters. I have not begrudged the people of Wollongong one dollar. I have simply tried to make the point that when handing out taxpayers’ money there should be accountability and there should be performance on reform in the future. If anybody should be apologising to Wollongong, it is Labor.

Mr ALBANESE (Grayndler—Minister for Infrastructure, Transport, Regional Development and Local Government) (4.10 pm)—With respect to that I simply table the Illawarra Mercury of Thursday, 20 November 2008.

DOCUMENTS

Mr ALBANESE (Grayndler—Leader of the House) (4.10 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

Trans-Pacific Partnership

Mr CREAN (Hotham—Minister for Trade) (4.11 pm)—I have the pleasure to make a ministerial statement to announce to the House the government’s intention to join an important initiative to promote free trade in the Asia-Pacific region.

On 20 November 2008 at the APEC ministerial meeting in Lima, Peru, I announced that Australia will participate in negotiations on a comprehensive trans-Pacific partnership agreement alongside the United States, Brunei Darussalam, Chile, New Zealand, Singapore and Peru. We also understand that Vietnam is considering possible participation. This initiative confirms Australia’s strong commitment to regional integration, underlines Australia’s support for APEC, promotes the vision of an Asia-Pacific community and contributes to the government’s objectives in ensuring free trade agreements also support the multilateral system.

Strategically, this is a most important development. The rapid growth in the number of bilateral and regional free trade arrangements internationally shows no sign of abatement; this is now a well-established part of the trade policy landscape. It is therefore essential, in our view, that bilateral and regional free trade agreements support, rather than undermine, the multilateral system.

The government has made absolutely clear its commitment to reinforcing the primacy of the multilateral trading system—and ensuring that free trade agreements support the multilateral trading system. We are strongly committed to ensuring the success of the WTO Doha Round of world trade talks, which has been given added urgency by the global financial crisis.

The strong political commitment expressed by world leaders at the G20 and subsequent APEC leaders meetings in the past two weeks is testament to the commitment of the international community, including of course Australia, to making Doha succeed. The language that came out of the APEC leaders meeting over the weekend, instructing ministers to meet in December to conclude modalities, amplified and strengthened the commitment made by G20 leaders earlier in the month. If we can conclude a framework package on Doha, we will significantly strengthen the multilateral trading system. But our commitment to multilateralism does not stop in Geneva.

We are in favour of high-quality and comprehensive free trade agreements, as I have said consistently since coming to office. We are in favour of initiatives that ensure that bilateral and regional trade arrangements are more consistent with the multilateral trading
system. Our announcement to join negotia-
tions on the trans-Pacific partnership is per-
haps the most important initiative the Rudd
government has taken to fulfil that aim.

This initiative has the potential to spread
the benefits of comprehensive and high-
quality FTAs—that is, their speed and depth
as a vehicle for liberalisation—to a wider
membership. It has the potential to reduce
trade discrimination by broadening its cover-
age. It has the potential as well to serve as a
base for a wider exercise in multilateralising
free trade agreements in the Asia-Pacific re-

gion. It therefore has the potential to serve as
a viable building block to even greater re-
gional integration in the Asia-Pacific.

The current members of the Trans-Pacific
Strategic Economic Partnership Agreement
between Chile, New Zealand, Singapore and
Brunei—known as the P4—have invited
Australia, Peru and Vietnam to join the nego-
tiation. The United States confirmed its in-
tention to participate comprehensively in the
initiative in September this year. The an-
nouncement made last week at the APEC
ministerial meeting that Australia would join
the negotiations has highlighted the signifi-
cance of this initiative and we hope it will
stimulate others to join in due course.

We went to the last election with a com-
mitment to transparent and inclusive trade
policies. Our approach to entering this set of
negotiations honours that commitment. We
have ensured and have provided extensive
opportunities for public input from all seg-
ments of the Australian community on this
proposed initiative. I announced on 23 Sep-
tember that Australia would actively consider
participation in the initiative. In October,
public consultations were held with industry,
business, academics and labour and commu-
nity organisations, as well as with other gov-
ernment agencies and state and territory offi-
cials. Those consultations allowed us to hear
directly from each of the sectors in our
community on their views on Australia’s
possible participation.

The input to this initial consultation has
been positive. The widespread view is that
Australia should participate in this agreement
and be involved from the outset, to ensure
that we are able to help shape the agreement
in a way that benefits Australia. Taking into
account this input, the government has
formed the view that we should proceed.
This view is supported by the Mortimer Re-
view of Export Policies and Programs, com-
missioned by the government and released
on 22 September 2008, which recommends
as part of a package of trade reforms that
Australia participates in the trans-Pacific
agreement.

With the confirmed participation of the
United States, Peru and Australia, there is
strong potential for the trans-Pacific partner-
ship to develop into a broad based and high-
quality free trade agreement. Our public con-
sultations have showed this view is shared by
many stakeholders. Stakeholders have also
pointed to the potential for real commercial
benefits from the agreement in the long term.
One priority of the government will be to
maintain and build on existing standards in
our current free trade agreements and retain
the flexibilities that we presently have in
those agreements.

I now table a document—together with
this statement—outlining the views that
emerged in the consultations on the costs and
benefits of our participation in the trans-
Pacific partnership, and views on priorities
and objectives for the negotiations. Taking
these views into account, the government’s
priorities include:

- to promote trade and investment flows
  with partners of the trans-Pacific part-
  nership negotiations;
to ensure that the trans-Pacific partnership provides a platform for comprehensive liberalisation across goods, services and investment;

- to substantially improve trade and economic integration with Peru, with which we do not currently have a free trade arrangement, given our growing commercial interests, particularly in services and commodities trade;

- to pursue commercial interests more broadly in the Asia-Pacific region as other countries start to take a closer interest in the trans-Pacific partnership process;

- to build on WTO rules covering goods, services and investment; and

- to provide a model arrangement which might stimulate other initiatives to multilateralise bilateral FTAs.

While the government can see significant opportunities from participation in this agreement, we are also conscious of the need to retain control over the setting of domestic policy in a range of areas.

The first meeting of the trans-Pacific partnership negotiations is planned for March 2009 in Singapore—which, as the Prime Minister indicated earlier, will also host next year’s APEC meetings. Following that meeting, we will engage further with stakeholders as Australia develops its approach to achieving a high-quality regional free trade agreement. The existing free trade arrangements between these members should also allow us to work expeditiously. The meeting in March will be important to build the foundations of the initiative—because if we are to encourage others to dock on to the agreement, we want to make sure we have got the foundations right. The trans-Pacific partnership initiative may be the most viable bridge to generating a free trade agreement in the Asia-Pacific region. But it has got to be a well-built bridge.

The government will seek to ensure that the trans-Pacific partnership negotiations do not detract from our negotiations with other trading partners and that all our free trade agreement negotiations continue to achieve and promote ongoing trade liberalisation across the Asia-Pacific region and exemplify Australia’s strong commitment to open markets. Australia has or will soon have existing free trade agreements with all P4 participants and with the United States. The consultations revealed that we could build on these commercial gains with countries like Peru, and potentially with other members as participation expands.

During the consultations there were, understandably, also a number of commercial sensitivities expressed in some of the submissions. Reflecting the government’s commitment to transparency, we have indicated to all those who have made written submissions that we intend to table their submissions should they agree. I am also pleased to make those submissions public today on my department’s internet site. We will not stop at this point in our commitment to inclusiveness and transparency. As the negotiations get underway, which I anticipate will happen from March next year, the government will continue to consult fully on the terms of its participation and to convey feedback on the course of the negotiations.

APEC is our leading forum for trade and investment cooperation, and cooperation in this important sphere binds our region together. Membership of APEC expands Australia’s focus beyond the domestic market and provides tremendous opportunities to create jobs and income. Australian business has access to over 2.5 billion consumers and around 60 per cent of global income in 21 APEC member economies. These economies
also purchase around three-quarters of Australia’s merchandise exports. In the last decade, APEC exports have more than doubled to nearly A$5 trillion, and APEC economies have generated 195 million new jobs and 70 per cent of the increase in the world’s economic growth. The region accounts for nearly 60 per cent of world GDP and over 50 per cent of international trade. There has been a substantial increase in trade and investment between countries in the region over the last two decades, which has contributed strongly to economic growth and cooperation.

Australian trade with parties to the trans-Pacific agreement negotiation amounts to more than 20 per cent of Australia’s total two-way trade in goods and services and is growing at an average of nearly five per cent each year. The trans-Pacific partnership initiative has the potential to make a positive contribution to continued economic liberalisation and integration in the Asia-Pacific Region. It will, importantly, allow us to engage the United States, under the new Obama administration, in the evolving economic architecture in the Asia-Pacific region. These are early days with the initiative, but it is my firm view that we have to be part of it.

Extending the principles of openness and multilateralism will lead to less trade discrimination, lower trade tensions, less trade diversion and higher global economic welfare. We are pursuing these goals vigorously through our efforts to secure a successful conclusion to the Doha Round. We also need to start knitting together bilateral trading arrangements if we are to make progress towards our goal of ensuring FTAs, free trade agreements, are truly consistent with the multilateral system. We need to start harmonising the rules in these various FTAs for the benefit of our business communities.

Apart from laying firm foundations for trade reform, this initiative will also help position Australia to sustain its economic future, which is particularly pertinent given the current global economic uncertainty. The fact is that Australia is one of the few developed countries forecast to continue to grow. We are also well positioned because of our trade focus on the Asia-Pacific region, which is in our time zone and which is also forecast to grow. But we must build the framework which strengthens the role of trade reform for economic growth and which underpins the principles of multilateralism. Australia’s participation in the trans-Pacific partnership is an important step in this direction.

I table the priorities and objectives for participation in the trans-Pacific partnership and a summary of the views expressed in public consultations, and I ask leave of the House to move a motion to enable the Leader of the Nationals to speak for 16 minutes.

Leave granted.

Mr CREAN—I move:

That so much of the standing and sessional orders be suspended as would prevent Mr Truss speaking for a period not exceeding sixteen minutes.

Question agreed to.

Mr TRUSS (Wide Bay—Leader of the Nationals) (4.27 pm)—The opposition supports Australia’s participation in discussions to establish the so-called trans-Pacific partnership. This proposal builds on a trade arrangement already put in place known as the P4, which was put together by Chile, New Zealand, Singapore and Brunei. In a sense, the P4 would not have been one of the most difficult agreements to put together, because most of the countries have limited trade with one another and, in addition to that, the range of issues would have been small. It was perhaps something of a surprising agreement
because, again, the countries concerned do not especially have a degree of geographic affinity or, for that matter, a lot of commonality. Nonetheless, I think that emphasises the point that the Minister for Trade made in his statement that there has been a rapid growth in FTAs, and some of them have been quite curious partnerships.

I think that the fact that the P4 has put together countries from a range of different geographical areas and with different interests provides an interesting foundation for a potentially wider arrangement. The proposal now to extend the P4 to P7, P8 or maybe even a wider agreement is potentially quite exciting. Of course, it would be a gigantic step to bring into an arrangement like that a country like the United States, because it would be a much, much bigger partner in that kind of arrangement than any of the other current participants, or, for that matter, a country like Australia, which has considerable ambitions in relation to our export opportunities in many of these countries.

I am somewhat concerned that there has been an emphasis, perhaps, on quantity rather than quality in free trade agreements around the world. Some of the things that are labelled free trade agreements are clearly not consistent with the WTO’s rules in relation to what can be called a free trade agreement; in fact, they are probably a direct breach of the members’ commitments to the WTO, but this seems to have been overlooked for a period of quite some years now. Everyone takes some degree of pleasure out of incremental advances in free trade around the world, but some of these agreements are really just that—at best an incremental advance. They do not provide the comprehensive breakdown of trade barriers that is expected from a WTO-consistent free trade agreement. In fact, what is obligatory for a WTO-consistent free trade agreement is that it be WTO-plus. Many of these are WTO-even or sometimes even WTO-minus. There are a lot of agreements around, and some countries are able to boast that they have a very large number of agreements, but they do not necessarily have a particularly free-trading regime. So I think it is important that we also emphasise the importance of quality—that there be real advances. Let us not do deals for the sake of clocking up additional numbers of agreements and getting certificates on the wall. What we actually have to do is to deliver fairer and freer trade around the world. Let us not sign up to an agreement just for the sake of improving relations with the country if there are not any real advances in the opportunities for Australian industry and new initiatives which lead to genuinely freer and fairer trade.

A bad deal is worse than no deal. A bad deal is one which enables high levels of industry protection and barriers to trade to be entrenched. In fact, when we agree to a free trade agreement that leaves in place significant levels of protection, we provide a comfort zone for the country that signed the agreement. They can stand behind, sit behind or, even worse, relax behind or lie down behind the legitimacy of a free trade deal and feel as though they do not have to take any further steps. So we should not be prepared to accept deals that are bad deals and that do not in fact make significant advances.

The minister said in his speech:

Our announcement to join negotiations on the Trans Pacific Partnership is perhaps the most important initiative the Rudd Government has taken to fulfil that aim.

That may well be the case, although it might be said that there have not been many other initiatives so there was not much competition. The statement then goes on to say that the reason for that somewhat flamboyant statement is about the hope for the future—that this agreement might lead to a more sig-
significant Asia-Pacific free trade agreement. You see, the most significant countries in this latest round of discussions—countries like New Zealand, Singapore, the United States and Australia—all already have free trade agreements generally with one another, so one would expect that this agreement will need to go beyond those arrangements so that there is some additional benefit. Our trade with Brunei, for instance, is about $1.1 billion, but all of that except $32 million is oil imports from Brunei, so the trade is quite small. When it comes to Peru, our total trade is $152 million. When you talk about Vietnam the trade is much larger, but again two-thirds of that trade is oil imports from Vietnam. I think that, of the countries involved in this initial round of discussion, the potential for us to have a stronger trading relationship with Vietnam is perhaps the most important, although I welcome any breakdowns in barriers and any new trading opportunities, whatever country they might be with. The clear hope is that the P4 might expand to a P7 or P8 and then perhaps something broader covering a significant breakdown in tariff barriers. If we can in fact achieve the 90 per cent elimination in tariff barriers across all of the countries that are involved on entry into an arrangement, that is certainly a worthwhile advance.

I know that there have been discussions over recent months—in fact quite a few years, but the new government has taken up the mantle—in relation to the ASEAN-Australia-New Zealand free trade agreement. Having been a trade minister for a while, I appreciate some of the difficulties that have been in those negotiations. Good progress was made and we thought we were close, but when most of the Asian countries went home they found a whole range of new difficulties that had to be addressed. I am aware of statements that have been made that some kind of agreement has now been reached, although the text of that is not available; we have been told that the agreement has been made even though certain issues are not resolved. I do not even know what those issues are, although my guess is that one of them might happen to be the car industry, which would be a bit of a sensitivity for the minister himself and obviously is of some interest to all Australians. I think that, if there is to be an ASEAN free trade agreement with Australia and New Zealand, it needs to set the example. It must be a good deal and not a poor deal. For it to be a good deal, the countries of the ASEAN group will have to be prepared to open up their markets for Australian goods. It cannot be a one-way deal where Australia and New Zealand provide opportunities to the countries of ASEAN without getting anything in return. There must be genuine progress towards reducing industry barriers and protectionism in the countries of Asia so that the merits of a free trade agreement can actually flow through to the economies of Asia as well as to our own.

This does create some sensitivities, I appreciate, in the countries of Asia, who are keen to protect their own industries and have been very, very slow to wind back protection measures. In addition to that, there has been a desire for Australia to break down quarantine barriers, for instance, which is simply unacceptable. We cannot put issues like biosecurity on the table when it comes to discussion about trade, and that has been an issue that many of the countries in the ASEAN group have had difficulty accepting. I am looking forward to hearing and learning a bit more about what has allegedly been agreed in relation to the ASEAN-Australia-New Zealand FTA. I think it is an important grouping which can also play a key role as a building block to a wider Asia-Pacific free trade area. So all of those sorts of things are...
important developments and need to be pur-

sued.

While I am talking about the importance of having good deals rather than bad deals, let me make a couple of comments about the Doha Round, which the minister also re-
f erred to in his statement. I note with interest that the APEC leaders made a statement call-
ing for the Doha Round to be advanced; it sounded very much like the same leaders saying the same thing as they said in Sydney. Some little progress was made, and it is good to have the commitment of international leaders but it is not necessarily the key to turning out a successful outcome.

The G20 also made similar comments about wanting the Doha Round to come to finality. I notice that the British government is part of the G20 and two days ago they announced a new duty on international travel-

lers, which suggests that protectionism is alive and well in the UK and that there is no new-found enthusiasm from the leaders of the G20 to break down barriers. They are in fact putting a new tax on people who travel to and from the UK and that tax will fall most heavily on countries like Australia that are further away. So I do not think that there has been, in spite of the joint statements that might be made at G20 and APEC, any fundamental turnaround in the desire of not only the Europeans but also the Americans to actually embrace a significant level of trade reform.

We should not be desperate in relation to the Doha arrangements to get a certificate on the wall or to get to a stage where we have traded everything off and ended up with sig-
natures but no actual gains. I repeat again what I said earlier: the real problem with having an agreement that everyone is prepared to sign up to but does not actually make any progress is that countries slip back into a comfort zone. They have nothing more to do until there is another round of trade talks. This was the problem with the Urugua-

ty Round because it allowed farm subsi-
dies, export subsidies and the like to fester because they were put off to another time.

I appreciate there are a few things poten-
tially to be gained from the Doha Round. I understand there is a high level of agreement on issues such as an end to export subsidies, although that is some way off. There is some commitment to tariff cuts, although that is mainly in the water with very little pain asso-
ciated with it. There is some commitment to reduce industry subsidies, although in the case of the United States it will pretty much be an academic cut because, with prices the way they are at the present time, it is highly unlikely that there would be a call for any-
thing like the amount of money that will still be available to the US under these kinds of subsidy programs.

We know, of course, from past experience that the US frequently has found tricks and ways to get around the rules of the WTO to in fact deliver more protection to their farm-
ers than would otherwise be allowed. There is an important case currently before the WTO in relation to US farm subsidies and I hope that the Australian government is giving urgent consideration to participating in that case. It is a very important case because it seems to have identified a whole range of new issues in relation to industry support in the United States which will have ramifications across the world. It is an important test case and Australia should be there and be a part of it.

What we really do want out of Doha, if it is worth doing, are actual real reductions in protection, real reductions in subsidies that actually happen and cause some pain and deliver real results. Then we want practical market access, not theoretical market access but real market access that does not have a
whole stack of conditions attached to it which make it very difficult to be taken up.

From an Australian perspective, it is also important that the developing countries are prepared to pay their way. I acknowledge that many of the most difficult issues have been unwillingness by the developing countries to provide access to their markets in return for the demands they are making on the developed countries. I accept that developed countries can do more than developing countries, but developing countries have got to show good faith and goodwill as well. I am particularly perturbed about some of the non-government organisations that advise the least developed countries that they should hide behind protection or that they can expect everything to be done for them rather than acknowledge that their economies will benefit most by being more open and that their consumers will have access to leading technology and the best things in the world which will then drive competitive industries in their country as well.

So a successful outcome to the Doha Round would be an important boost to world trade, but only if the deal is a good one. So I appeal to the minister, who I do not very often have the opportunity to be able to speak to directly on these issues, that if he comes back with his signature on the dotted line, to make sure that it is something he will be proud of in two or three years time; that there will be Australians actually exporting and getting advantage from the Doha deal rather than just have his name in history as the person who signed the deal and perhaps achieved little for our country.

The final point that I would like to make is that these discussions in relation to a trans-Pacific partnership are welcome but let us not lose sight of the two most important bilateral free trade agreements that we should be concentrating on at the present time—that is, China and Japan. Japan is still our most important trading partner; China our most important export market. Any agreement that we can make with China and Japan has the potential to provide enormous benefits to Australia. I know they are hard but they are well worth doing. I was disappointed when the government cut funding to negotiations for the free trade agreements with Japan and China because they ought to be priorities. They ought to be the areas that we are concentrating on. I know the department is stressed with resources, but please do not take any resources away from the Chinese and Japanese negotiations in order to do the new Pacific partnership deals or for that matter any of the other FTAs. Our relationship with Japan is long-standing and needs to be refreshed. Our relationship with China is growing and strong but needs to be underpinned by a quality free trade agreement.

(Time expired)

MATTERS OF PUBLIC IMPORTANCE

Employment

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

The failure of the Government to develop a plan to save Australian jobs.

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 KEENAN (Stirling) (4.44 pm)—The Deputy Prime Minister, the Minister for Employment and Workplace Relations is obviously a very busy woman because she cannot find time to come into this House to discuss Australian jobs. With ‘Kevin 747’, the Prime Minister, jetting off overseas most weeks,
Deputy Prime Minister seems to spend half her time acting as Prime Minister and seems to enjoy it too. She is the Minister for Education overseeing perhaps the most timid revolution in the history of the world. She is the Minister for Social Inclusion. She is the Deputy Prime Minister. She is the minister for enhancing her partner’s curriculum vitae. She is a very busy person.

Of course, amongst all these responsibilities she is also the Minister for Employment and Workplace Relations. Yet you never hear the minister for employment mention jobs. She will talk ad nauseam on workplace regulation. She is never happier than when she is horse-trading with the union movement about what they can and cannot have under their new workplace system. You can get the Minister for Employment and Workplace Relations to wax lyrical about the minutiae of industrial law. Yet on the biggest issue that is facing this country, on the biggest issue that is facing this government, an issue for which she has direct responsibility—Australian jobs—she remains practically mute. This is a minister who has got her priorities seriously wrong. It is as though the government is the captain of the Titanic, they have hit an iceberg, the ship is taking water, people are running for the life rafts, yet the minister for employment is running around fretting about some loose screws in cabin 24B.

I am not sure that the minister for employment actually understands what is going on in the real world. Everywhere I go the issue of job security is raised with me. We consistently have lists in the papers of impending job losses across many different industry sectors in Australia, including industry sectors such as mining that have previously been robust and supported job creation in this country. Every economic forecaster, including the government’s own, points to increasing unemployment. In some cases it is especially alarming: the chief economist at JP Morgan predicts that one million Australians will lose their jobs within the next two years. Regardless of which set of forecasts you believe, it is absolutely clear that unemployment in Australia is going up.

Unemployment is now the No. 1 policy challenge that faces us in this parliament. Yet if you look through the public statements of the Minister for Employment and Workplace Relations you will see that she refuses to address the issue of jobs. In her speeches she rarely talks about jobs or job creation. I brought some examples of her speeches into the House today. If you look through them all, she does not mention jobs once—not in a speech to the House on 14 February on the Skills Australia Bill or in her second reading speech for the first tranche of the government’s workplace relations reform or in speeches outside the parliament. Never does she mention jobs, the most serious issue that is facing this parliament. Quite frankly, at a time when unemployment is on the rise, the minister for employment should think about nothing else than how she would go about creating Australian jobs. She should think about nothing else than how she is going to keep Australians safe in their employment. It should be the subject of her every waking thought. It should be the priority of every policy discussion. Addressing this problem should be the primary aim of the government, yet we have a minister who has too much on her plate to effectively address this issue. The impact of the global financial crisis will obviously complicate this role, but the government must not wash their hands of this problem. We cannot have a government that accepts a challenging international economic climate as an excuse to put more and more Australians out of work. The state of the global economy only makes this issue more pressing.
I might just remind the House of the record of the previous government in this area. In 11 years of coalition government, between March 1996 and November 2007, more than 2.2 million jobs were created. Of these jobs, over 1.2 million were full time and 950,000 were part time. There are currently well over 10.6 million Australians in work, a record high. Over 7.6 million are in full-time employment and three million in part-time employment. In December 1992, under Labor, the unemployment rate peaked at 10.9 per cent, leaving almost one million Australians unemployed.

Dr Stone—Most long-term unemployed.

Mr KEENAN—Long-term unemployment in August 2007 was 66,700. It was slashed by almost two-thirds under the Howard government and it was almost 80 per cent lower than the peak of 330,000 set in May 1993 under the previous Labor government. Very long-term unemployment stood at 33,000 in August 2007 and had fallen sharply from its peak of 171,000 in November 1993. Long-term unemployment fell by 3.7 per cent from March 2006 to November 2007. There was a 21 per cent increase in real wages under the coalition, compared to a 1.8 per cent increase under Labor. That is a pretty impressive record.

Mr Brendan O’Connor—Nothing to do with the mining boom!

Mr KEENAN—The minister interjects it was nothing to do with the mining boom, but we are now seeing job losses even in that robust industry under this new government. The state of the global economy only makes this issue more pressing. Since the Rudd Labor government came to power, business and consumer confidence has steadily fallen to lows not seen even under the Keating Labor government in the early 1990s and unemployment has steadily risen from the record low of four per cent in January this year. In the 12 months since the Rudd Labor government came to power there have also been large and well-publicised layoffs across the country. According to the OECD in their report released today, the unemployment rate is expected to rise from the current level of 4.3 per cent to 5.3 per cent next year and then six per cent in 2010. In this time, GDP growth is expected to decrease from 4.4 per cent in 2007 to 1.7 per cent this year. The National Australia Bank’s most recent economic outlook survey has unemployment increasing to over 6.5 per cent, well in excess of the government’s own forecast. Yet no matter where we look we see the same theme coming from the Rudd Labor government. That is no plan to save Australian jobs. In just one year of Rudd Labor government the resilience of the labour market in this country is now looking shaky, and we are faced with a minister who has no plan to save the millions of Australian jobs that are currently at risk due to the ineptitude of this new Labor government.

The government has been spending the coalition’s hard earned surplus—we have heard today that the government is about to go into deficit—and we now have the OECD saying that the effectiveness of the federal government’s $10.4 billion economic stimulus package may be limited if confidence is not restored. A Sensis consumer report released earlier this year highlighted the concerns that Australians have about their financial future. In particular, the report noted that unemployment has not been on the nation’s radar for some time, but that since May concern about this issue has risen more than for any other issue.

The government’s leading indicator of employment for November, released by the Commonwealth Department of Education, Employment and Workplace Relations, confirmed that employment prospects are continuing to decline. This indicator has now fallen for 10 consecutive months. Earlier this
month we saw the Treasurer release Labor’s Mid-Year Economic and Fiscal Outlook, which listed off a series of policy responses to the current economic crisis. Yet again—this will come as no surprise to my colleagues in the coalition—the document contained not one reference to a government plan to save Australian jobs, despite providing confirmation of a slowdown in employment growth and a significant increase in job losses.

We have seen the Treasurer try and tell us that the new economic security package will create over 70,000 jobs—and that was repeated in the parliament today—but we have had no analysis, no formal modelling, and no plan from the government on how jobs will be created. Sadly, it appears that this theme is set to continue. The Minister for Employment and Workplace Relations conceded that her new regulatory framework for workplace relations will increase costs, no doubt leading to more job losses, but once again she was unable to provide any plan to save Australian jobs.

And it gets worse. In addition to the admission from the government that their new IR framework will increase costs, it is clear that the government once again has dodged their own requirements to submit a regulatory impact statement with this new legislation. If I can, I will cast members’ minds back to 17 March of this year, when the Minister for Finance and Deregulation made a ministerial statement on best practice regulation requirements. He said:

Increasing Australia’s long term productive capacity is the key to maintaining downward pressure on inflation and therefore downward pressure on interest rates.

That is something we do not hear from the government any longer. He continues:

As Labor announced prior to the election, a key element in the government’s plan to increase Australia’s productivity is our deregulation agenda.

The minister went on to say:

The level of regulatory impact analysis required is greater the more significant the regulatory proposal is likely to be. A preliminary assessment must be undertaken for all regulatory proposals. Proposals likely to involve medium business compliance costs must also have a further full quantitative assessment of compliance cost implications using the Business Cost Calculator or approved equivalent. Proposals likely to have a significant impact require even greater analysis, including compliance cost quantification, to be undertaken and documented in a Regulation Impact Statement (RIS).

Yet, in one of the most significant policy documents that this government has produced in this House, what do we find under the heading ‘Regulatory analysis’? We find two paragraphs, and in them we learn that the Prime Minister has granted an exceptional circumstances exemption for these proposals at the decision-making stage.

So we had the minister for finance saying how vital it is that the government conforms to its own requirements for a regulatory impact statement, yet on one of the most significant policy documents this government has produced in its 12 months in office they exempt themselves from the requirement for one of these regulatory impact statements.

On this side of the House we know that it is not good enough to put in place a workplace regulatory framework and stand back and expect that jobs are going to be created out of thin air. The government has just sat back and watched the unemployment rate increase and listened to the forecasts of increasing job losses as the alarm bells get louder and louder, yet they have provided no
plan to this parliament on exactly how they intend to save Australian jobs.

Incredibly, the Minister for Employment and Workplace Relations, despite conceding that the new framework will increase costs for employers, has not required a detailed, rigorous analysis of the new framework and how her new legislation will impact on Australian jobs. It appears that the minister for employment—despite her or her representatives attending at least 50 meetings on the regulatory framework for the workplace relations system—cannot even find time to talk about creating or protecting jobs, which is the main issue that is facing her in her portfolio.

A review of the speeches made by the minister for employment over the past 12 months reveals that she never, ever mentions or addresses the issue. Sometimes it can be difficult in this place to measure ministerial performance. The measures of success or failure can be hazy and clouded in the rhetorical battles that occur in this chamber. But when you are the Minister for Employment and Workplace Relations you have absolutely nowhere to hide. You have one very clear indicator of your performance. You can be judged on your success or failure by the rising or falling of the rate of unemployment. If it goes down, as it did under successive ministers in the Howard government, then you have been a success. If it goes up, as it has been doing under this government—if Australians are losing their jobs in increasing numbers under your tenure—then you have clearly failed.

Not only does this government not have a plan to save Australian jobs or to create Australian jobs, they are wilfully ignoring this issue by their actions. It is time that this minister, who has not had the courtesy to appear in the chamber for this important debate, faced up to the biggest issue in all of her portfolios—the one that she refuses to mention, the elephant in the room that she is determined to ignore: the issue of saving Australian jobs.

Mr BRENDAN O’CONNOR (Gorton—Minister for Employment Participation) (4.59 pm)—Can I say, having listened to the contribution by the member for Stirling, that the first job that is at risk is his. If he is trying to prosecute an argument on behalf of the opposition about what the government should do in assisting workers keep jobs and indeed in assisting job seekers to find jobs and that is the best he can do then the opposition is in a whole lot of trouble. The fact is that in the 15 minutes of his contribution today the member for Stirling did not have one idea about what we should be doing in relation to this very important matter—not one idea.

The Prime Minister quite rightly in his statement today made it very clear how significant, how important and how potentially adverse the consequences will be of the global financial crisis across the world and, indeed, in this country.

Opposition members interjecting—

Mr BRENDAN O’CONNOR—Well, those are the facts, and if people do not want to talk about these things and want to live in a bubble then they have got a problem. The Prime Minister quite rightly said today prior to question time that the impacts of the global financial crisis on our economy will be real. Its impact on our businesses will be real. Its impact on our families will be real. Its impact on our workers will be real. Its impact on our country will be real.

The first thing you have to do if you are going to tackle a problem is identify it and, indeed, recognise it. Those opposite are talking as if there is no global financial crisis. They are acting as if nothing has changed this year—
Opposition members interjecting—

The DEPUTY SPEAKER (Mr KJ Thomson)—Members on my left will cease interjecting!

Mr BRENDAN O’CONNOR—whereas the entire world knows that there has been fundamental change to economies across the world as a result of these changes.

Unlike the Leader of the Opposition, who wants a bob each way, who likes to walk both sides of the street when it comes to any policy prescription that might be under consideration by government, the government acted very swiftly to respond by ensuring a fiscal stimulus to our economy. Before I get to the detail of the response by the government in relation to this very important area in ensuring that we protect and create jobs, can I say that it is clear that the opposition are quite happy to make merry, to make fun, of the fact that people might be losing their jobs. They seem to concern themselves with what may be the perception of the government if unemployment rises rather than concerning themselves with the unemployed or with those people who may lose their jobs.

As Terry McCrann, a very credible economist from the Herald Sun, said recently in relation to the Leader of the Opposition’s stance:

It probably isn’t a good idea for the Opposition Leader to implicitly call Glenn Stevens and the staff of the Reserve Bank a bunch of idiots.

Mr Keenan interjecting—

The DEPUTY SPEAKER—The member for Stirling will cease interjecting!

Mr BRENDAN O’CONNOR—the worst and most radical assault on the working people in this country since Federation—what their view is on protecting workers, because we know that they have no regard for workers and their families. That is of course why they introduced Work Choices, the most radical, extreme, anti-worker legislation this country has ever seen. So we really do not need any lectures from those on the other side about what to do for workers.

I made reference to the economic fiscal response by the government. We took decisive and early action to stimulate the economy. We took decisive and early action to protect vulnerable people in this country by introducing a $10.4 billion economic security package. As the payments are made to vulnerable Australians—pensioners, veterans, carers and parents—the package will do a number of things. It will provide protection for those people who are vulnerable to cost-of-living pressures and other pressures. It will also provide the necessary economic fiscal stimulus to the economy to protect the interests of small, medium and larger businesses in this period.

We have had criticism from those opposite in relation to that package. On the one hand they say that they embrace the stimulus
package. On the other hand they seek to undermine it. They have to make up their mind whether or not they support the support for pensioners, carers, parents, veterans and others and support for small businesses and other businesses that will be beneficiaries of the fiscal stimulus. They have again shown their capacity to walk both sides of the street in this debate and never stand behind the government in responding to the global financial crisis.

What we will see very shortly are lump sum payments of $1,400 to single pensioners, $2,100 to pensioner couples, $1,000 each for eligible persons who are on the carer allowance and a $3.9 billion package to support two million low- and middle-income families. We will be delivering a one-off payment of $1,000 for each eligible child in their care. Those who will receive the support include families who receive family tax benefit A, families with dependent children who receive youth allowance or Abstudy or who benefit from the Veterans’ Children Education Scheme payment.

Another part of the package which is important is the $1.5 billion investment to help first home buyers. These elements of the Economic Security Strategy will provide much needed relief for those people who are in that situation but will also provide necessary fiscal stimulus for the economy. In relation to our regulators, the Reserve Bank have made decisions which have also provided some relief and will provide confidence in the economic system and confidence in our economy as we go forward. The opposition ask what we are doing in creating or protecting jobs. That decision was made decisively and early and, as a result, we are in a position to create jobs.

Mr Keenan—How many jobs will that create?

Mr BRENDAN O’CONNOR—We made very clear that that stimulus package will create up to 75,000 jobs.

Mr Keenan—Based on what?

Mr BRENDAN O’CONNOR—This particular forecast is advice we have received from Treasury. It is an important element of the response by government to this difficult global situation. In addition to that initiative, recently the Prime Minister and the Minister for Innovation, Industry, Science and Research announced the New Car Plan for a Greener Future. That is a $6.2 billion package over 13 years that will provide support for the automotive industry in this country. It will also ensure that there are new initiatives so we can see a reduction in carbon emissions, provide improved opportunities for our automotive industry and improve their opportunities in the marketplace. This initiative—again something the opposition seems to have two positions on—is a very important response to protect the 60,000 direct jobs and 200,000 indirect jobs in the automotive and automotive parts industry. Again this was a swift response by the government to protect jobs in this country. It is not coincidental that, subsequent to the government announcing this very important car plan, Ford announced that it will keep the Geelong plant and maintain employment there.

Last week, as the Minister for Infrastructure, Transport, Regional Development and Local Government mentioned in question time today, there was the $300 million package for 565 councils across the country. This initiative will assist with small infrastructure projects. It will provide opportunities to create local jobs across the country. It is the third element of the government’s response to protecting and creating jobs in this country. Those three ideas are concrete proposals. We have heard nothing from the opposition on their position on this matter.
Mr Keenan interjecting—

The DEPUTY SPEAKER—Order! The member for Stirling will cease interjecting.

Mr BRENDAN O’CONNOR—We know that the opposition have not had a particularly good time in responding to problems. We also know that they were the beneficiaries of the largest commodities boom in this country. While that occurred they did nothing to address skill shortages.

Opposition members interjecting—

The DEPUTY SPEAKER—Order! Members on my left will cease interjecting.

Mr BRENDAN O’CONNOR—The shadow minister in his first speech in November 2004 said—and I agree with him entirely:

Skills development and training remains a significant national challenge.

Indeed, it does. It did then and it does now. The reason it does is that the previous government did nothing to reduce the skills crisis in this country.

Opposition members interjecting—

The DEPUTY SPEAKER—Order! Mr Morrison—It is not going to work.

Mr BRENDAN O’CONNOR—The previous government failed to address the skill problems in this country. Indeed, the shadow minister himself in his first speech to parliament indicated that it was a major challenge. He was quite right to underline the deficiencies of the previous government in providing those skills. By comparison, since we have been elected we have announced 700,000 training places over the next five years, 309,000 of which will be training places for job seekers. This is very important because, as we know, today we have employers in this country crying out for skilled labour. They cannot fill those vacancies because those opposite did nothing to address the skills crisis in this country.

Mr BRENDAN O’CONNOR—The member for Murray, the member for Stirling and others across the divide know that they failed to address these problems. We, of course, are now responding to them. Labor will always concern itself with the creation and protection of jobs. We concern ourselves with those issues because we, unlike those opposite, relate to workers, empathise with workers’ needs and do not see them as mere units of labour. Those opposite may talk about jobs all they like but in the end all we have to do is go to Work Choices to see exactly how the previous government considered it should relate to working people.

We are very interested in seeing, notwithstanding the comments of the Leader of the Opposition yesterday in a media conference, what the opposition do in relation to the Fair Work Bill in the Senate. We will see whether Work Choices is dead or not. We do know that many members opposite have been defending Work Choices throughout this year. They have defended it because they have in the end an ideological predisposition to supporting Work Choices.

Mr Morrison—So you are saying that Work Choices is good for jobs. Did you say, ‘Work Choices is good for jobs’? I think the member for Cook, quite rightly, has highlighted the opposition’s position. They believe that Work Choices is good for jobs. Therefore, I am very interested to see exactly what those opposite do when that bill goes before the Senate. In 15 minutes the member for Stirling did not respond to or provide one answer for the job issues in this country. (Time expired)

Mr SLIPPER (Fisher) (5.14 pm)—I have been in the House for quite a long time and I
have never heard 15 minutes of such waffle uttered by a minister of the Crown. It is absolutely clear that the Deputy Prime Minister is a very busy person. However, one of the key issues confronting Australia today is job security and jobs. The minister could have come into the chamber to address this important issue, but she has run away from the parliament and she has sent in a message boy, the Minister for Employment Participation, who simply did not perform adequately at all. I listened carefully to what the minister said, and he abused the honourable member for Stirling. He accused the honourable member for Stirling of not having any answers, but I want to draw the minister’s attention to the topic of the matter of public importance: the failure of the government to develop a plan to save Australian jobs.

On 24 November last year the Australian people made a decision that I suspect many of them now regret. They elected the Rudd Labor government, and as part of the creation of that government the Minister for Employment Participation took on his role, as did the Deputy Prime Minister. We have the global economic crisis, but what the minister has done is to fill in his 15 minutes by talking about anything other than the government’s plan to save Australian jobs. Having listened very carefully to the minister’s contribution, one can only assume that the government simply does not have a plan to save Australian jobs. Sure, the minister spoke about the 75,000 jobs that will allegedly be created as a result of the stimulus package. He spoke about some assistance to the motor vehicle industry. He also spoke about some assistance to local government which will create some minor employment—

Mr Snowdon—Minor employment?

Mr SLIPPER—Some not very high levels of employment through minor local projects, and he highlighted three particular areas where the government may have done a little.

However, what he failed to address is the forecast that unemployment is going to dramatically increase. In its latest economic outlook, the OECD has forecast a prolonged downturn, heralding weak prospects for labour demand. As was indicated by the shadow minister, the projected outlook is that the unemployment rate will drive up from its October level of 4.3 per cent to 5.8 per cent by the end of next year and six per cent in late 2010. It has been predicted that 140,000 people will lose their jobs over the coming months as a result of the crisis, and yet the government has continued to fail to come up with any solutions.

All the minister has done is to turn on the member for Stirling, to heap abuse upon his shoulders and to accuse him of not having the answers. Frankly, I can understand why the minister is asking the honourable member for Stirling for answers: because the minister himself and the Deputy Prime Minister do not have any answers between them. At least the Minister for Employment Participation had the courage to crawl into the chamber and purport to represent the government. I do not know where the Deputy Prime Minister is, but she is not where she should be—and where she should have been is at the dispatch box, at 5.13 today, to respond to what the opposition was saying.

The Australian people elected the Rudd Labor government with high expectations. The Australian people expected answers. At the first challenge to that government, the global economic crisis, we find that the government’s performance has faltered. The Prime Minister trips around the world talking at conferences, and yet at home the situation is quite dire. I challenge the minister to get out of his ivory tower, to go out there and talk to the Australian people, to talk to peo-
ple who are concerned about employment. The minister, in his speech, spoke at length about assistance packages to pensioners, to carers—to all sorts of people. However, he did not address the need for jobs.

The best way to create jobs is to have a robust economy, such as the economy that the Howard-Costello government implemented over 11 years of office. We repaid $90 billion of Labor debt. We created two million jobs. Most of them were full-time jobs, but there were also part-time jobs. Yet we find that it is now projected that, under the stewardship of the Deputy Prime Minister and the Minister for Employment Participation, we could have a situation where that shocking record under the Keating government of having a million Australians out of work could well be replicated.

Is this what the Australian people voted for on 24 November last year? It certainly is not. They would certainly be disappointed, and I see the situation as being quite shocking. In fact it is a disgrace, because—let us face it—the Labor Party claim to be the party that is interested in the worker. They brought in the Fair Work Bill yesterday and the Minister for Employment and Workplace Relations focused on union rights. She focused on extra costs to business. She basically introduced a bill that will cost jobs.

Mr Brendan O’Connor—are you voting against it?

Mr SLIPPER—The situation, Minister, is that the government has its focus entirely wrong. The government is focused on implementing legislation which will destroy job opportunities for generations of Australians. Just walk down the main street of any town or city in the country and you will find that small business and large business have never had a lower level of confidence, and this is after barely 365 days of Labor government. The National Australia Bank’s most recent economic outlook survey has unemployment increasing to 6.5 per cent—well in excess of any government forecast—by mid-2010. In the mid-year forecast, sure, the Treasurer upgraded the anticipated number of unemployed—although not to the extent that independent people said—but the reality is that this government is fiddling, it is talking, it is abusing the opposition and it is playing party politics. It is doing everything other than addressing the desperate job crisis that is now confronting Australian families.

Just imagine, Minister, what it is like to be a breadwinner and to be threatened with redundancy because of the economic situation. Many of these people voted for the Labor Party last year and now many of these people are seriously worried. Minister, I ask you to stop playing politics. I ask you to stop seeking solutions from us. I ask you to think very carefully about the need to save Australian jobs, because the government will not have the economic wherewithal to deliver desirable social outcomes unless the government receives income from taxes—and you do not receive income from taxes unless you have got Australians in real jobs.

I listened carefully also to an answer given during question time by the Deputy Prime Minister in relation to jobs. She talked about the 75,000 jobs allegedly to be created as a result of the stimulus package. Mind you, I will believe that when I see it. I would like to believe it is true but, given the government’s comprehensive failure in so many areas, I am not confident that that is in fact going to occur. She then moved to support services in the area of unemployment. So she did not have any answer. She had even fewer points to make than the Minister for Employment Participation did in this MPI. Maybe that is the reason why the senior minister, the Deputy Prime Minister, has run away from her parliamentary colleagues in this MPI.
So no matter where we go, no matter where we look, we find that the Rudd Labor government simply do not have an answer with respect to jobs. The Rudd Labor government are simply wringing their hands. They have collectively made a decision that this is just too difficult. They wish that next year would come. They wish that the economic crisis had not occurred—as, indeed, we all do—but they simply do not have the mettle to take on the challenges presented to government at this time. Any party can provide government in good times. The test of a good government or a bad government is the ability to govern for all Australians in bad times. At the present time we face increasing job challenges, lack of job security, high levels of concern in the community, and yet this minister has the audacity to come into the parliament and not give us any response. He comes into the parliament and waffles on, he talks, he fills up his 15 minutes, but at the end of the day we are little clearer than we were at the outset of this debate on just where the government are going. The government have run out of steam. This is amazing after 12 months! (Time expired)

Mr BEVIS (Brisbane) (5.24 pm)—Of course the minister was absolutely right when he said that the member for Stirling and those opposite had no answers, but he was far too kind to them. Not only have they not got any answers, they have not got any questions! The member for Stirling, who raised in his speech his concern that there had not been enough discussion from the minister about unemployment, has been in this parliament as the shadow minister for a year and, in a year, has managed to ask how many questions about unemployment? One! One question in 12 months!

Mr Keenan interjecting—

Mr BEVIS—This issue is such a high priority for the opposition, and for the shadow minister, that in 12 months he could muster enough muscle to ask one question.

Mr Keenan—Where have you been for 12 months?

The DEPUTY SPEAKER (Mr KJ Thomson)—The member for Stirling should be aware of his status.

Mr BEVIS—And when did he do that? Did he do that when the parliament first met, when obviously it would have been on his mind? No, he did not. Did he do it when the Labor government introduced a budget with a $20 billion-plus surplus? No, he did not. Did he do it after he came back from the winter recess in August? No, it was not important then. He only managed to ask his one single question in a year on this important topic in October—after the Labor government had announced its initiative of a $10.4 billion stimulus package.

Mr Keenan—Mr Deputy Speaker, I rise on a point of order. Before this member continues to embarrass himself even more, I would like to tell him I have been the shadow minister for all of six weeks.

The DEPUTY SPEAKER—The member for Stirling has already been warned; he is on very thin ice. There is no point of order.

Mr BEVIS—I was going to come to that but, now that you have brought it up, let me come to it straightaway. Let me give you a bit of free advice: when you want to raise those sorts of arguments, it is good to do a bit of groundwork. Now you may have floated position by virtue of the leadership change rather than other characteristics. I would not regard your six weeks in the job as the highlight of a parliamentary career. But as it happens, your predecessor did not ask any questions either. So the opposition, who want to pursue this matter as an issue of great concern, do so from a very false platform.
Mr Lindsay—Mr Deputy Speaker, I raise a point of order: there have been several ‘yous’ and ‘yours’ in that speech and they should not be allowed.

The DEPUTY SPEAKER—I invite the member for Brisbane to address his remarks through the chair.

Mr BEVIS—I apologise, and of course I should not have said ‘you’, Mr Deputy Speaker, because I know that would be a gross misrepresentation of your view. I was clearly referring to the members of the opposition. I am happily corrected on that. Yet again we have seen, as we have seen on a daily basis, an opposition that cannot hold to a thought for more than 24 hours. It has been the case here again. Someone asked today, ‘What are we going to talk about today in the MPI?’ It is a great challenge for the tactics committee, so they decided to talk about unemployment—even though they have shown no interest in it whatsoever, even though the government has acted decisively, in a very significant way, with a $10.4 billion stimulus package, along with support for the vehicle industry, along with a number of other packages that time may or may not permit me to talk about, but some of which I know were touched on by the minister. In spite of that, the paucity of knowledge and tactics in the opposition leads them to raise this as an issue, once again demonstrating that 24 hours is a long time for the concentration span of those opposite.

But who better to second this from the other side than the member for Fisher? When it comes to changing positions, I think he holds the record in this place. This is the person who came into this parliament as a National Party member, then changed to become a Liberal Party member, and then after the last election listed himself on the members’ register as a Liberal-National Party member before finding out that he was the only one who did that. I thought that was a career move to make him the leader of a political party. It turns out I did him a disservice. He was not endeavouring to become the leader of a political party; he just made a mistake, so now he is a Liberal again. So who better to be involved in a flip-flop performance than the member for Fisher?

Mr Slipper—Mr Deputy Speaker, I rise on a point of order. It is true that I have been a member of the National Party and the Liberal Party and the Liberal-National Party—

The DEPUTY SPEAKER—Order! The member for Fisher knows this is not a point of order!

Mr Slipper—The point of order, Mr Deputy Speaker, is that I did not join the Labor Party; I had to draw the line somewhere.

The DEPUTY SPEAKER—There is no point of order! The member for Fisher will resume his seat.

Mr BEVIS—I think the House notes his plea of guilty. Mr Deputy Speaker, the simple fact is that when the global economic crisis clearly became an issue, this government was on the front foot, well ahead of the game, well ahead of others around the world and well ahead, I have to say, of many commentators and those opposite. The trouble for those opposite is that, given that is the case, they have not been quite sure what to do. They instinctively knew they could not oppose it, so they said they supported our $10.4 billion package. They then spent weeks doing their best to undermine it in this place.

That duplicity will win the opposition absolutely no support—none here in this place with the commentators and none out in the real world, where it matters and where the Australian citizens look at what we all say and do. That $10.4 billion stimulus package—and I do not have time to go through all of it—will insulate a large portion of the Australian economy, including the tourism
industry and the retail industry, in the three months ahead as we go through the summer vacation period. The money will go to low-income Australians, and we are confident it will be used constructively for their benefit and for the broader economic benefit of our nation. It is good policy, good social policy, good economics and—I have to say—good Labor economics. It will make a difference to many families.

Mr Simpkins—There’s no such thing as Labor economics!

The DEPUTY SPEAKER (Mr PD Secker)—Order! You have been warned.

Mr BEVIS—even on that we find ourselves in a situation where those opposite cannot agree. In his contribution today the member for Fisher decided to have a bit of a swipe at that. The Leader of the National Party—and I think it is still the National Party and not the Liberal-National Party; I am not sure—Barnaby Jones, has been on the record a number of times complaining about the package. Senator Barnaby Jones needs to have a look at the comments of those who are recipients.

The DEPUTY SPEAKER (Mr PD Secker)—The member will refer to the senator by his correct name.

Mr BEVIS—Okay, Mr Deputy Speaker. It is Barnaby Joyce.

Mr Snowdon—Is he otherwise known as Jones?

Mr BEVIS—He is commonly referred to as Jones! There are actually some serious commentators out there in the business community who know the importance of that package to their businesses, to their profit lines and to their capacity to keep their doors open and people employed in the difficult months ahead. My attention has been drawn to a comment by Gerry Harvey about the situation he confronts. These are difficult times for all retailers. He is clearly one of the retailers who will have to look hard at their bottom lines. In the last 24 hours he has said that he supports the government’s $10.4 billion fiscal stimulus package and that he believes the government was probably doing a pretty good job on it. He is at the sharp end of this. The retail sector is facing a pretty bleak Christmas. Had it not been for the Commonwealth government’s initiative, had it not been for Labor’s stimulus package, we would be now confronting a much worse situation.

The fact that we are not has been recognised globally. It may not be recognised by Liberal and National members of the parliament, who struggle daily to find some issue to attack us with, but it has been recognised widely. We are all aware of the OECD report published overnight that identifies Australia as one of the very few countries in the OECD not forecast to go into recession. Indeed, it forecasts the growth rate in Australia to drop down to about 1.7 per cent and to then rise the year after. That is a very significant achievement. Whenever we talk about that achievement, those opposite immediately say, ‘That’s only because we were in government before.’

Mr Irons—you haven’t achieved it yet!

Mr BEVIS—that is true; it has not been achieved yet. It has not. I am talking about the forecast. Every time that forecast is mentioned, those opposite want to claim some credit by saying that something they did three or four or 10 years ago has somehow produced it. I will tell you what produced the surplus that has enabled these funds to be used: it was the May budget and the way that was crafted. That was a difficult thing to do. It was not only a difficult thing to do; it was a thing that those opposite seldom did.

My time is running out, but there is one thing that I think needs to be corrected be-
cause it comes up so often in these debates. People talk about budget surpluses without much regard for the facts. This fact usually gets overlooked, especially by those opposite. Between World War II and when the Hawke Labor government came into office in 1983, those opposite were in power throughout. It was a boom period. In that period there was not one surplus budget. The Commonwealth ran its first surplus budgets in the Hawke-Keating years. To give you an example: in 1988-89, the budget surplus was 1.8 per cent of GDP. This is what Terry McCrann said after the member for Higgins boasted about a budget surplus. He said, ‘It’s sobering to be reminded, as the budget papers do, that an earlier world champion Treasurer had—’ (Time expired)

**The DEPUTY SPEAKER (Mr PD Secker)**—Order! Can I remind the member for Swan that he is not in his proper seat and should behave himself.

**Mr NEVILLE (Hinkler) (5.34 pm)**—The Rudd government showed scant regard for employment when it ran up the white flag and predicted 134,000 Australians would lose their jobs in the period after the 2008 budget. The government’s lack of will to fight unemployment comes into even starker relief when you look at the current economic conditions. Local and overseas agencies know we are in trouble. The OECD has predicted unemployment will rise to six per cent by 2010 and the government itself has again thrown up its hands in surrender, saying we can expect national unemployment of five per cent by June next year and 5.75 per cent by June 2010. But the national bank says it will be even higher. The national bank says it will be 6½ per cent. So jobs are going to be scarce under Labor, and there is no doubt regional areas will be hardest hit.

Looking at the unemployment rate for the entire Wide Bay area—my area—over the past 20 years, the all-time high was in February 1996, just before we came to power, when it was almost 20 per cent. The all-time unemployment low, ironically, in the October just before we left office was 3.9 per cent. Those figures are from either side of the Howard government. I am sad to say that the region’s unemployment rate is already creeping up under Labor. The Wide Bay-Burnett area is an ideal template for what can be achieved when the right regional development policies are put in place. Conversely, if job losses increase to Hawke-Keating levels, we could see unemployment in my area back to around 15-plus per cent.

As members are aware, I delivered a dissented to the interim House committee report *Funding regional and local community infrastructure*. There was no malice in it, I might add. The committee’s recommendation that commercial enterprises not be considered for funding—despite the evidence in favour of it—is a huge mistake. The 20-year recovery achieved in the Wide Bay-Burnett area cannot happen without robust local enterprises. One such example is Austchilli, a Bundaberg-based company which processes and packages small crops for the domestic and export markets. Austchilli was due to receive $650,000 from Regional Partnerships so it could complete stage 2 of its development, incorporating state-of-the-art high-pressure pasteurisation of food products. It would have created 25 new jobs and, despite the fact that the former Deputy Prime Minister announced the project, the Rudd Labor government withdrew the funding, causing the loss of these potential jobs as well as six other positions within the company. Austchilli also lost a contract to provide avocado puree to a nationwide food outlet—the same product is now being imported from Mexico.

The infrastructure committee took some very interesting evidence at the public hearings. The former mayor of the Isis Shire, Bill
Trevor, told the committee of the importance of government supporting business, which in turn creates jobs in the regions. He said:

The last thing a community needs is a bright new shiny toilet block but no jobs … Jobs in rural and remote areas are extremely important for the value-adding that they do in a community.

He went on:

If you take away all those opportunities to bring forward the technical advancement and development of industry in rural areas, then, what we are going to have left is people on unemployment queues.

It was hard to get money into regional and rural areas from banks previously. It is going to be even more difficult in the future to convince the bankers to lend into regional and rural areas because of the financial situation around the world.

This is where these grants—whether it be through Sustainable Regions, Bundaberg Futures Programs or the Regional Partnerships—play a vital role in lifting the technology job values and letting the enterprise grow.

And he goes on:

By having this grant coming in it allows it to happen now. We need jobs now in rural and regional Australia, not in 10 or 15 years time.

What he and I are saying is that small and medium industries are essential for the growth of provincial communities. They are a buffer against creeping unemployment. When government supports small and medium industries it gives confidence to banks and other investors to come on board. Government approbation creates a level of confidence in itself. That is why seeding programs must continue. The government should not wring its hands about unemployment and throw money at the problem. Rather, the answer is in strengthening regional employment profiles.

Mr SYMON (Deakin) (5.39 pm)—It comes as no surprise to me, the day after the introduction of the Fair Work Bill that returns fairness to Australian workers, that we are in here entertaining the opposition’s efforts to distract us all from the fact that they are the party of Work Choices. And it is with some temerity, might I add, that they want to have a debate about jobs—about a plan for jobs—after yesterday’s events and their atrocious track record of ripping off workers’ rights. But we are very happy to have this debate if the opposition want it and I am happy to talk about some of the things the Rudd government is implementing to boost jobs and drive our economy into the future. The member for Swan might even call this a case of ‘double happiness’!

A good place to start is to look at the Rudd government’s early and decisive response to the global financial crisis through our $10.4 billion Economic Security Strategy. As the Minister for Employment Participation said earlier, fundamental change across the economies of the world is happening because of the global financial crisis. With payments of $1,400 for single pensioners and $2,100 for couples, one-off $1,000 payments for people receiving the carer allowance and $1,000 one-off payments for each eligible child of families who receive family tax benefit A, there will be a direct economic boost to our economy as these payments arrive from 8 December, and increasing the first home buyer’s grant has already led to a pick-up in demand in the housing industry.

Sustaining demand in the economy protects jobs across many industries, especially in the retail and service sectors. The government has brought forward an additional 56,000 productivity places for job seekers for 2008-09, taking the government’s commitment to over 700,000 training places. This comes as part of the government’s Skilling Australia for the Future initiative. The issue of skills is something the previous government neglected for 11 years and is one of the very reasons that we still have jobs unfilled whilst there are people unemployed. Without
training in the areas of need this problem will only grow, as it did throughout the term of the Howard government. Many Australian employers have not been able to find enough skilled labour in the required areas and imported labour is used in some cases to fill these skill shortage gaps.

Proper job development depends on us having workers with the right skills for the future. Six hundred and forty-five thousand training places over five years in the vocational education and training sector will be created through the Productivity Places Program to develop the skills that Australian industry needs. Three hundred and ninety-two thousand places have been allocated as part of this program to allow people currently in the workforce to upgrade their skills or retrain to better meet the needs of industry and employers. Over 300,000 additional VET places will be available to people outside the workforce to acquire skills and gain lasting employment, and more than 58,000 job seekers have already enrolled in the program in just over six months. Fifteen thousand of these people have already completed their training in areas of skill shortage and almost 1,000 of these job seekers referred for training by their employment service provider have already obtained jobs.

Training for new skills and increasing productivity are central to the government’s economic agenda. The Australian government is working cooperatively with state and territory governments and has fast-tracked 4,500 places for the health and community sectors. Labor governments have always been the governments that care about workers and working families. For the opposition to cry crocodile tears about the effects of the global financial crisis on jobs just does not ring true given their attack on workers and workers’ rights in the Work Choices debacle.

And while on the issue of training, we have also established over 1,000 new training places for nurses in our universities as well as providing incentives to encourage thousands of nurses who are out of the workforce to return to work. And of course we have our trade training centres programs for secondary schools to help address shortages in both traditional trades and emerging industries. Already 34 projects have been approved in the first round of the program and this covers funding of nearly $100 million with 96 schools involved across those 34 projects. And, quickly, we can turn to the government’s enormous nation-building agenda.

The DEPUTY SPEAKER (Mr P D Secker)—Order! The time allotted for this discussion has now expired.

NATION-BUILDING FUNDS BILL 2008
Report from Main Committee
Bill returned from Main Committee for further consideration; certified copy of the bill presented.
Ordered that this bill be considered at a later hour this day.

NATION-BUILDING FUNDS (CONSEQUENTIAL AMENDMENTS) BILL 2008
Report from Main Committee
Bill returned from Main Committee for further consideration; certified copy of the bill presented.
Ordered that this bill be considered at a later hour this day.

COAG REFORM FUND BILL 2008
Report from Main Committee
Bill returned from Main Committee for further consideration; certified copy of the bill presented.
Ordered that this bill be considered at a later hour this day.
PARLIAMENTARY ZONE
Approval of Proposal
Mr GRAY (Brand—Parliamentary Secretary for Regional Development and Northern Australia) (5.45 pm)—I move:

That, in accordance with section 5 of the Parliament Act 1974, the House approves the following proposal for works in the Parliamentary Zone which was presented to the House on 24 November 2008, namely: new cooling plant enclosure at Old Parliament House.

Question agreed to.

BUSINESS
Rearrangement
Mr PRICE (Chifley) (5.45 pm)—by leave—I move:

That, unless otherwise ordered, for the Main Committee meeting tomorrow, members’ constituency statements may continue for one hour, irrespective of suspensions for divisions in the House.

I indicate that this motion enjoys the support of the Chief Opposition Whip, the honourable member for Fairfax.

Question agreed to.

MAIN COMMITTEE
Ministerial Statement
Reference
Mr PRICE (Chifley) (5.45 pm)—by leave—I move:

That, unless otherwise ordered, the order of the day for the resumption of the debate on the motion to take note of the Prime Minister’s statement on Australia’s response to the global financial crisis be referred to the Main Committee.

I indicate that this motion enjoys the support of the Chief Opposition Whip, the honourable member for Fairfax.

Question agreed to.

CORPORATIONS AMENDMENT (SHORT SELLING) BILL 2008
Second Reading
Debate resumed.
Mr SULLIVAN (Longman) (5.47 pm)—I am pleased to rise today to support the Corporations Amendment (Short Selling) Bill 2008. This bill has very simple objectives—that is, to enhance market confidence in a time of significant market volatility. I think that we are all aware of what is going on around the world today, despite the fact that just a short while ago members opposite believed either that it had been caused by the election in Australia in November 2007 or that it was in fact a furphy. This bill does three things, which have been canvassed reasonably widely, but I wish to visit them again. Firstly, it bans naked short selling. Secondly, it requires full disclosure in relation to covered short selling. Thirdly, it clarifies ASIC’s powers under the Corporations Act 2001. The member for North Sydney was a bit concerned whether we knew what short selling was when he came into the House before question time today, so I thought that I would tell him briefly that I do understand what short selling is. Short selling is the practice of selling shares that the seller does not own, then buying the shares back to complete the original transaction. Covered short selling is selling of borrowed shares—the sense of which escapes me somewhat. Naked short selling is selling shares that do not exist.

In 2005, Patrick Byrne raised the alarm in the US about naked short selling. He was ridiculed for his views and pilloried widely within the financial community. I note also that Warren Buffett was widely reported, but also disregarded, when he raised concerns in the early part of this century about derivatives, arguing that such highly complex financial instruments were time bombs and
financial weapons of mass destruction’ that could harm not only their buyers and sellers but the whole economic system. History has shown who was right in that case and also in the warnings that Patrick Byrne was making in 2005. Naked short selling has been blamed by some as a contributor to the global financial crisis, just as many hold that short selling tactics are a major cause of all market downturns—for example, the 1987 crash. Others will be much better placed than me to make judgements regarding the degree to which those views hold true.

Schedule 2 of the bill effectively bans the practice of naked short selling in Australia. Naked short sales have a high risk of failure—that is, when settlement is due, the seller does not have the shares to transfer. ASIC can, if it sees fit, allow some naked short selling. It is assumed that this power will be used only when such sales are necessary to ensure the ordinary operation of financial markets. There is plenty of support for the practice of short selling. The website Investopedia, for example, expresses this view:

… short selling makes an important contribution to the market. It provides liquidity, drives down overpriced securities, and generally increases the efficiency of the markets. Short sellers are often the first line of defense against financial fraud.

It goes on to say:

… work from short sellers is often regarded as being some of the most detailed and highest quality research in the market. Its been said that short sellers actually prevent crashes because they provide a voice of reason during raging bull markets.

That is high praise indeed. The Reserve Bank in Australia considers that both short selling and the associated securities lending add to market liquidity and pricing efficiency.

The Parliamentary Joint Committee on Corporations and Financial Services in its June 2008 report Better shareholders, better company: shareholder engagement and participation in Australia remarked upon the existence of a ‘widespread view that short selling activities are not subject to sufficiently rigorous disclosure requirements to ensure shareholders remain adequately informed’. All members of parliament and all members of society—except those with an ulterior motive—would want to see that people participating in our markets are adequately informed. Consultation during the drafting of this bill saw the government receive submissions from a wide range of stakeholders. Investors, brokers, ASIC and the ASX all made submissions. That wide range of stakeholders broadly supported disclosure of covered short sales, but offered different views as to how this could be best achieved.

Short selling, it seems, is here to stay, though, as I said before, I personally struggle with the concept of selling shares you do not own to people who are buying them with money they do not have. We saw a large number of such investors suffer quite savagely when margin calls were made earlier this year as the stock market headed south.

In reading some material for this debate I came across an unattributed quotation. I cannot tell you who uttered this wisdom, but it is wise. It was: ‘You can never control the market; you can only help it reach the best conclusion by providing as much information as possible.’ The provisions in this bill that go to providing that information are found in schedule 3. It is that schedule that the opposition indicated earlier today that they will be opposing. The shadow minister for financial services, superannuation and corporate law, the member for Aston, made that clear during his contribution.

To be fair, he did also say that he offered the government the opportunity to redraft these provisions through his amendment. The question is, of course, what is it about the
disclosure of covered short sales that has the opposition so spooked that they would try, as they did in the other place, to delay the passage of this bill; so spooked that, when my colleague, the member for Leichhardt, sought to canvass the matter, he was continually interrupted by fallacious points of order taken by the member for Calare?

These are good provisions. Transparency in the market is particularly important at this time, and the sooner this bill passes through this place the sooner Treasury can consult the industry about the details of the regulations. Delaying, or watering down, these provisions is not in the interest of this nation at this time. It may be in the interest of sections of the community with whom members opposite curry favour; I simply do not know. But I do know that the approach taken by the opposition does them no credit in the context of Australia’s response to every nuance of the global financial crisis.

Schedule 1 of the bill contains the provisions dealing with ASIC’s powers. These go firstly to clarifying ASIC’s powers to regulate short selling. ASIC’s powers as set out in the Corporations Act 2001 are more than likely adequate to allow ASIC to undertake this action. However, these changes make it clear—crystal clear—that the power does exist. Similarly, this bill validates the actions that ASIC has taken so far in relation to short selling. Again, this makes it clear that the power exercised was a power anticipated by the provisions of the Corporations Act 2001. Taken together, these are sensible measures. The absence from the 2001 legislation of explicit power does not mean that the power does not exist. The rules applied in statutory interpretation would more likely than not confirm that. However, these are times when certainty on regulatory matters is vital and therefore it is prudent to include quite explicit provisions in the principal act.

I want to spend a moment in considering those actions taken by ASIC in relation to short selling in the market. On 21 September, ASIC put a 30-day ban on the covered short selling of securities, a ban that they extended on 21 October as a consequence of the market conditions that existed at that time. On 13 November, they announced that that ban would be lifted except in relation to the 46 securities that make up the S&P and ASX 200 financials index, plus five other securities. At the same time, they indicated that the ban on covered short sales of those 51 securities would remain in place until 27 January 2009. The ban on naked short selling, as indicated by ASIC, is to remain in place indefinitely.

The announcement of 13 November also included a reporting and disclosure procedure, which market participants are following. Interestingly, the daily gross short sales report for 24 November shows that 27 of the financial securities on the S&P ASX 200 financials plus five list were short traded on that day. Clearly, that shows that ASIC is working with market participants to ensure what we require: the orderly operation of the market.

Australia’s strong position in the context of the global financial crisis is due in no small part to the financial regulators. As one of those regulators, ASIC is delivering for the market and the people of Australia the certainty that is required at this time of volatility. This is a very good bill. The measures in this bill are important. They make improvements to the market architecture. They are deserving of the support of all members in this House. They have my support. I commend them to the House.
failure and these types of transactions have
the power to distort—and do distort—the
operation of the market by increasing volatil-
ity. They also facilitate market manipulation,
a scenario that has arisen given that we now
have a global financial crisis. It is one that
we have to mitigate. This bill does just that.

It is not as if it is a new situation, though,
as this bill is filling a gap in the Corporations
Law identified in and present since 2001—
seven years ago. But it has taken Labor to
come to government and the Rudd Labor
government to take the action to fill that gap.
It was necessary in 2001, 2002, 2003, 2004,
2005, 2006 and 2007, but it is even more
necessary and pressing now. I do not know
why the previous government failed to take
action in this area, particularly when it was a
government that liked to tell us that it under-
stood the market, financial issues, the econ-
omy and the world of finance. I submit that,
if it did, a lot more would have been done in
this area and in a range of other areas.

I might have strayed a little from the di-
rect purpose of the bill, but it is necessary to
identify why the Rudd Labor government is
having to take this action and mop up after
those years in this way. The reason for our
move to prohibit short selling is self-evident,
but it will do the following. It will enhance
the integrity of Australia’s markets and com-
plement action already taken to strengthen
our financial system through the national
regulation of credit and financial services
and forthcoming action on credit rating and
research houses. It will dampen the volatility.
It will bring some certainty—as much as it
can—to a market area that does carry risks.
The nature of investment has some risk at its
core. You can never legislate risk out en-
tirely, so there has to be a balance between
the right type and quantum of regulations
and allowing the investors and the market to
function. I suggest that this bill is on the
mark in that regard. It gets the balance right.

The lack of any clear legal framework and
system-wide disclosure of covered short sell-
ing has created this uncertainty or added to
it. It is of a type that is not healthy and it has
damaged market confidence, not strength-
ened it, hence the urgent necessity to get the
bill through now.

I have heard in the debate some people
speaking along the lines of, ‘The regulations
are yet to be filled in, particularly by ASIC.’
If you look at the way the taxation system
works, there are a lot of things that get what I
would call not ‘filled in’ but ‘filled out’. That
is the way it works and that is the way this
will work as well. Some things have to be a
developmental process. We cannot envisage
every situation and scenario that is going to
arise that could be characterised as short sell-
ing, and it is absolutely necessary to allow
the regulator the scope to oversee it.

The bill contains three key measures and I
want to say a little about those. The first is
the prohibition of naked short selling. The
bill removes the general ability of people to
enter into naked short sales under the Corpo-
rations Act. But ASIC still has the power to
allow naked short sale transactions if it con-
siders them appropriate. It is envisaged that
ASIC will use this power to allow some non-
speculative naked short selling. That is nec-
essary to ensure the ordinary operation of the
Australian financial markets. Short selling is
in a sense speculative, and that is one of the
things that the legislation and the regulatory
framework have to try to come to grips with.
It is the speculative nature of the short sell-
ing that is a problem and causes the distor-
tion and the volatility.

The second of the three key measures is
the disclosure of covered short sales. This
bill establishes the legal regime for the re-
porting of covered short sale transactions to
the market. The market practice as we cur-
rently know it has developed where most
short sale transactions are not reported, and that is an unacceptable situation. It means that the system is not transparent, and if we do not have transparency in the market we end up with mayhem in the market over and above the normal argy-bargy and risks that people are willing to take. These problems, though, are amplified by the current global financial crisis, which adds to the volatility in the market. The amendments will assure the reporting of covered short sales, and that enhances the transparency and integrity of our financial markets.

The third key measure is the clarification of ASIC’s powers. In that area, the Corporations Act grants ASIC the general power to omit, modify or vary certain parts of the Corporations Act through declarations. The bill specifies how this general power applies to short selling—and this is how it should be. This is how it has to work when we are dealing with the market and shares. The amendments make it clear that ASIC has the power to regulate all aspects of short selling, including prohibiting these transactions and imposing or varying requirements on these. These powers will also extend to transactions with the same or substantially similar market effect as short selling. We can envisage some of those situations, but it would be impossible to describe them. We would end up with a law that could be larger than the tax act. Some of those situations will arise and emerge and some of them we do not even know about today. It is appropriate that that power is with ASIC.

The amendments also expressly state that the short selling declarations made by ASIC early this year were within the scope of ASIC’s general power. My brief reading of it—and there is always a debate about whether the regulator has the power or not—suggests to me that it did have the power, but there were doubts raised. If there are doubts raised, then the view is always taken that those doubts have to be put to bed, and this bill does that precisely.

I shall now turn to some other issues arising out of this bill. There was public consultation on a draft bill and that prompted submissions from a wide range of interested parties, from investors and brokers and the regulators. There was a general consensus that supported the disclosure of covered short sales, but with a wide range of views on how to achieve it. There was not universal support—one can never hope for that as some people just want to be left alone, business as usual. But that is a situation that is not possible, not acceptable, not tolerable. Inaction in this case is harmful. We need corrective action. I know some also subscribe to the view that we can leave the market alone. It is called the Gaia principle—somehow the earth will correct itself and in the same way the market will correct itself. But that does not happen. The market builds up. It is an institution in its own right—admittedly, a very unwieldy institution of sorts—and it does require regulation. It does require law and it requires good public policy, and that is what this bill will provide.

Covered short sales represent a small part of the market, but for something that is small it has an inordinate impact on the market in terms of the distortion that it can create. When people talk about it on a percentage basis and say, ‘It may only be a few per cent,’ the impact is exponential. That is why it cannot be allowed to continue the way it is. Also, it was shrouded in what could only be termed secrecy. It is this secrecy that the bill is designed to address.

I also want to say a little about the provision for ASIC to fill out the regulatory framework. I did a straw poll of members in this House on all sides and asked them to explain what they thought short selling was. It was interesting. Yes, I did ask the Minister
for Competition Policy and Consumer Affairs as well—that is why he is turning around and smiling. He knows what it is. The responses I got on what short selling is were interesting. I have seen a lot of the argy-bargy across the chamber with people saying: ‘Go on. You say it. You describe it.’ It is an area that a lot of people have not been involved in. I am just making the point that within the market and within this area it can be complex and it can be confusing to some. However, short selling is pretty straightforward and there is a variety of ways of describing it. In essence, short selling is selling something that you do not own and there are whole lot of other flow-on effects and scenarios that arise out of it. But it is the secrecy issue and a lack of transparency that is a real problem.

I would like to talk here about ASIC having the power to, what I call, fill out—not fill in—the regulatory framework. It is not possible to define in forensic detail all scenarios that can be characterised as short selling or covered, in this case, in the same way that all tax liabilities cannot be so defined in that forensic way in an act. That is why—and I am arguing by analogy but it is very apt in this case—the Commissioner of the Australian Taxation Office has a similar power within law. He has all the checks and balances so that the tax liabilities can be filled out in the same way. That is why it is necessary to have this power. I note that opposition members are saying that they object to that. But it just does not make sense because it is vital to have that provision within the act. With those few words, I would like to commend the bill to the House.

Mr BOWEN (Prospect—Minister for Competition Policy and Consumer Affairs, and Assistant Treasurer) (6.12 pm)—I would like to thank all honourable members who contributed to this debate. The Corporations Amendment (Short Selling) Bill 2008 is particularly important, especially in the current environment. It will improve the regulation of short selling while also enhancing the integrity, fairness and transparency of our markets. Importantly, the bill provides certainty about the powers of the Australian Securities and Investments Commission to regulate short selling, including transactions that have a substantially similar market effect as short sales.

The recent international financial turmoil has highlighted the need for this certainty so that ASIC is able to respond quickly to issues that could potentially threaten the fair and orderly operation of our markets. The bill also puts beyond doubt ASIC’s recent use of its power to make various class orders in relation to short selling. The amendment will importantly provide certainty to business. The bill bans naked short selling. This is subject to ASIC’s ability to grant exemptions from this prohibition. The government foresees the ASIC exemptions may allow some non-speculative naked short sales to ensure ordinary operation of the market. There are concerns around increased settlement risk as there are no available securities earmarked for settlement and naked short sales can cause increased price volatility, potentially facilitating market manipulation. There is also limited evidence of any significant market wide benefits from naked short sale transactions.

Finally, the bill provides for the disclosure of covered short sales with regulations made under the bill to set the time and manner of such disclosures. This measure is primarily about transparency which will enhance confidence and market integrity. The uncertainty surrounding the activity of covered short sellers in the Australian securities market is having a significant impact on Australian capital markets. We have seen a significant price decline in some shares which has caused considerable speculation about the
role of short selling. This speculation is affecting confidence in the market, particularly among retail investors. The disclosure of covered short sales will provide useful information to investors and regulators, contribute to pricing efficiency and also promote confidence and integrity.

Let us be very clear. These three interrelated measures, all the measures, including schedule 3 and disclosure, are essential and urgent. These are measures supported by ASIC and the Australian Securities Exchange. They add further to the integrity and clarity of our market. It is particularly disappointing that the opposition is being so irresponsible on this matter. It is particularly disappointing that they have chosen to continue their grave irresponsibility in the face of this crisis. They have undertaken a number of steps during this financial difficulty which have left the financial markets in Australia shaking their heads at the irresponsibility of the opposition, and we see another instance of that this evening.

The shadow minister has foreshadowed that he will move to remove schedule 3, which is the schedule relating to disclosure. The opposition seem to think it is fine to let the current temporary arrangements continue. They seem to think it is fine to let the ASIC imposed emergency arrangements continue ad infinitum. What they do not recognise, or they choose to ignore, is that there is no legislative backing for those and therefore there is no penalty regime. So there is a regime in place which is appropriate for an emergency situation, but is not appropriate ongoing. What is appropriate ongoing is that we have a situation where there are penalties for ignoring the law. At the moment the opposition want to continue the situation where there is a set of arrangements in place with no penalties. They ignore the views of ASIC, they ignore the views of the Australian Securities Exchange and they ignore the views of ASFA, the peak body which represents APRA regulated superannuation institutions in this country, and instead search around desperately trying to find an area in which they can differentiate themselves from the government. They try and find an area to score cheap political points, and that says more about them than it says about anything in this bill.

Every day that this legislative gap remains open, every day that this anomaly remains, every day that ASIC’s powers remain unclear or unlimited and every day that we rely only on a potentially non-legal suspension of naked short selling is another day of market uncertainty. This bill stands to protect retail investors and Australian companies. If the opposition had succeeded in delaying the consideration of this bill, as they attempted to do in the other place, presumably authorised by the shadow minister and the Leader of the Opposition, then we would have seen this bill delayed even further, and we see the shadow minister moving in this place to remove a very important schedule, schedule 3. He deserves to be condemned, as I am sure the market will condemn him, for doing so. It is critical that this bill is passed to deliver certainty to the market and allow the Treasury to commence further detailed consultations with industry about the regulations.

The shadow minister says the bill is far too broad and that it allows too much scope for moving within the regulations. What he does not recognise is that it is appropriate for the regulations to be the main mechanism for setting the detailed regulation of this matter. We need to have a situation where the government, on the advice of regulators, can respond flexibly to what is a very fluid situation. The shadow minister would like a situation where the parliament needs to consider any changes. Presumably, if there were an emergency situation, he would like to see the parliament recalled in order to change the
legislation and not give the minister the power to change the regulations. That is a view we reject completely in this House and we will reject it in the other house. We will continue to vigorously argue for the legislation. I commend the bill to the House.

Question agreed to.

Bill read a second time.

Consideration in Detail

Bill—by leave—taken as a whole.

Mr PEARCE (Aston) (6.19 pm)—I move:

Schedule 3, page 6 (line 2) to page 12 (line 6), omit the schedule.

The opposition is moving an amendment to the Corporations Amendment (Short Selling) Bill 2008 to amend schedule 3 of the bill. We are doing that because we do not believe, and nor do by far the vast majority of Australia’s financial services stakeholders, that schedule 3 is an appropriate schedule to be in this bill as it currently stands. I have indicated in my speech in the second reading debate that the opposition supports the government in relation to schedule 1 and schedule 2 of the bill. The issues that surround schedule 3 go to certainty, clarity and substance for the market. Despite what the minister just articulated in his remarks, it is the industry and various other stakeholders that have an issue with the government’s bill, in addition to the opposition of course.

I think it is interesting to reflect on some of the comments that were presented as evidence in the inquiry of the Senate Standing Committee on Economics. The representative from IFSA, Mr O’Reilly said:

Regulations are essentially there to fill in some of the detail and put flesh on a skeleton. The law itself should have the fundamental and basic requirements and give direction on what should be in regulations. Obviously, the House has the ability to change legislation, whereas when it comes to regulations, unfortunately, they are presented to the House and can be disallowed in whole but cannot be amended, which cuts down the level of debate on appropriate provisions which could be in the regulations.

He continued:

Certainly our preferred position is that a disclosure regime for short selling is a fundamental and very important structure for our industry and those features should be in the legislation, not in the regulations.

That is a quote from a senior representative of one of the most senior organisations of Australia’s financial services. I think that goes to the heart of the issue. What is an interesting question—and I would be very interested in the minister’s response—is: why is it that the government has not been able to put the necessary detail into the bill? The government released an exposure draft of the bill back in September and yet, in their own explanatory memorandum, they acknowledge that the details are not in the bill and therefore cannot be costed in the regulation impact statement. The EM says that the details regarding implementation and the like are yet to come by way of regulation. It is an important question and I will be interested in the minister’s response. Why is it that after several months the government has been unable to incorporate into the legislation any of the detail that our financial services stakeholders in Australia need and require in order to have the certainty and the clarification so that they can go through with implementation? There has been consultation over a long period of time and yet there is no substance in the bill.
The bill outlines a skeleton or, if you like, a shell legislative framework. The opposition absolutely supports greater disclosure and transparency, but schedule 3 in this bill will not achieve that. It does not achieve it. The problem that we have and the reason why we feel obliged to highlight this to the parliament is that the work has not been done or, if it has been done, it certainly has not been incorporated into the schedule. That leads us to having this level of concern and to sharing the level of concern that the broader industry has. 

Mr Bowen (Prospect—Minister for Competition Policy and Consumer Affairs, and Assistant Treasurer) (6.24 pm)—Of course the honourable gentleman is deliberately misrepresenting the government’s position. As I made clear in my closing remarks to the Corporations Amendment (Short Selling) Bill 2008, the government has the view that it is an appropriate balance for the framework to be set out in the legislation and for the detailed implementation to be set out in the regulations to allow the government to respond flexibly on the advice of regulators to emerging and fluid situations, which is entirely appropriate in the circumstances. The government has thought long and hard about this and believes that the right level of detail is set out in the legislation and that it is appropriate that further details be set out in the regulations.

Mr Pearce (Aston) (6.25 pm)—Contrary to what the minister has just said, the vast majority of people in the industry do not agree with the government, clearly. Minister, if you go through the transcript of all the evidence presented to the Senate Standing Committee on Economics, you will see that the overwhelming amount of evidence highlights the issues that I am highlighting in relation to this schedule. I think there are a couple of other interesting points here.
gent—the regulations are most likely months away. It cannot take effect until the regulations are tabled and put into effect. The minister knows that the current ASIC undertaking can continue. The current ASIC undertaking is there. It can continue. He knows that. There is no uncertainty in the marketplace.

Why won’t the government entertain the idea of going back to some of the submissions, going back to the stakeholders, consulting with them and putting the detail that is needed into the bill? Then we can all support a bill that provides clarity and certainty. I am appealing to the minister at the table, who is representing the government on this matter, to consider allowing schedules 1 and 2 to go through. The opposition is giving the government the opportunity to go back and do the work that is needed. We are providing you with that opportunity. I would like to ask the minister why it is that he will not entertain that request.

Mr BOWEN (Prospect—Minister for Competition Policy and Consumer Affairs, and Assistant Treasurer) (6.29 pm)—The shadow minister raised a number of issues. Firstly, he misrepresented the position of the Treasury and mischaracterised the evidence given by the Australian Treasury to the Senate, which is very unfortunate. Secondly, he asked why the government is determined to proceed with this bill. This is something which has been covered extensively in the debate. The passing of this bill allows the making of the regulation. With the passing of this bill the Treasury can consult, in conjunction with the government, on the detailed implementation of the regulations. Until this bill is passed, those regulations cannot be made.

The honourable member may or may not be aware that this is the second-last sitting week of the year. This bill must be passed through both Houses of the parliament or we will have a temporary arrangement in place over Christmas and into the new year until the parliament resumes in February, with no penalty regime in place. The honourable gentleman appears completely relaxed about a regime which says: ‘This is what you shall do and this is how you will disclose—but if you do not do it, no problem. It is fine with us; the opposition does not care.’ That is not acceptable to this side of the House.

Mr PEARCE (Aston) (6.30 pm)—The minister is misrepresenting the opposition’s position and particularly my words. I am disappointed that the minister would take such a tactic and line. I really am disappointed in that. I can remember the situation being quite reversed on a number of occasions during the last term of the last parliament. I can remember the now minister, who is at the table, serving it up to the then government quite strongly. The minister really should not take the position of the pot calling the kettle black, should he?

The minister is failing to recognise that the ASIC order and bans currently exist. The market is currently operating under those orders and they can continue to exist. As a matter of fact, the ban on the short selling of financials is currently in place until towards the end of January. If, for some reason, ASIC needed to extend that, the minister knows they can do that very easily. So there is a regime that is in place and that argument is a nonsense. Clearly, the government have not done their work. The industry—and I am only echoing the concerns of the industry—is obviously very concerned and distressed about this. If it goes through as it is, it will create even more uncertainty. I would have thought that the government and the minister may have been open to our proposal, given the dislocation and the enormous impacts that the government’s policy on the bank guarantee has had. I would have thought that
the government may have learnt their lesson—that they are not particularly good at this sort of thing. They have got it wrong before, and what we were seeking to do was provide a legitimate opportunity for the government to actually do it properly and go about it in a proper way.

Question put:

That the amendment (Mr Pearce's) be agreed to.

The House divided. [6.36 pm]

(The Deputy Speaker—Hon. KJ Andrews)

Ayes........... 55
Noes........... 72
Majority........ 17

AYES

Bailey, F.E.
Bishop, B.K.
Briggs, J.E.
Chester, D.
Costello, P.H.
Dutton, P.C.
Forrest, J.A.
Haase, B.W.
Hawke, A.
Hockey, J.B.
Hunt, G.A.
Jensen, D.
Keenan, M.
Ley, S.P.
Macfarlane, I.E.
Markus, L.E.
Morrison, S.J.
Neville, P.C.
Pyne, C.
Randall, D.J.
Robert, S.R.
Schultz, A.
Secker, P.D.
Slipper, P.N.
Somlyay, A.M.
Stone, S.N.
Vale, D.S.
Wood, J.

Billson, B.F.
Bishop, J.I.
Broadbent, R.
Ciobo, S.M.
Coulton, M.
Farmer, P.F.
Georgiou, P.
Hartsuyker, L.
Hawker, D.P.M.
Hull, K.E. *
Irons, S.J.
Johnson, M.A. *
Laming, A.
Lindsay, P.J.
Marino, N.B.
May, M.A.
Nelson, B.J.
Pearce, C.J.
Ramsey, R.
Robb, A.
Ruddock, P.M.
Scott, B.C.
Simpkins, L.
Smith, A.D.H.
Southcott, A.J.
Tuckey, C.W.
Washer, M.J.

NOES

Adams, D.G.H.
Bevis, A.R.
Bird, S.
Bradbury, D.J.
Burke, A.S.
Byrne, A.M.
Champion, N.
Clare, J.D.
Combet, G.
D’Ath, Y.M.
Dreyfus, M.A.
Emerson, C.A.
Ferguson, M.J.
Georganas, S.
Gibbons, S.W.
Grierson, S.J.
Hale, D.F.
Hayes, C.P. *
Jackson, S.M.
Kerr, D.J.C.
Livermore, K.F.
Marles, R.D.
McMullan, R.F.
Murphy, J.
Neumann, S.K.
Park, M.
Pilgersek, T.
Raguse, B.B.
Ripoll, B.F.
Roxon, N.L.
Shorten, W.R.
Snowdon, W.E.
Swan, W.M.
Tanner, L.
Thomson, K.J.
Turnour, J.P.

Albanese, A.N.
Biddgood, J.
Bowen, C.
Burke, A.E.
Butler, M.C.
Campbell, J.
Cheeseman, D.L.
Collins, J.M.
Crean, S.F.
Danby, M.
Ellis, A.L.
Ferguson, L.D.T.
Garrett, P.
George, J.
Gray, G.
Griffin, A.P.
Hall, J.G. *
Irwin, J.
Kelly, M.J.
King, C.F.
Macklin, J.L.
McKew, M.
Melham, D.
Neal, B.J.
O’Connor, B.P.
Perrett, G.D.
Price, L.R.S.
Rea, K.M.
Rishworth, A.L.
Saffin, J.A.
Sidebottom, S.
Sullivan, J.
Symon, M.
Thomson, C.
Trevor, C.
Zappia, A.

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Question negatived.

Bill agreed to.

Third Reading

Mr BOWEN (Prospect—Minister for Competition Policy and Consumer Affairs, and Assistant Treasurer) (6.42 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.
COMMITTEES

Foreign Affairs, Defence and Trade Committee

Membership

The DEPUTY SPEAKER (Hon. KJ Andrews) (6.43 pm)—Mr Speaker has received a message from the Senate acquainting the House that Senator Ludlam had been appointed a member of the Joint Standing Committee on Foreign Affairs, Defence and Trade.

SAME-SEX RELATIONSHIPS (EQUAL TREATMENT IN COMMONWEALTH LAWS—SUPERANNUATION) BILL 2008

Consideration of Senate Message

Message from the Senate returning the bill and acquainting the House that the Senate does not insist on its amendment No. 1 disagreed to by the House and has agreed to the amendments made by the House in its place.

SAME-SEX RELATIONSHIPS (EQUAL TREATMENT IN COMMONWEALTH LAWS—GENERAL LAW REFORM) BILL 2008

Consideration of Senate Message

Bill returned from the Senate with amendments.

Ordered that the amendments be considered at the next sitting.

TAX LAWS AMENDMENT (LUXURY CAR TAX—MINOR AMENDMENTS) BILL 2008

Second Reading

Debate resumed from 25 November, on motion by Mr Bowen:

That this bill be now read a second time.

Mr ANTHONY SMITH (Casey) (6.45 pm)—The Tax Laws Amendment (Luxury Car Tax—Minor Amendments) Bill 2008 is necessary to correct some serious errors brought about by Labor’s rushed deal with the minor parties in the Senate on their legislation to increase the luxury car tax from 25 per cent to 33 per cent. It turns out that this bill is necessary because now, in the cold light of day, it has become clear that the amendments agreed to in the Senate were unworkable and it is necessary to make these corrections to this bill now so that those exemptions that were negotiated and passed through the Senate can actually take effect. Specifically, it will clarify that a purchaser of a luxury car is considered the purchaser for the purposes of the luxury car tax even if the car is purchased through a finance company or through a lease. In a similar way, it will clarify that, even if a car was ordered before budget night and the financing arrangement for the car was made after 1 July this year, the tax will not apply. Finally, it will confirm that those eligible for refunds under these provisions will be paid them directly.

Without these corrections, around 60 per cent of those eligible for exemptions in the deal struck in the Senate would not actually have got them—that is, without these amendments, which are necessary to fix serious errors brought about by Labor’s rushed deal, someone purchasing a car that was meant to be exempt would not have been exempt if it were purchased through a lease company or if it had been ordered before budget night but paid for after 1 July. This is illustrative of what happens when Labor cobbles together a series of amendments in the Senate. What we have is that, for 60 per cent of farmers and tourism operators who were promised some exemptions, these would not have applied and would not be possible without these amendments in this bill that is before us now.

The only reason the government have become aware of the necessity for these corrective amendments is that they were advised by the car industry some time after their first legislation went through. Indeed, Treasury
officials at the recent estimates hearings said that the government first knew of the problem with their amendments when it was brought to their attention by the car industry. The luxury car tax amendments which were passed are contradictory in so many ways. They mean that now, under the new arrangements, there will be a tax break for an imported BMW 3 Series but there will be a luxury car tax on top-of-the-range Holden Commodores. There will be a total exemption for the Jaguar X-Type from the luxury car tax but there will be a luxury car tax on the top-end Ford Falcon, with an extra $1,000 in tax.

We have made our position on the increase in the luxury car tax clear through debate this year. We made the point that there already was a luxury car tax of 25 per cent. For the government to cobble together these amendments, which were so ill considered that nearly 60 per cent of those they were seeking to exempt actually would not have been exempt, in the first place is very illustrative of their incompetence in this regard. Naturally, because we are correcting their failure, we will not oppose this bill. This bill will give exemptions where they were first intended some weeks ago, but it is a very good example of how this government make policy in so many areas. This is a sham of their own making. This amendment bill is necessary to fix their mess, and because it will give effect to some exemptions we will not be opposing it.

Mr BRADBURY (Lindsay) (6.49 pm)—I rise in support of the Tax Laws Amendment (Luxury Car Tax—Minor Amendments) Bill 2008 and wish to make a few observations in relation to these minor technical amendments. They are, of course, technical amendments of a minor nature, given that they are designed to correct some drafting difficulties that emerged with the amendments that had been moved in the Senate in relation to the government’s proposed increase in the luxury car tax, which formed a central part of the budget back in May. I note that as a result of negotiations that occurred in the Senate—in particular in relation to proposals that were put forward by Senator Fielding—the amendments that were ultimately carried sought to ensure that primary producers and tourism operators would be shielded from the increase in the luxury car tax by being allowed to claim it back from the Australian Taxation Office as a rebate after purchasing their vehicles.

Clearly the intention of those amendments was to ensure that farmers and tourist operators acquiring vehicles that would otherwise be subject to the luxury car tax increase would be protected from those increases regardless of whether or not the vehicle itself had been purchased specifically by the end user, whether it be the farmer or the tourist operator. The way in which the amendments were drafted did not adequately take into account leasing arrangements, and I understand that right across the farming sector and the tourist industry it is not uncommon for lease-type arrangements to be in existence. Indeed, I have seen some figures to suggest that they could involve anywhere up to 60 per cent of the particular users of those vehicles within these two sectors. Clearly this was a situation that was not satisfactory. Given the legislative intent of the earlier amendments, something had to be done, and the government, in consultation with Treasury, the Australian Taxation Office and, indeed, with industry, has sought to bring these minor technical amendments before the House as quickly as possible in order to remedy this situation.

I note the member for Casey had indicated that this matter emerged as a result of industry concerns. That was certainly confirmed by Deputy Commissioner Konza of the Australia Taxation Office at the Senate estimates
hearing held earlier this year. Certainly, the government has sought to act as quickly as possible to accept that that position needed to be rectified and to bring this amendment before the House. At the time these details emerged, I note the Chief Executive Officer of the National Farmers Federation, Ben Fargher, said:

We do not need any taxes on business inputs, and if the intent of the policy is to exclude farmers, then they need to have another look at it.

Indeed, the government has had another look at this and that has led to the bringing of these amendments before the House.

In relation to the specifics of the bill, there are amendments to the Taxation Administration Act 1953, A New Tax System (Luxury Car Tax) Act 1999 and, of course, the Tax Laws Amendment (Luxury Car Tax) Act 2008. In relation to the amendments to A New Tax System (Luxury Car Tax) Act 1999 subsection 18.5(2)(a), the bill proposes to insert after ‘refund-eligible car’ the following:

… you have borne luxury car tax on the supply or importation if you had acquired the car directly rather than entering into a financing arrangement relating to the car.

Clearly, the effect of these amendments moved by the Senate earlier this year is to put beyond a shadow of a doubt that the benefit of those refunds will be passed on to the end user of the vehicle, whether it be a farmer or a tourist operator. By inserting that particular provision, we will be achieving absolute clarity in relation to that particular proposal.

Clause 13 of the bill relates to the bill’s application and states:

The amendments made by this Schedule do not apply where:

(a) the contract to make the taxable supply or taxable importation of the luxury car was entered into before 7.30 pm, by legal time in the Australian Capital Territory, on 13 May 2008,—

which, of course, was the time of the budget announcement—

or (b) the contract to make the taxable supply or taxable importation of the luxury car was entered into before that time and, after that time, a contract to finance the making of the supply is entered into.

Clearly, the benefit of these provisions would not flow on in cases where arrangements may have been entered into after the event.

Before I conclude on this matter, I will make a few general observations in relation to the luxury car tax. I note that those on the other side have been a little bit free with the truth when it comes to the facts on this matter. One of the issues that they have certainly not sought to highlight or publicise in any way is the fact that the very first tax on luxury cars—though it was not called a luxury car tax back then—was introduced during the Fraser government. So the suggestion that it has always been the Labor Party bringing forward proposals to tax luxury cars does not stand up to any rigorous analysis.

I also note that the luxury car tax in its current form found its way into legislation with the introduction of A New Tax system in 2000—and I note the presence of the member for Higgins in the chamber at the moment. So, far from being a new tax, this is an amendment to an existing tax. Indeed, it was first introduced by the Fraser government and its more recent manifestation was a tax that was introduced by the Howard government under the stewardship of the then Treasurer, the member for Higgins.

I will conclude by saying that I think that the various investigations, reports and the Senate committee inquiries have gone a long way towards dispelling some of the myths in relation to larger vehicles. One of the suggestions in relation to the luxury car tax was that
it would be a tax on large families. I remember stating the position very clearly when the substantive bill was before the House that I did not believe that to be the case. The evidence brought before the Senate Standing Committee on Economics certainly held that to be the case. Having now achieved passage of that bill through this particular amendment, we will achieve clarity and ensure that the intention of the Senate and indeed this parliament that the benefit of the refund will be passed on to the end user, whether it be tourist operators or primary producers. I commend the bill to the House.

Mr ROBERT (Fadden) (6.59 pm)—Who would have thought that I would be standing here for the second time in two days asking the question: why are we always required to fix Labor mistakes? Yesterday I was speaking on the wholesale banking guarantee bill after we had been calling for a month for this government to simply pass legislation. The banks were calling for it; the financial world was calling for a turn; we were calling for it. But, oh no, our nervous little Treasurer would not have a bar of it—until finally he relented. And here we are now for a second day fixing a Labor mistake. Today’s introduction of the so-called ‘minor amendments’ to the Rudd Labor government’s ill-conceived luxury car tax surcharge is a humiliating demonstration of Labor’s incompetence, and I certainly share the views of the shadow industry minister, Senator Eric Abetz. The government should be embarrassed, and I know it is. The Tax Laws Amendment (Luxury Car Tax—Minor Amendments) Bill 2008 has to amend A New Tax System (Luxury Car Tax) Act 1999, the Taxation Administration Act 1953 and, more importantly, the Tax Laws Amendment (Luxury Car Tax) Act 2008 that was passed a few short months ago. The amending legislation needs to be passed to correct serious errors brought about because of Labor’s rushed deal with the minor parties in the Senate.

The question that needs to be asked, and the Australian people need to hear the answer to this, is: why are we again correcting rushed legislation by the government? They rushed the bank guarantee which caused dislocation in the market and 270,000 Australian accounts to be frozen. The Treasurer rushed in to say that for anything over $1 million in the guarantee there would be a compulsory deposit tax, only to back down two days later. They rushed into their view on short selling, especially naked short selling—three views in three days that affected the stock market as they sought to amend it. They rushed into their view on the wholesale tax, saying they did not need legislation to cover their wholesale tax guarantee, and then they passed it yesterday. And now for at least the fifth time Labor rushed again and—surprise, surprise—they have stuffed it up.

The bill before the House will ensure that the relevant legislation actually allows for the refunds—imagine that—and/or exemptions as promised by the Labor government: namely, for primary producers who purchase four-wheel drives, eligible tourism operators and those who ordered a luxury car before the budget. It includes minor amendments to the ill-considered luxury car tax surcharge. It also includes cobbled together amendments to their punitive 33 per cent increase in the luxury car tax. Less than half of Australia’s farmers and tourism operators are currently eligible for the luxury car tax increase. Sixty per cent of the farmers and tourism operators Labor claimed would be eligible for a rebate on the tax increase are not eligible. Of all the things to get wrong! While Labor and, of course, Senator Fielding told farmers and tourism operators they would quarantine them from the luxury car tax increase, the fact is the law, as passed,
categorically failed to do what Labor said it would do.

According to Treasury officials at the recent Senate estimates, the first the government knew of the problem with its amendments was when it was brought to their attention by the car industry. Labor should have done the basics—and it is not as though Labor do not have an entire Public Service to assist them, as well as their wealth and variety of advisers. If they had just done the basics and consulted, heaven forbid, with the Australian Taxation Office about the workability of the amendments, this new bill would not be necessary.

This is one of the first bits of legislation of their own. So much of the legislation that has come through this year has been piggybacking on the Howard years. It was legislation that was in abeyance after parliament was prorogued, and they then changed it and pushed it through. Here we have one of the first bits of legislation that was all done by their little selves—and what did they do in the sandpit? Dug the dozer into a hole and completely stuffed it up. Why? Because they rushed. If it is rushed there will be errors. I have already outlined so many areas where the Labor government have rushed things. And because they rushed the luxury car tax legislation, the anecdotal evidence from my electorate is that luxury car sales are collapsing by as much as 20 per cent. The MYEFO predictions will not be reached.

What is worse is that these amendments will benefit 25 imported vehicles that compete against Australian vehicles. These 25 imported vehicles are exempt from a range of taxes that Australian vehicles are not exempt from. Australian manufacturers and Australian workers that this government has the hide, the audacity, the blatant effrontery to say it represents, have been sold out by the tax breaks being provided to 25 imported cars but not to Australian cars.

The coalition said a number of times that trying to ‘improve’ the bill by trying to exempt various parties was not workable. We have been proven correct. The only way to ensure fairness is either to drop the tax increase altogether or, alternatively, adopt the coalition’s compromise position of setting the threshold for the 33 per cent tax increase at $90,000. I know Labor, and when I look across at the member for Blair, who will probably follow me in this debate, and the member for Oxley, who will not—

Mr Ripoll—Yes.

Mr ROBERT—The member for Oxley will? I know the member for Oxley and I commend him for his work on the Joint Committee on Corporations and Financial Services, on the inquiry on short selling and on the inquiry in June into shareholder participation. But unfortunately I cannot commend you now because you will try to claim that somehow these errors are not your fault. I know you, Member for Blair and Member for Oxley: you will try to claim that someone else is to blame for this. Perhaps, could it be, the global financial crisis is to blame for your ineptitude in making these mistakes? You will claim that all you did was to vote for Senator Fielding’s amendments. We voted against the amendments because we knew they were flawed, but you rushed the bill.

The DEPUTY SPEAKER (Hon. KJ Andrews)—I remind the honourable member to address his remarks through the chair.

Mr ROBERT—Thank you, Mr Deputy Speaker. The Labor Party rushed the bill, and when you rush a bill you wear the consequences. While the amendments may have been in Senator Fielding’s name, they are the government’s amendments.
The opposition remains opposed to the luxury car tax surcharge. It is still bad policy. At a time of global uncertainty—indeed, at a time of global financial crisis—when other governments are ensuring that interest rates are lowered, taxation is lowered and government spending is increased, this bill is about increasing taxation. At a time when a greater fluidity of finance is needed in the system and at a time when a $10.5 billion stimulus package is being put into the community to encourage consumption—that is, spending—this is a bill that rips money out of pockets. We could be the only government on the planet that is increasing taxation and pulling money out of pockets when the rest of the world is stimulating economies through consumption. The coalition will carefully examine whether Labor's second attempt at these amendments is any more effective. The government is surely on notice on this.

Mr RIPOLL (Oxley) (7.08 pm)—It is a pleasure to be speaking on the Tax Laws Amendment (Luxury Car Tax—Minor Amendments) Bill 2008. It is good to be following the member for Fadden, as he made a number of comments about the role that the government have played in these bills, about what has happened in the Senate in terms of the opposition’s opposition and their attempted blocking of the measures that we are putting in place, and about the non-government senators and their amendments—and because his comments just point very clearly to the opposition’s view of themselves in this place. The opposition are not here to try and make some good outcomes out of certain policy areas; they are here just to obstruct. They are here to ensure that the government have difficulty, because of the numbers in the Senate, in passing their amendments. But the opposition will not have it all their way, because the reality is that in the Senate there are a number not only of Independents but of independent thinkers who actually see some benefit in the policies that we put forward—in particular in relation to the luxury car tax. I will get to a number of other points that were raised by opposition members.

This bill makes a number of minor and technical amendments to the A New Tax System (Luxury Car Tax) Act 1999, the Taxation Administration Act 1953 and the Tax Laws Amendment (Luxury Car Tax) Act 2008 to ensure that amendments to the tax laws amendment act passed earlier this year operate as intended. That is the clear purpose of the bill that is before us today. These amendments will clarify the operation of the law to ensure that the amendments moved by non-government senators operate as intended. This bill is to deal with those changes and those amendments that came through the Senate. Unlike what we just heard from the previous speaker and from other speakers on the opposition side, this amendment bill is about making sure that the consequences and the purposes of this bill carry through the intended amendments of the Independent senators—in particular, Senator Fielding’s amendment, which provides for a refund of the increase in the luxury car tax to primary producers and eligible tourism operators who purchase eligible four-wheel-drive and all-wheel-drive vehicles, and Senator Xenophon’s amendment, which provides for vehicles purchased under a contract entered into before 7.30 pm on 13 May 2008 and delivered after 1 July 2008 to be subject to the 25 per cent luxury car tax rate. I can well see and understand the intentions of those two Independent senators in moving those amendments to this bill.

Firstly, these amendments will ensure that the luxury car tax refunds are payable to eligible businesses where the businesses actually bear the cost of the luxury car tax regardless of the arrangements used to finance
the vehicle. I think that is an important part of recognising that the way a vehicle is purchased may vary depending on the circumstances, the structure of the business, how a specific individual enters into a finance contract or how they purchase a vehicle. Therefore we need to recognise that through these amendments and make sure that that is taken into account and that the proper mechanisms are in place to deal with it.

Secondly, these amendments ensure that contracts that were entered into before 7.30 pm on 13 May 2008 are the relevant contracts for determining the luxury car tax rate of 25 per cent, when subsequent financing arrangements are made. This is to ensure that, despite the passing of time, at a particular point the 25 per cent luxury car tax still applies to those contracts. What often happens is that arrangements are made at a specific time but the financing arrangements may not be approved at the same time, and therefore you have to have some other period between when a contract may be signed and when the actual financing arrangements are carried through, made or agreed.

Further, these amendments ensure that the luxury car tax refunds are paid directly to claimants. I think it is important, in the way that this scheme operates, that the claim goes directly to the claimants—those who are actually putting forward their money in the purchase of those vehicles—and that it does not go through some other system. Therefore what these amendments clarify is that farmers and tourism operators—those people are at the core of the principle behind this—will be able to receive refunds of the increase to the luxury car tax where they lease a vehicle and also bear the cost of the tax and the changes. These amendments also ensure that those who entered contracts to purchase a luxury car before 13 May 2008 are not precluded from paying the 25 per cent because they later decide to finance the car through hire purchase or leasing arrangements.

Not only does this take into account the timing issue and make sure the right amount of luxury car tax is paid; it also caters for the different financing arrangements which are in place. So these are good amendments. They are minor amendments, which will make these changes operate as intended and ensure that the processes that are in place are functional and efficient. In the 2008-09 budget the government took a decision to increase the rate of luxury car tax from 25 per cent to 33 per cent. That was part of the Rudd government’s plans to make the tax system fairer and to contribute to a strong fiscal position. There would not be too many people either here or out in the community who ought to be arguing against this position, because, for the very large majority of people, a luxury car is something they will never be able to experience, given that we are in tough global times.

I still hear—although I find it almost amusing—the deniers on the other side. Not only are they in denial about climate change; they are in denial about a global financial crisis. They seem to support that it exists when it suits their agenda but then deny that it exists when it comes to anything that the government must do in response to protect Australians and the Australian economy. There seems to be this bizarre concept on the other side that the global financial crisis only exists to suit their own purposes, rather than that it just exists. Somehow the global financial crisis is the fault of the government in Australia. It is a bizarre concept but we have just heard it again from members of the opposition—particularly the last speaker—who were saying that somehow we were to blame. I am more than prepared to stand up in this House and say that we are responsible for dealing with it, that we are responsible for all the actions we take and that we are
responsible for what happens to the Australian economy, regardless of who created this mess, regardless that it is a global financial crisis. But surely none of the opposition members link the election of the Rudd Labor government late last year with the collapse of Lehman Brothers in the United States. Surely the opposition does not somehow link the election of the Rudd Labor government late last year with what seems to be now approaching a recession in the United States, what is currently happening to financial systems in Indonesia and other parts of the world or the financial crisis that we are experiencing globally. Surely not!

But, every time I come into this place or listen to some of the debate in here, that seems to be the view put forward by the opposition. They are trying to say that it is not just that we are now responsible because we are in government and therefore we must deal with it; they are somehow trying to say that we are to blame for it happening. It is a bizarre concept but it certainly seems to be the view being put forward by a number of opposition members. We heard it only moments ago when the member for Fadden was speaking on this. I actually wrote his words down: we were to blame for the global financial crisis. I think they might have to have another look at what is actually taking place in the world.

I do not believe that ordinary Australians are offended by a small increase in the luxury car tax from 25 per cent to 33 per cent. Nor do I think they are offended by the fact that tourism or farmers would particularly be excluded from paying that extra and would be getting a refund for it. I think there is good cause to show that not only are the intent, purpose and drive behind what we are trying to achieve with this bill and this policy right but so are the exemptions.

It is also notable that the opposition purport that this was something that was uniquely being driven by the Rudd Labor government, that somehow this is all of our doing. The reality is that a luxury car tax of sorts is not something new. Luxury car taxes have been in place for quite some time. In fact, under the Fraser government a type of luxury car tax was introduced—certainly a tax of vehicles over a certain price. So it is nothing new. It is not something that the opposition should be arguing against; it is an accepted and legitimate method of taxation for vehicles over a certain price range. It is also something they support. Even though they come into this House, say that they are against these measures and that they will vote against things in the Senate and carry on—as oppositions will do—they do not have a great policy objective. So, while there might be some argument and debate over some of the finer points and refinements of certain policies, the mere fact that there has been an increase from 25 per cent to 33 per cent in itself is not an excuse for the opposition to block these bills and use the excuse of certain categories of operators in Australia, after the amendments have been made to make sure farmers and tourism operators get a refund.

I think it is just a little bit cheap and a little bit shallow of the opposition. It is reflected in the opposition’s reactions to a whole range of other areas—like the way it reacted to bank deposit guarantees, short selling and all the critical and essential things that this government has had to do and has willingly done. This government has taken up its responsibility to make sure that these things took place in a very timely way. We have been saying in here that we have taken strong and decisive action, because that is exactly what it is: strong and decisive. In times of global crisis, you do not sit around twiddling your thumbs, looking around the
room, hoping somebody else will come up with a policy and a direction. What you do is consult and lead. And that is exactly what we have done. We have done it in a whole range of areas. We have done it in the short-selling area. We have done it by guaranteeing peoples’ bank deposits—both large and small. We have made arrangements to make sure that we restore not only domestic confidence in our banking and financial systems but also international global confidence that the corporate governance system of Australia is robust and sound.

It will best place our national economy to deal with the very real issue of decreasing car sales. We heard again from members opposite and other members of a decrease in luxury car sales of potentially up to 20 per cent. While I have not checked that specific figure, it is probably close to the number. There has been a decrease in ordinary car sales in the magnitude of some 15 per cent—and that is probably growing. That is a worrying statistic. But on this side, we have not just worried about that statistic; we have actually done something about it. We have put together a massive fund and provided the Australian automotive industry with a strategic plan over the coming decade to ensure that it not only survives but grows stronger, finds new innovative ways to operate and remains competitive and efficient so that we keep the jobs and create more jobs in that particular sector.

This bill, while it is about minor and technical amendments, is part of a larger suite of bills which look at the whole automotive industry. I am quite proud to speak on this, as I said earlier on. It is, while minor, a very important part of the range of policies that we are bringing to the table in the national interest.

These amendments are required to provide clarity and certainty to car buyers, to finance companies and to car dealers. I strongly urge the opposition to support this. This bill will give the sort of clarity and certainty that is desperately needed in the marketplace. If they were true to what they say to people about them representing small business and how small business is the backbone of the Australian economy, they would do something real by backing this bill in this place here today. That is what they ought to do.

I have spoken to auto manufacturers, car dealers and people who work at dealerships and, let me tell you, they are very frightened about their industry and their jobs. They are frightened about the future and what is happening in the world and the impact that is having. The numbers that we read out in this place about sales being down between—let us say—15 and 20 per cent are reflected in job losses. That potential reduction in jobs is something that we need to look at carefully. If those sales continue to decline, fewer salespeople will be required, fewer vehicle delivery people will be required and fewer people will be required pre-delivery—fewer people will be required in that industry. This is causing enormous pressure and fear within that industry.

We have been taking a number of actions to ensure that there is a future for the automotive industry in Australia, including allocating billions of dollars to it. We have looked at a green car scheme and other ways that we can co-invest with industry. We have made sure that they are part of the strategy.

We have also taken some action to assist finance companies, including automotive finance companies, to return some stability to what have been longstanding dealerships right across the country. Through no fault of their own, they have had the rug pulled out from under their feet. I have to say that right now I do not have too many good words to say about GE Finance, GE Money or GMAC
in terms of the way that they have operated. While they did give some months of notice, when you consider the amounts of money that were invested in terms of floor plans for dealerships, it is a little bit too rich for those companies to be pulling out of longstanding relationships with auto dealers who have looked after them by giving them their business over many years—and in some cases decades.

To just walk away from the auto dealers in Australia is wrong. Some of them will be able to refinance; some of them will be able to pick up and enter into new arrangements, but others will struggle because of the magnitude of finance that is required. People who are listening may not understand, but even a modest sized auto dealer may have a floor plan worth tens of millions of dollars. Some of them have enormous investments of sunk capital through their franchise arrangements into the physical structure that houses the cars, which is often required by prestige car dealerships. They have a lot of money tied up in that. They cannot simply pack up and go home. They need that finance to make sure that they have liquidity in their dealerships.

That is certainly not part of this bill but it is part of the general suite of bills and policies that we are putting forward in terms of stabilising the Australian economy and ensuring that the automotive industry is stabilised. Through the luxury car tax, we will ensure that there is a proper tax regime for those people who can afford it. People ought to be able to buy luxury cars if they can afford them, but they should pay an appropriate amount of tax. That is the key here. I do not think that it is onerous to move from 25 to 33 per cent, particularly given that these minor amendments will provide for a rebate for those people who fall into either the category of ‘farmer’ or ‘tourism operator’. Those arrangements are good policy.

The government has also asked David Murray to explore options to help facilitate larger and more liquid institutions to provide liquidity support to various market link investment vehicles. APRA will also fast track applications for finance companies. We are doing a whole range of things in trying to make sure that not only the confidence of the auto dealers is restored but also the finance companies that will deal with them have some certainty about their futures. All in all, I commend this bill to the House. It makes some minor amendments that the Senate has put forward. Thank you. (Time expired)

Mr TRUSS (Wide Bay—Leader of the Nationals) (7.28 pm)—The Tax Laws Amendment (Luxury Car Tax—Minor Amendments) Bill 2008 seeks to correct serious deficiencies brought about by Labor’s rushed deal with the minor parties in the Senate to introduce a luxury car tax. This bill corrects some flaws in a tax which is fatally flawed. It is an example of incredible bungling. I am amazed that government members are even prepared to come into the House to try and defend what is completely indefensible.

The legislation was designed to put a luxury tax on vehicles. Deals were done with the Greens and the Independents. The rules to implement those concessions were in fact bungled and a lot of unintended consequences arose. These changes improve the situation, but the reality is that they do not fix it. The tax is still fundamentally flawed. The government should take it back and redraw it so that the people who are entitled to concessions in fact get them. There are all sorts of anomalies in the tax as it stands that will remain even after this legislation is passed. The opposition will not be opposing this legislation because it makes some improvements. But it should be seen as the first step to a comprehensive reform of the legis-
lation that was announced on budget night and then implemented in a bungled way.

Debate interrupted.

**ADJOURNMENT**

The **DEPUTY SPEAKER** (Ms AE Burke)—Order! It being 7.30 pm, I propose the question:

That the House do now adjourn.

**Mayo Electorate: Water**

Mr **BRIGGS** (Mayo) (7.30 pm)—I rise this evening in this adjournment debate to discuss an issue which is the biggest issue in my electorate and probably the biggest issue in South Australia, and that is the current water crisis and the effect it is having on the communities along the Lower Lakes and in Goolwa in my electorate. Many people in the eastern states understand that the water crisis is a major challenge for our country but have little understanding of the actual impact it is having on people particularly in Goolwa, along the Lower Lakes and in the member for Barker’s electorate on the other side. It is destroying businesses; it is destroying lives; it is destroying hope. You only need to travel down the Lower Lakes to see the utter destruction of people’s lives and businesses because of the lack of water flowing down the river. South Australia, of course, has always been at the bottom end of the system. We have always been the place which has highlighted the crisis the most because, of course, we are at the bottom end of the drain, so to speak.

We focus very much in this place, as we should, on the environmental aspect of this crisis, but we often forget the people who are involved and affected. These are people who rely very much on the lakes to go about their business. In Goolwa the major industry is boating and recreational tourism, and without water there is a lack of interest in visiting the area. So there is a real problem along the Lower Lakes, which, of course, also affects irrigators, fishermen and the like. I think it is our obligation, and I wish to use my time this evening, to urge the Prime Minister and the Minister for Climate Change and Water to consider assisting these people, who are losing 95 per cent of their businesses and seeing the great lakes dying in front of them. I genuinely ask the Prime Minister and minister this evening to consider what the opposition has put forward before, which is a financial assistance package to help these people get through a crisis which is engulfing them.

It is a sad time in this area. We all know that a long-term fix needs to be put in place. We all acknowledge that the system is over-allocated. The Leader of the Opposition and the former Prime Minister, John Howard, outlined a $10 billion water plan in January 2007. I acknowledge that the current government is largely implementing that plan, with some changes, but they are long-term investments in fixing the system. What I am talking about this evening is providing some short-term assistance to help these people get through while we implement the plans to fix the system in the long term.

But I must say, as an aside to that—and I do not seek to make too many political points in this because it is a genuine issue of helping these people—that the first thing the government should do is scrap the stupid pipeline from the Goulburn Valley to Melbourne. It is one of the most ridiculous decisions that this parliament has ever accepted or that the Australian government has ever been part of to allow nearly 100 gigalitres to be taken out of a system, which is completely overallocated today, in the future—it would be a disgrace. I urge the government to rethink this decision. I urge the government to stop the Victorian government from taking this water out. That 100 gigalitres in the Lower Lakes makes a substantial difference. The Murray-Darling Basin Commis-
sion said recently before a Senate committee that all the Lower Lakes need to get through the next 12 months is an extra 30 to 60 gigalitres. To allow an additional 100 gigalitres out of the system through this pipeline would be an utter disgrace. It is a political deal that should be fixed—and it should be fixed today.

I say very genuinely that these people on the Lower Lakes and in Goolwa are suffering under this crisis. I ask the Prime Minister and minister to consider some financial assistance to help them through what is a major environmental crisis—there is no denying it. Until the drought breaks there will not be a long-term solution—there is no question about that. I urge the government to continue with important water reform, but I urge the government to scrap the stupid pipeline and, most importantly, to implement some short-term assistance and real action for these people to help them get through. It is a genuine crisis; there is a genuine need down there to help these small businesses. (Time expired)

Port Adelaide Electorate: New Arrivals Program

Mr BUTLER (Port Adelaide) (7.35 pm)—Last week, I had the privilege of visiting three schools in my electorate that are all doing a great job educating young South Australians: Pennington Junior Primary School, Pennington Primary School and the Adelaide Secondary School of English. Apart from being generally great schools, the notable thing about these three is their important work with the New Arrivals Program, or NAP. NAP is particularly important in my electorate, which is a common place of settlement for new arrivals to Australia.

The New Arrivals Program provides students with intensive English lessons as well as integration assistance and support for transition into mainstream schools. Humanitarian entrants attract double funding from the Commonwealth in recognition of the fact that they have often experienced limited, interrupted or simply no schooling before arriving in Australia. These students are also often suffering the effects of trauma and persecution and require extra support to adjust to formalised schooling.

Pennington Junior Primary School was South Australia’s first United Nations ‘peace school’, meaning that it fulfilled the UN’s requirements to support learning about children’s rights with a particular focus on the right to feel safe from violence, on conflict resolution and on a review of school policies to promote a more peaceful community. Touring the different classes, I saw that the students and teachers at Pennington genuinely practise those values.

More than 50 per cent of students at Pennington come from non-English speaking backgrounds, with a significant number arriving in Australia through the humanitarian program, particularly from Africa. Over 24 different languages are represented in Pennington’s NAP, meaning that all staff have specific ESL training. Classes are restricted to 10 to 13 students. Bilingual school services officers provide important support to teachers in their work. Importantly, students in the NAP spend part of each week mixing with English speaking kids in other classes. When kids graduate from the NAP—usually after 12 or 24 months—they move to mainstream classes at Pennington or to a school nearer their home.

The Pennington Primary School works closely with its junior primary partner a few streets away. It too has a NAP that caters for children arriving in Australia at middle and upper primary ages. I was given a wonderful tour of the school by three grade 7 students in their last few weeks of primary school; Erin Davis, Hai Oan and Ben Russell. I wish them all the best for their high school stud-
ies. These are both proud schools doing immensely important work. In a growing part of Port Adelaide, they have an exciting future ahead of them.

I also had the privilege last week to visit the Adelaide Secondary School of English, the only government school in SA that caters for newly arrived ESL students of high school age. They have been doing this important work for 25 years with a diverse and continually changing student body, working together across a range of cultural, religious, educational and socioeconomic backgrounds. Many students have little or no schooling history, posing unique challenges to these high school teachers, such as teaching students at that age how to hold a pen and basic literacy and numeracy, while acclimatising them to Australian customs and the English language. Given some of the traumas experienced by these students, these schools provide ready access to student counsellors and, if more specialised support is required, to groups like Survivors of Torture and Trauma Assistance and Rehabilitation Services—STTARS.

One of the most fulfilling parts of being a member of parliament is visiting the different schools in our electorates. All of them are filled with inspirational young people in the most exciting period of their lives, being taught by some of the most dedicated people in our community. The schools I visited last week are that and more. They also help young people who have been brought to Australia by their families—often from war-torn, impoverished countries—to learn English, to adjust to our school system, and, most importantly, to begin to feel a comfortable and valued part of our community. I pay tribute to the principals: Pina Fitzharris at Pennington JPS; Catherine Cox-Wallis at Pennington Primary; and Maria Iadanza at the Adelaide Secondary School of English as leaders of their school but also as representatives of the students, teachers and parents who make their schools such a beacon.

Parkes Electorate: Wheat Growers

Mr COULTON (Parkes) (7.39 pm)—Tonight I rise to speak about a disaster that is unfolding in my electorate. I refer to the crisis that the wheat farmers in Australia and particularly in my electorate are facing at the moment. While this crisis is reaching a peak now, it started some years ago when the current Prime Minister was the shadow minister for foreign affairs. When he saw the AWB scandal in Iraq as a vehicle for him to lift his public profile and finally become Leader of the Opposition and use that as a vehicle to go to the last election, the fate of my wheat farmers was virtually sealed.

It reached a peak in June of this year when the single desk was abolished by this House. It was a time of great frustration for me as someone who came to this place to represent the people of my electorate. I had the feeling of being impotent at that particular time. It was particularly galling to me that the minister for agriculture, the minister who supposedly represents the industry, used that particular time to make political points. The fact that he claimed that he had spoken to wheat farmers and mentioned to me the wheat farmer from Broken Hill who he had spoken to clearly shows his lack of knowledge and understanding.

Despite the ridicule that my National Party colleagues and I encountered at that particular time about our lack of understanding of the brave new world of wheat marketing and how much better off farmers were going to be, our predictions, unfortunately, have proven to be remarkably correct. At the start of harvest, due to the ability of farmers in my electorate we were looking at a remarkable crop. Some farmers are part way through harvest, some are further through than others and some have not started. De-
spite the fact that a multitude of sellers have been registered as exporters, none have been able to raise finance, transport grain or buy any of the grain. So as I speak, there are large temporary storages scattered right across the north-west.

If that was not bad enough, in the last two weeks further disaster has struck. There has been 200 millimetres of rain in my area since the start of harvest. Coupled with the fact that many of the contract harvesters have gone broke in the last seven years because there has been no crop and they have lost their headers, many of the farmers have had the frustration of not being able to find equipment to harvest their crop. As I speak, there are a range of storms going through my electorate and the forecast is that they are going to reach a climax on Friday when 40 millimetres of rain is expected. There are a million and a half tonnes of wheat in my electorate alone still in the paddocks. In the last three days the value of that wheat has dropped $100 a tonne—$150 million has been taken out of a part of my electorate, the part of my electorate that can least afford it.

I believe that this parliament owes those farmers. We are going to have to come to their aid. We let them down when they needed us most and now they need the assistance of this parliament. After seven years of drought, to be within the grasp of obtaining a crop of wheat and then watch it being wash away is devastating. Not only is the downgrade of the grain a problem; this ongoing rain means that machinery cannot get onto the ground. Crops are rotting, particularly on the black soil plains west of the Newell Highway, because you cannot get machinery onto the ground.

At the moment no-one has the money to buy the wheat. Credit is very much restricted to the grain merchants. In previous times the Australian Wheat Board would have run a pool and sold the wheat. They would have made an upfront payment to farmers and sold the wheat into the market over a period of time. We no longer have that ability. I think it is an absolute disaster, an absolute disgrace that the Australian parliament—and I feel a responsibility as a member of it—have let down this group of people, and I think that we need to seriously look at a way of coming to their assistance.

**Franklin Electorate**

Ms COLLINS (Franklin) (7.44 pm)—I rise tonight to update the House on a number of infrastructure measures and projects across the electorate that I represent: the seat of Franklin. The Rudd government has been rock solid, as we know, in its commitment to ensure Australia progresses with many of the measures announced in our first 12 months having a strong focus around nation building. I would like to start by talking about the community infrastructure package that will support local projects and local people. A hive of infrastructure activity is set to begin across my electorate over the next 12 to 24 months, as it is in many others across the nation, thanks to an injection of much needed funds into local economies.

Last week the Rudd government offered Tasmanian councils $8.25 million. It is a boost to the local economy and it is of benefit to the people of Tasmania. Of course I am talking about the $300 million community infrastructure stimulus package: the Regional and Local Community Infrastructure Program, announced by Anthony Albanese and Prime Minister Rudd last week. This program is designed to help local communities weather the global financial crisis. Local councils across the seat of Franklin will have an opportunity to build local projects. The allocation on offer to local councils in my electorate of Franklin is $1.7 million. There will be a flurry of building and construction
over the next 12 months as halls, community centres and parks are built, refurbished or upgraded. Supporting projects that stimulate the local economy is a common-sense measure. It is a measure that will support local jobs. It will provide practical community infrastructure for the long term. There is also money set aside—$50 million nationally—for projects seeking $2 million or more. I know that local councils across southern Tasmania have, over the past few days, started to collate and develop projects that are significant upgrades or new constructions to improve local community facilities. In fact, I and other local members in Tasmania have written to councils to encourage them to start getting those projects together.

The Rudd government has also invested in local councils with its financial assistance grants program in 2008-09, with $61 million being the highest level of funding ever provided to local councils in Tasmania. This will be used to build local roads, maintain parks and ensure the continuation of vital local services. The councils in my electorate have been allocated $8.5 million in 2008-09. That is a significant increase on funding before. It is also worth mentioning that this funding is on top of the money that the Rudd government has made available to councils this year from the Roads to Recovery program. The Roads to Recovery program to date has delivered much needed funding—worth $1.5 million—to councils in my electorate so that urgent safety repairs and upgrades to local roads can occur.

On a larger scale we will start to see the bigger infrastructure projects that were Labor election commitments like the Kingston bypass. The planning work and concept plans for the bypass have now been finalised. The Kingston bypass is going ahead. It is expected that a public display of the project will be available to local residents to view prior to Christmas. The bypass will provide improved traffic flows while at the same time improve the safety of motorists. Construction will commence next year and the completion date is scheduled for June 2012. Improving roads for Tasmanian motorists is a priority for the Rudd government. Equally, it is a priority for me to ensure my constituents have access to modern and safe transport infrastructure. The Kingborough municipality is one of the fastest growing areas in Tasmania, and I am acutely aware of how important the Kingston bypass will be to motorists of Kingston, Blackman’s Bay and the Channel area. As the federal member for Franklin, I have listened closely to my constituents. They have waited not months but years for this project and, after almost 12 years of inaction by the former Liberal government, I am proud to report that this project is moving forward and it will become a reality. It is an election commitment that we, the Rudd government, will deliver on.

Another infrastructure project in southern Tasmania is the upgrade of the Bridgewater Bridge. Money was allocated in this year’s budget. Investigations and designs for the refurbishment have already commenced. We know that, while those opposite were in government, around 90 per cent of road funding under AusLink was allocated to the north of Tasmania. For a long time the southern roads in Tasmania were ignored, but no longer. Projects like the Kingston bypass, the Bridgewater Bridge and others in neighbouring electorates such as the Brighton transport hub are about addressing real need in southern Tasmania. They are about improving the productive capacity in our economy. The funding under Labor is a strategic investment; it is not the pork barrelling undertaken by those opposite. So, as you can see, Deputy Speaker Burke, there is a lot happening across the seat of Franklin, but, more importantly, over the next few years we will see a steady increase in the number of infrastruc-
ture projects that will boost the local economy. Despite the global financial crisis, there are many positive measures happening on both a local and a national level. I look forward to seeing firsthand the positive results in Franklin thanks to the Rudd government’s funding measures.

Western Australia

Mr SIMPKINS (Cowan) (7.49 pm)—On a day of the last election campaign, I recall that I was walking along a street in Girrawheen and noticed a flyer from the Labor Party blowing along the street. It talked about how Labor would give WA its fair share of federal funding. It played to the feelings of many people in Western Australia, saying that Canberra takes a great deal of the royalties from Western Australia and never gives a fair share back. This flyer was therefore just about politics, painting the false picture that WA had been ripped off by John Howard. The Labor Party won the election and, after one year, it is appropriate for me to reflect on the new government’s stated commitment to WA, to check on the progress of ‘a fair deal for Western Australia’.

Fortunately, I have provided the House with a rundown of all the election promises made with regard to Cowan in the past, and I have written to the Treasurer as well to remind him of those commitments, with no reply. But it is important to again remind the House of what was committed and what has been achieved. There was the $10 million commitment for an overpass at the Reid Highway and the Alexander Drive Overpass—a red light on that. There was $5 million to be delivered to each of the cities of Wanneroo and Swan for different sections of the major road, Hepburn Avenue—another red light. Two million dollars was to be given to the Woodvale Senior High School—we are waiting for that. There was the Wanneroo GP superclinic—we are still stuck in the waiting room on that one.

Those are just some of the projects that were mentioned but for which we are yet to see commencement, let alone delivery. I therefore struggle to see practical results or outcomes of this alleged new commitment to WA, represented merely by that Labor Party flyer I found in Girrawheen. Whereas there has been a clear and ever present lack of action with Rudd government outlays in Cowan, this is in stark contrast to past years when the Howard government looked after the then Labor opposition held electorate of Cowan, including the Investing in Our Schools outlays extensively throughout the electorate. The Ocean Reef Road extension is well underway after a $7 million contribution around two years ago. The Ballajura War Memorial and Peace Park received collective outlays of $155,000 from the former government—money, action and, above all, real results. That is in stark contrast to the great action and effectiveness of the coalition government when it is compared to what has happened in the last 12 months. It is therefore hard to reconcile rhetoric with reality, and I cannot see evidence of any greater commitment to Western Australia by the Rudd government. In fact, I see that there has been far less action and far less commitment to the great state of Western Australia.

I will, however, now provide a contrast between electorates across Australia to show that the Rudd government is committed first and foremost to the eastern states. I emphasised before what was offered in Cowan by Labor in 2007 and still not delivered. Now I will refer to government members’ speeches that show where all the money is being spent and therefore the complete Rudd government preference for any state but Western Australia.
Last night the member for Robertson in New South Wales spoke of the following projects which she described as truly nation building, including $7 million for a car parking station; $81 million for a pipeline, $900,000 for a sports precinct, $840 million to provide a freight rail line and $680,000 for CCTV security cameras. So there is a fair bit going into Robertson. She also mentioned that the local government has received ongoing federal funding worth $17.8 million in the past year alone. Some may say that the member for Robertson may be getting more than her fair share of handouts, to help address a bit of a profile issue.

In South Australia, to help out the Labor member for Kingston, there was $3 million for a transport sustainability study. In Brad- don in Tasmania, $1 million was distributed among local sporting clubs. Up in Queens- land $2.6 million went to Barcaldine for a monument to a tree. In Victoria the electorate of Ballarat got a $90 million commitment for a pipeline and $1.5 million for an aquatic centre. The list goes on, and that was only after about 15 minutes of searching through Hansard. What I want to say is that, as worthy and meaningful as each of those projects may be to people in those electorates, it nevertheless demonstrates that the Rudd government may be getting more than her fair share of handouts, to help address a bit of a profile issue.

In recent weeks I have presented the government with a range of other infrastructure and community strengthening initiatives, and I look forward to Labor in Western Australia trying to pass them off as original concepts at the next election! I question the Rudd government’s commitment to Western Australia, as I have proven that there is only evidence supporting their interest and commitment to the eastern states.

**Overseas Aid**

Ms JACKSON (Hasluck) (7.54 pm)—Each year 34,000 mothers and over 400,000 children under the age of five years will die in our immediate region. These figures increase to 200,000 mothers and 3.2 million children if we include all of South Asia. The mothers die from causes related to pregnancy and childbirth; the children from largely preventable causes.

Australia’s aid in the region has made a significant contribution to the health outcomes in many countries and this will increase with the improved AusAID health policies and initiatives of the Rudd government. The government has pledged to increase overseas development assistance from 0.3 to 0.5 percent of the gross national income by 2015. This funding will in part support our neighbours, through the Pacific partnerships, to meet the Millennium Development Goals. The 2008-09 budget allocated an increase of eight percent expenditure on health issues influencing millennium development goal outcomes. As a member of ASEAN this financial year Australia is committed to nearly $1 billion in bilateral and regional development for the East Asia region.

All countries need to have an effective health system at the community and district levels to ensure a continuum of care for women and children before, during and after pregnancy; access to information and services to prevent and treat infectious diseases such as AIDS and TB; and of course the best
treatment of common health needs as they arise.

Australia recently joined the International Health Partnership, which aims to increase the coordination and level of support in the health aid arena as well as increase mutual accountability between developing countries and donors. The International Health Partnership will assist developing countries to develop and implement effective health plans to provide essential services to all.

Our budget allocated $8 million to address inadequate access to clean water and sanitation in many developing countries, a critical factor in the health and wellbeing of the population. An improvement in the management of water resources and sanitation will lead to better health outcomes, especially for the poor, the majority of whom are women and children, because of the reduced risks of infection and transmission of disease. Priority must be given to services for adolescent girls, pregnant women and young children. Around the world almost 10 million children under the age of five die each year, two million of these in the first day of their life and a further two million in the first month of life. About 500,000 women die in childbirth. Girls under 15 are five times more likely to die during pregnancy and childbirth than a woman in her 20s.

In June 2008 the Prime Minister announced a program to improve maternal and child health in eastern Indonesia. This program, worth $49 million, will make childbirth safer by increasing access to trained midwives, improving management of maternal and child health services and providing better community support for expectant and new mothers. Better education of communities about public health and better community support can result in significant health improvements for everyone.

In 2008-09 Australia also increased its assistance to the most vulnerable in society, those who are disabled, often through causes that are avoidable. This development assistance program will pilot various approaches to better eye and vision care, including the number of qualified eye care specialists, and reduce the impact of treatable blindness.

Despite some gains we are still going backwards in our struggle against HIV-AIDS. Although new infections have dropped and the number of people in treatment has doubled, two million people have died of AIDS and its complications. More needs to be done so that people at high risk of infection are receiving prevention information and advice. Australia is working in a collaborative project with Thailand on HIV and nutrition. This takes the form of nutritional advice to HIV patients and the tracking of the progress they then make. Improved nutritional intake has the potential to extend the period prior to the patient needing to access more expensive drugs. It is believed this has the potential to save millions on the Thai health budget. A 2008 UK report called Achieving universal access cites Thailand's experience that 'every $1 spent on HIV prevention generated $43 of savings a decade later by avoiding the need for expensive AIDS treatment services'. Australia 's $200 million to strengthen the key United Nations development agencies will go some way to assisting in their important work.

I would like to place on record my congratulations to the Rudd government, to the minister and to his parliamentary secretaries for their increased commitment to improving our overseas aid contribution.

The DEPUTY SPEAKER—Order! It being 8 pm, the debate is interrupted.

House adjourned at 8 00 pm
NOTICES

The following notices were given:

Mr Albanese to move:

That:

(1) on Thursday, 27 November 2008, the House at its rising adjourn until 10 a.m. on Monday, 1 December 2008, and

(2) on Monday, 1 December 2008, notices and orders of the day, government business, have precedence until noon, then the order of business for the remainder of the sitting be as provided for in standing order 34.

Mr Garrett to present a Bill for an Act to create a right to resale royalty in relation to artworks, and for related purposes. (Resale Royalty Right for Visual Artists Bill 2008)

Mr Adams to move:

That the House:

(1) notes that:

(a) micro-brewers in Australia have an excellent product that has provided a niche market and is complementing boutique wines as a regional tourism product; and

(b) these micro-brewers are suffering disadvantage because they are treated differently to the small wine industry in relation to tax; and

(2) calls in the Government to:

(a) support a review of the tax system in relation to micro-brewers, with a view to making the tax more equitable and in a similar tax regime as for the boutique wine growers and the Wine Equalisation Tax; and

(b) continue to support the development of rural and regional areas with innovative new products such as those being developed by micro-brewers.
The DEPUTY SPEAKER (Ms AE Burke) took the chair at 9.30 am.

CONSTITUENCY STATEMENTS

Mornington Peninsula: HMAS Otama

Mr HUNT (Flinders) (9.30 am)—The HMAS Otama is an Oberon class submarine. It was gifted to the people of Victoria, to the people of Westernport and in particular to the people of Hastings and Crib Point by the previous coalition government. This submarine should be an enormous boost to tourism on the Mornington Peninsula and in particular to the areas of Hastings, Crib Point, Somerville, Shoreham, Somers and Balmarring. Sadly, the project has been blocked for six years by the Victorian government. The submarine is at Crib Point; it is off the shore, it is awaiting the opportunity to be brought ashore and all that stands in the way of this project proceeding is state planning approval.

Firstly, the Victorian government said that the project would be able to go ahead at Hastings if appropriate steps were taken. The magnificent Westernport Oberon Association took all appropriate steps only to find that after more than two years of belief in, cooperation with and adherence to the requests of the state government they were told that a better spot was needed. They then moved in good faith on the advice of the state government to Crib Point. At the Crib Point site they have again put in years of work and now again they are facing a state government which will not give approval to this magnificent project.

So there is a submarine which came with a gift of half a million dollars from the federal government, which has been used, I believe, wisely and judiciously so far. It is a project of enormous importance to tourism on the Mornington Peninsula, to the sense of belief in Hastings and Crib Point in the future and it stands in stark opposition to the concept of re-industrialising the town of Crib Point. It is about Crib Point having a future as a tourism destination, as a gateway to Phillip Island and as the centrepiece of Western Port. Yet, there has been no approval, no alternative and no action from the state. So I respectfully but clearly and categorically say to the Premier of Victoria: your people need to push forward the Hastings and Crib Point submarine project. They need to have a decision. They need to have a solution. It is simply not acceptable to let this project, force this project, to languish and to drift. The Western Port Oberon Association is a group of volunteers led by Max Bryant. They have done a wonderful job. They deserve the support of the state to back the support of the community.

Lowe Electorate: Chalmers Road School

Mr MURPHY (Lowe—Parliamentary Secretary to the Minister for Trade) (9.33 am)—On Tuesday of last week the member for Maribyrnong and the Parliamentary Secretary for Disabilities and Children’s Services, the Hon. Bill Shorten, and I visited parents, teachers and students at Chalmers Road School in Strathfield in my electorate of Lowe. Chalmers Road School is a school for students with an intellectual disability, a school that I am immensely proud to have in the Lowe electorate. Chalmers Road’s motto of ‘Challenging and fostering the individual’ is fully realised by the tireless work of the school’s teachers and volunteer parents.

The parliamentary secretary and I were most impressed with the very good work being done to develop the individual personal goals of the children. From our observations, there
can be no doubt that this work is underpinned by the practices, philosophies and principles at
the school, which are all geared toward fostering a very caring atmosphere. It was truly mov-
ing to witness the passion of the teachers, dedication of the parents and enthusiasm of the
children.

The school principal, Dr Paul Van de Ven, deserves a great deal of credit for the environ-
ment fostered at the school. I have spoken with many parents and they all pay tribute to his
hard work and aptitude as not only a teacher but also a leader. Rarely does one see such devo-
tion to students. Dr Van de Ven’s job, and the work of his staff, is undoubtedly done out of
love, not money, and we must support those that make enormous sacrifices for the most vul-
nerable members of our community. The parliamentary secretary and the minister have
worked hard to ensure that schools like Chalmers Road are well resourced and supported.

I note that the International Day of People with a Disability is fast approaching: 3 Decem-
ber—next week. It is appropriate to record that Chalmers Road School has done an out-
standing job promoting the ideals of International Day of People with a Disability 365 days a
year. International Day for People with a Disability was established in 1992 by the United
Nations General Assembly to raise awareness of disability issues, as well as focusing on the
individual abilities of people with a disability. Every day, teachers at Chalmers Road focus on
the strength of each child’s ability. This is essential for self-confidence and development and
to combat any remaining stigma about people with a disability. I am proud of Chalmers Road
School and so is the local community. I am honoured to stand before the parliament today and
acknowledge the efforts of teachers, parents and students at the school, an acknowledgment
that is well deserved and a very small token of our appreciation.

Fadden Electorate: Riverside ‘Warnouts’

Mr ROBERT (Fadden) (9.36 am)—I rise to express my great appreciation for the invita-
tion that I accepted and the function I went to last Saturday night—the Riverside ‘Warnouts’
inaugural dinner. The ex-services community of the Riverside Residential Resort put on a
splendid dinner with service and meals provided by volunteers from within the community. I
express my appreciation to the dining president, Mr Jim Baker from the Royal Australian
Navy, and to the vice-president, Mr Don Robertson, a veteran from 7th Battalion Royal Aus-
tralian Regiment. I put on the record my extreme thanks for the opportunity to toast Her Maj-
esty the Queen as part of the toast services and I also acknowledge those who provided other
toasts as well. Mr Nev Currey provided a toast to the RAAF; Mr Michael Symons toasted the
Army; Mr Ken Smith, a Navy national serviceman—quite a rare thing to see—toasted our
ladies; Mr Garry Cooper toasted missing friends and fallen comrades; Mr John McMurray
proposed a thanks to the guest speaker and official guests; and Mr John Southern thanked all
of our volunteers. I would also like to acknowledge Commander Peter Franklin OAM Royal
Australian Navy retired who was the guest speaker on the evening.

It was great to see at the function that we had five World War II veterans covering all arms
and services including the merchant navy: Mr Jim Baker from the Royal Australian Navy, Mr
Nev Currey from the Royal Australian Air Force; Mr Arthur Freriechs from the Australian
Army and Mr John Southern from the merchant navy. It is tremendous to see a community
coming together in camaraderie to celebrate ex-servicemen and to bring the community to-
gether. It was wonderful to be in the room to raise a toast to Her Majesty the Queen and to
also acknowledge the World War II veterans who were there. My thanks certainly go out to
the Riverside community and to the ‘Warnouts’. I look forward to assisting them as we go forward and to attending their second dinner next year.

Climate Change

Ms PARKE (Fremantle) (9.38 am)—Last Wednesday I hosted a forum at the Cockburn City Soccer Club in my electorate on the subject of climate change. There were 90 attendees, and the room was full despite the fact that it was held on a weeknight and at a busy time of year. In addition to presenting the government’s position on climate change, I also arranged for two expert speakers to address the forum: David Hodgkinson, a climate change consultant and author of *Global Climate Change: Australian Law and Policy*; and Brad Pettitt, Dean of Murdoch University’s School of Sustainability. I am grateful to both David and Brad for their thoughtful presentations on different aspects of the challenge that faces Australia and that faces the global community.

The main purpose of the evening, however, was to receive direct input from Fremantle constituents, and there was an impressive range of contributions. People spoke or asked questions about emissions trading, solar energy, feed-in tariffs, green building code requirements, public transport, bicycle lanes, renewable energy targets and electric cars. There were people who thought the government should be doing more, those who thought the government was moving too slowly, and others who thought it was moving too fast. There was a gentleman who wanted proof that climate change was happening and that it was anthropogenic. A man in the audience took the microphone, introduced himself as Karl Dyktynski, an Environmental Scientist at Murdoch University, and explained the empirical basis for the overwhelming scientific consensus on climate change and its causes. In my view that is what Australian democracy is all about—an open and passionate but also courteous and reasonable discussion of the issues.

In response to the flyer that advertised the forum I also received almost 100 written contributions. All the responses and the forum transcript will be collated in a report that will be distributed to attendees and I will forward a copy to the Minister for Climate Change.

One of the themes to emerge from the forum in Fremantle was a recognition that many, if not all, of the policy changes that we are now considering as a response to climate change make good sense in themselves. We need to increase renewable green energy as a proportion of our energy profile because we need to reduce carbon emissions and because we need to decrease our reliance on hydrocarbons and because it will improve the air quality in our communities. We need to look at the demand management side of both the energy and water equations because using energy and water more efficiently is not only better for the environment, it is also cheaper for households. I would go further and say that living in balance with our environment, which we have not been doing for some considerable time, even before climate change arose, requires a mindfulness and respect for life on this planet and for the life of future generations that is a virtue in itself. A shift towards the culture of sustainability is a shift towards greater responsibility, maturity and stewardship on the part of humanity.

One of the last contributions to the forum was by Paul Loring, who said that good government should not just bring quantitative change but also qualitative change. I could not agree more.
Herbert Electorate: Employment

Mr LINDSAY (Herbert) (9.41 am)—There are many crises facing Australia at the moment but I have a view that is very clear on what is the single most important issue that the parliament should face and Australia should face. That is employment; it is jobs. Yes, whether there is going to be a deficit or not is important to think about, where inflation is going to go is important to think about it, but I think the top priority has got to be the jobs of our people. Further evidence has emerged overnight that the job security of many Townsville families is in doubt. The latest casualty of the collapsing world metal prices in the resources sector has been OZ Minerals flagship Century mine in Queensland’s north-west minerals province, which is currently the world’s second-biggest open pit zinc mine. It is a significant employer of Townsville workers and has announced overnight that it is cutting zinc concentrate production for next year, as the slump in zinc prices crimps the company’s margins. The strength of the mining industry, which has led economic boom times in the north, is now very much under threat. This in turn threatens the jobs of workers in many other sectors of the North Queensland economy. Families in the north should not underestimate the impact of many factors on the security of their jobs.

Before the current world financial crisis hit Australia, the Rudd government’s May budget cruelly planned to put 134,000 Australians out of work. That has now been revised and it is looking like there are going to be 200,000 additional Australians out of work under the Rudd government by the end of this financial year. Unemployment and providing job security is the biggest challenge facing our economy. More importantly for people and families across the country, the government’s handling of the financial crisis has made things worse, not better. Household wealth has declined. Prices continue to rise and, importantly, job security has evaporated. The reality is that after only 12 months of Rudd Labor Australia is less prosperous, our economy is rapidly getting weaker and the outlook for Australian families and businesses is more uncertain than ever. As a parliament leading the Australian community, we need to make sure that we have a strong economy with jobs secure and families able to plan for the future with certainty. At the moment there is no sign of any of that. I appeal to the government to make jobs their No. 1 priority.

Australian Council of Local Government

Mr HAYES (Werriwa) (9.44 am)—Last week I had the pleasure of attending the inaugural Australian Council of Local Government here in Parliament House, Canberra, along with representatives of the various local governments in my electorate of Werriwa in the south-west of Sydney. This was a historic occasion and provided an excellent opportunity for local government and the federal government to forge a new dialogue and work together. It is about the Australian government working in partnership with local government to the benefit of local communities and to find local solutions. Notably it will mark the start of a new era in this vital partnership. For too long, buck-passing, rivalry and a lack of cooperation between our three levels of government have undermined Australia’s ability to build and forge a modern economy capable of meeting the challenges of the future.

The meeting also saw further development in the Rudd government’s Regional and Local Community Infrastructure Program. As part of this program local government representatives from my electorate, including Campbelltown, Liverpool and Camden, welcomed the allocation of funds from the Rudd government’s $300 million community infrastructure stimulus
package to help local economies respond to the global financial crisis. Campbell Town City Council was offered $1.57 million, the Liverpool City Council was offered $1.258 million and Camden Council was offered $606,000. This is more than $3.2 million that will be delivered under local infrastructure that directly impacts on the quality of life of residents in my local community. This is a chance to get moving on important local projects—things like sporting field upgrades, amenities blocks, environmental water systems and cycleways. It will enable local government to get moving on important grassroots projects that will benefit our community. Importantly, the building of community infrastructure also creates local jobs and stimulates the local economy. To ensure that the stimulative effects of this package are delivered to the local economy as quickly as possible, the projects must be capable of being delivered under this program by 30 June 2009.

The Rudd Labor government recognises that maintaining a national economic growth requires improved economic performance of every part of the Australian economy and local government, in particular. The government which is closest to the local community will form a critical role in achieving these national goals. This initiative is some welcome relief for my constituents and all those communities in the south-west of Sydney that are feeling the pinch of this global economic crisis. It is in this spirit that we want to take our level of partnership to the next stage and provide better infrastructure and better services for all Australians. (Time expired)

Mitchell Electorate: Small Business

Mr HAWKE (Mitchell) (9.47 am)—I rise this morning to record my appreciation for the small businesses involved in the 2008 Hills Excellence in Business Awards within my electorate. The Hills Excellence in Business Awards were first held in 1997 as an initiative of the Orange Blossom Board of Management, and they are run each year as part of the Orange Blossom Festival, the flagship local festival in my region. They were held this year as a joint event with the Excellence in Youth Awards, and I want to congratulate the youths who received those awards.

Small business is certainly the engine room of the economy, and it is no different for the local economy in Mitchell. Home based businesses in Mitchell have increased in number and size, and the retail sector has been growing strongly for many years. There are now large expansions through the Rouse Hill town centre development, and the Rouse Hill Regional Centre is one of the landmark developments within Australia and is set to become one of the largest town centre developments in the Southern Hemisphere, along with the Castle Hill Trading Zone and the Norwest Business Park.

This year there were 14 categories, which encompassed all facets of business within the hills. The purpose of the awards is to recognise, promote and reward the excellence in business that exists in my community. Businesses self-nominate and there is a high integrity to the process. I want to record my thanks to the judges, the sponsors, the committee members and all the industry leaders who volunteered their time and expertise in determining winners in each of the categories. It is certainly the case that in the midst of a global financial crisis small business is innovative. Certainly in my area the businesses I speak to are working hard to ensure that they remain competitive in these more difficult times when cash is tighter, and they are doing a good job of that.
I also want to praise the shadow minister for small business for the coalition’s policy that has been put forward to provide some relief for Australia’s 2.4 million small businesses to help manage cash flow and maintain employment levels in this current economic environment. I think it is eminently sensible that we allow small business to revise their pay-as-you-go instalments without fear of a tax penalty at the end of this financial year. Under this coalition initiative, the ATO would double the allowed margin for error during the 2008-09 financial year. Under the current rules, as we know, if a small business is out by 15 per cent, they face a small penalty. I do want to record my thanks to the shadow minister for this great initiative. I think it would be good if the Rudd government took up this idea.

I do just want to mention a couple of small businesses within my electorate that have achieved awards this year—in particular, Gremmo Homes, for excellence in construction and development; they are a fantastic charity provider in my area and sponsor a lot of worthy causes. The Norwest Child Care Centre won an award for excellence in child care. Awards were also won by JetBlack Products and the Urban Graze Cooking School, and Eurolounge won an award for excellence in marketing and promotions. Cumberland Industries, which does an outstanding job, also won an award. (Time expired)

Australian Over-60s Cricket Carnival 2008

Mr DREYFUS (Isaacs) (9.50 am)—I had the pleasure of opening the Australian Over-60s Cricket Carnival on Sunday, 16 November at the Hogben-Meckiff Oval in Mentone in my electorate. I was there with Janice Munt, the state member for Mordialloc, and Bill Nixon, Mayor of Kingston. The carnival drew hundreds of participants from around Australia and even a touring English team, who took to the field in an over-60s test match against Australia. What could fire up a group of Australian cricketers over 60 more than a test against England, where they could play out the rivalries of Bradman and Jardine or Ponting and Flintoff? It was very fitting that the match was played at the Stan Hogben and Ian Meckiff oval. Stan was a local cricket legend, and Ian Meckiff of course was a great Australian opening bowler. Ian came down to toss the coin to start the match.

I want to mention the hard work of the chairman of the Australian Over-60s Cricket Association, Noel Pullen, who is a former member of the Victorian Legislative Council; the president of the Victorian O/60 Cricket Association, Rex Thompson; and the secretary of the Victorian association, John Hammer, in getting this carnival up and running. It is sensational to see a group of people approaching their senior years still so passionate and active. Sport is a major part of our social fabric and it is vitally important that, as people grow older, they keep healthy and active by taking part in physical activity.

The birth of the over-60s form of the game is an interesting and inspiring story. Back in 2002, John Hammer realised that, like him, there were many cricketers over the age of 60 whose love of the game kept them donning the creams every summer weekend. So John worked hard through the media and through social networks to get a group of like-minded vintage cricketers together, and the first over-60s game was played in Brighton in early 2003. Coincidentally, the first over-60s game in England was played later the same year, showing that the passion for cricket and taking the field with your mates despite advancing years was not a uniquely Australian concept.

The over-60s carnival was made possible by a host of volunteers, as for all amateur sport, and they deserve thanks and credit for the success of the carnival. There is nothing we love

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more than beating England in the cricket, but I am very sorry to report that, despite the hunger to win of the Australian team, the English touring side won in the last over of the test match, chasing the Australian total of 9-130. It was a very good day of cricket, and the carnival as a whole was a great success, with teams from Victoria, Tasmania, the ACT, South Australia, New South Wales and Queensland. I met Geoff Gallagher, who is from Queensland. It was great to see people from all over Australia. They are all ambassadors for the healthy and active ageing message, which is a message that we should hope is spread throughout the country.

Clinton Global Initiative

Mr JOHNSON (Ryan) (9.53 am)—Today in the world there is a desperate need for leadership, whether it is at the community level, the state level or the national level. I think people throughout the world are desperate for quality leadership, for a quality of character in their leadership, and I want to draw the House’s attention to an event in Hong Kong next week, which I was very generously invited to but of course with the parliament sitting I am not able to attend. I refer to the Clinton Global Initiative.

I want to compliment the former President of the United States on this initiative. I think it is a tremendous initiative. It is about bringing together decision makers, both past and present, and people who through their networks and work, whether they are in business or the not-for-profit sector, are able to do things to improve the lives of people less fortunate than themselves. I will just quote President Clinton:

We each have an unprecedented opportunity to take action and save lives. Working together, we can accomplish even more.

President Clinton is of course a former President of the United States from the Democratic Party. I am not sure whether he will go down as one of the great Presidents of his country but, in a bipartisan fashion, I pay tribute to anyone from any party, in any endeavour or from any aspect of life who tries to do things that will improve the lives of their fellow human beings. Certainly all of us in this parliament and the overwhelming number of our fellow Australians live in a country of immense opportunity and immense potential. We must in all ways, in every aspect of our work and in every day of our lives remember that there are hundreds of millions of people around the world who have fewer opportunities, fewer options and fewer chances than we do ourselves. For those of us who are members of the executive of government, who have some capacity to make a difference, we should. We must use all our energies, talents and networks to make life better for others.

I also want to draw the House’s attention to how business plays a role in addressing issues of poverty and deprivation in our world. I will quote from one of the significant global figures in business: Peter Bakker, the CEO of TNT. When he addressed this issue, he said:

Business has a real role to play in fighting poverty. We are an underutilized instrument.

I say, ‘Hear, hear,’ to that. (Time expired)

Prospect Electorate: Cumberland Country Golf Club

Mr BOWEN (Prospect—Minister for Competition Policy and Consumer Affairs, and Assistant Treasurer) (9.57 am)—I would like to take this opportunity to inform the House that a very prestigious water conservation award has been awarded to a very important institution in my electorate of Prospect—the Cumberland Country Golf Club. The Cumberland Country
Golf Club is a very important institution in the Greystanes community. It is, in many respects, the social centre of Greystanes. We all know that golf courses have the potential to take a lot of water. But the Cumberland Country Golf Club has achieved the highest percentage reduction for 2008 at Sydney Water’s ‘Every Drop Counts’ water efficiency awards.

They have embarked on a number of very innovative and exciting projects to achieve this result, including: the trucking of treated water from sewerage treatment plants; using recycled ground and surface water from the nearby Boral Quarry to irrigate greens; halving the time of the irrigation system’s night-time cycle; retrofitting taps and toilets in the clubhouse; installing a 2,000-litre water tank used to increase the instances of hand watering; installing a 5,400-litre water tank, capturing rainwater from course buildings to be used in cleaning, saving approximately 29,000 litres of water just from washing the course’s golf carts; and, perhaps most significantly, constructing a water pipeline underground to pump ground and storm water from the site of the Boral Quarry at Prospect to the Cumberland golf club.

This has taken a significant community collaboration involving Boral, the Dexus Property Group, Holroyd City Council, Fairfield City Council, Sydney Water, the Department of Water and Energy, and Greystanes Public School. All these measures have resulted in an 82 per cent reduction in water usage at Cumberland golf club, and I wanted to take this opportunity to congratulate them for this award. In particular, I mention: the members of the water committee—Phil Burge, Ross Selleck, Fraser Stevenson, and Noel Ponton; the course superintendent, Mark Crittenden; past club president, Bob Angus; current president, Michael Poe; and the general manager, Ian Cottle. This is something that the Greystanes community is very proud of and that I am very proud of.

My golf skills are nonexistent, despite many efforts, and I have now, I am happy to inform the House, retired from golf because I find it too frustrating given the amount of time I have to play, which is minimal. But I give my best wishes to the Cumberland golf club on their excellent efforts in saving water, which is a great result for the Greystanes community and of course the Sydney community as a whole.

Fadden Electorate: Coomera State Primary School

Mr ROBERT (Fadden) (9.59 am)—I wish to applaud the Coomera State Primary School, which ran the eighth annual film festival for Australian primary schools, called Dream a Better World, on Sunday, 16 November. Each year Universal Children’s Day is observed as a day of worldwide fraternity and understanding between children, with activities designed to promote the welfare of the world’s children. In establishing the film festival, the Coomera State Primary School also had the opportunity to speak out and communicate their ideas and dreams about the world across a range of film genres. This project challenges students across Queensland to be socially aware and proactive in visualising a better world. It enhances self-confidence, and develops skills in drama, storytelling, interviewing and public speaking, along with technical elements of filmmaking. These are primary school students from around the state who put together an amazing array of different films—from animated through to dramatic through to really quite funny. I applaud all of the winners; I applaud Coomera State Primary School, which is the oldest school in the Coomera area—more than 135 years old—for having the vision to put on a film festival for young students.

The DEPUTY SPEAKER (Ms AE Burke)—Order! In accordance with standing order 193 the time for constituency statements has concluded.
Debate resumed from 25 November, on motion by Mr Tanner:

That this bill be now read a second time.

Mr CHAMPION (Wakefield) (10.01 am)—In the lead-up to the last election, there was a mood in the community that the vast revenue generated by the mining boom had largely been wasted by the Howard government and that that government had been given an incredible opportunity to use those revenues to provide for our future and, in particular, to provide for infrastructure that would generate future economic and social wellbeing but that that opportunity was passing us by as a nation and that government in particular. I think that mood was spot on, and it is particularly obvious now. Chris Richardson from Access Economics referred to the Howard government as engaging in:

…the usual ill-disciplined blowout of tax cuts and big spending during the boom—and that—

having partied during the good years, we now face the hangover.

I guess that is particularly apparent now as we face both the hangover of the previous government’s policies and the impacts of the global financial crisis. It is in this context that I am proud to support the Nation-building Funds Bill 2008 and cognate bills as a pivotal part of the government’s Economic Security Strategy and an investment in Australia’s economic future.

This bill gives effect to one of the central parts of the government’s 2008-09 budget by expediting the establishment of key nation-building funds—the Building Australia Fund, the Education Investment Fund and the Health and Hospitals Fund—which will finance improvements in critical economic and social infrastructure in areas like transport, communications, higher education and health. These funds will allow the Commonwealth government, often in partnership with the states through the new COAG Reform Fund, which is another component of this package of bills, to meet the infrastructure needs of the Australian economy in areas essential to the capacity of the economy—things like transport, communications, education and training. These bills have been fast-tracked to ensure that Australians are shielded from the impacts of the global financial crisis through a historic investment in nation-building that will ensure our economic security today and into the future.

The investments being made by this government are significant. This year the government will contribute a total of $12.6 billion to the Building Australia Fund for use in areas like transport, communications, energy and water, and infrastructure, which includes proceeds from the T3 sale and the balance of the Communications Fund; it will contribute a total of $8.7 billion to the Education Investment Fund for education infrastructure, including the balance of the Higher Education Endowment Fund; and $5 billion to the Health and Hospitals Fund for health infrastructure. The government has committed to making future allocations to these funds as budget circumstances permit.
These three funds are particularly important examples of the government’s approach to nation building. They are designed to invest in infrastructure areas that stakeholders agree currently have substantial gaps. In my own electorate, you can see that places like Gawler are really busting at the seams in terms of growth. I am sure that people in that town will recognise the importance of investment in the area of transport, road and rail and in other areas that are important engines of economic development, such as education. The government has already contributed $451 million to the Northern Expressway project—a project which will make travel to and from Gawler much quicker, particularly to the city and to Port Adelaide. It will take about 13 minutes off the trip to Port Adelaide. It will take a lot of the freight traffic that is currently going down Main North Road and Heaslip Road. Projects like this will undoubtedly have a huge impact on growing Australian regions and are undoubtedly worthwhile projects.

Investment in infrastructure is not only the right economic policy for now; it is the right economic policy for the future because it stimulates investment in critical areas and immediately encourages economic activity. It means jobs for people in local areas—places like Gawler and Elizabeth. I want to mention, in particular, the NEXY project. This project is thanks to some of the contracts that have been put in place by the state government, which is managing the project. About 70 young and Indigenous people from the local area are being employed on that project. So that is 70 young people who are getting a start in civil construction. I think it is tremendously important to use these projects to start bringing people into the labour market who previously had some trouble getting into it. Most importantly, projects like these provide extended growth potential over the medium and long term. This means new industries, new innovations and new jobs into the future. That is particularly so in relation to the NEXY project. I think Gawler will expand exponentially in the future. This will be great for the local community, but it will place growing infrastructure demands on the area.

You would expect that, after being so blind to the importance of nation building while in government, those opposite would now try and make amends for their negligence. Unfortunately that is not the case. The opposition seem to want to have it both ways—on the one hand they demand transparency and, on the other, they give us a long list of projects in their electorates which they want funded. Often, there is a duality in their approach. I hope for the sake of our economy in the short and long term that they stop playing political games with these bills and pass the legislation unamended by the end of the year. The bills need to be passed so that funds can be established by 1 January 2009 and work on projects can begin as soon as possible.

For the Building Australia Fund, the government has previously indicated that Infrastructure Australia, the independent statutory council headed by Sir Rod Eddington, will produce an interim report in December on a national infrastructure priority list. That will be a first indication of which projects will be supported in the new year. This bill and the consequential amendments bill allow for interim advisory bodies for both the Education Investment Fund and the Health and Hospitals Fund to be established immediately. These interim bodies will provide a report to government in December on priorities so that immediate investment decisions can be made.

These funds represent immediate and decisive action from the Rudd government to ensure our economic security. But they do not come at the expense of transparency and accountabil-
ity. These funds are not slush funds to be used to build election majorities in marginal seats; they are serious pillars of a policy committed to building Australia, and they are to be evaluated rigorously by independent advisory bodies. The government is using a number of sources to identify the long-term infrastructure needs of Australia, but the work being undertaken by Infrastructure Australia is perhaps the most important. The funds will utilise the investment framework that has been established for the Future Fund. The Future Fund Board of Guardians will manage the investments of the funds.

Consistent with the government’s Economic Security Strategy to strengthen the economy in the face of the global financial crisis, the bill permits the Minister for Finance and Deregulation, who along with the Prime Minister and the Treasurer is to be commended for foresight in preparing the government’s response to the global financial crisis, to determine a drawing rights limit for spending from the funds covering the first half of next year. This will enable work in key infrastructure areas to commence before 1 July 2009. To ensure transparency in the determination of spending, all determinations will be made in writing and tabled in the parliament.

When Donald Horne famously called Australia the ‘lucky country’, he really meant to say we were the lazy country—that we did not think hard about the future and that we did not invest much in the infrastructure we would need in the future. In that vein, the Howard government was a lucky government. It let Australia’s opportunities pass us by. It did not spend the dividends of 15 years of economic growth—largely a legacy of the Hawke and Keating years—on Australia’s long-term economic security. It simply taxed and spent. It taxed and it spent. It churned, but it did not invest. Today before the House are bills that put Australia’s Economic Security Strategy at the centre of the government’s nation-building agenda. Nation building means investing in transport, in education, in communications and in health care to ensure not just short-term economic activity but long-term economic growth. Nation building means responding quickly to the current economic crisis by increasing our economic capabilities and opportunities over the long term. Nation building means a new era of the Australian people investing in the nation’s infrastructure needs and building for the future. These funds provide for that goal. I commend the bills to the House.

Mr ROBERT (Fadden) (10.12 am)—The Nation-building Funds Bill 2008 and related bills establish three separate financial assets funds: the Building Australia Fund, the Education Investment Fund and the Health and Hospitals Fund, similarly structured to the existing Future Fund. It is a great privilege to follow the member for Wakefield. I can only hope that we give him a funny hat, a funny wig and a funny nose and call him Bobo, because his speech was completely and utterly funny. But I will move on to the more serious aspects of the bills. The Building Fund will have initial capital of $12.6 billion, with $7.5 billion from the 2007-08 surplus of the Howard years plus the proceeds from T3 of the Howard years and the balance of the Communications Fund—of the Howard years as well. The education fund will have $8.7 billion, with $2½ billion from the 2007-08 surplus of the Howard years and the remainder from the closed Higher Education Endowment Fund. That is from the Howard years too! The health fund will have $5 billion, which is entirely from the 2007-08 surplus. That is from the Howard years too!

Thus these funds will have $26.3 billion at their inception on 1 January 2009, of which not a single dollar has been raised by the Rudd government. If you had thrown 10c in, at least you
could have said you had done something. But you just have $26.3 billion from the Howard years. By all means, Member for Wakefield, roll out and say the Howard government did nothing. They left you $26.3 billion to spend. Let us reflect on history. In 1996, when the Howard government took over and faced a $10 billion hole and a $96 billion legacy, what percentage of GDP was being spent on infrastructure? What was it? It was 2.3 per cent. When the Howard government lost the election last year, what percentage of GDP was being spent on infrastructure? It was 5.4 per cent. Member for Wakefield, you might want to get out that funny hat and that red nose after all. The government should be thankful to the previous government for their prudent financial management. I wish you would stand up and say: ‘You know what? Thanks.’ You should say thanks for the $26.3 billion that you are going to spend on infrastructure and that you have not put a single cent towards.

Other funding is from mechanisms set up by the Howard government. While the bill allows for future surpluses to be placed in the fund, we all know—and Access Economics has confirmed it—that the imprudent financial management of just 12 months of this government has made it highly unlikely that there will be any surplus funds. What about the $10.4 billion? We took on faith, on trust, that any responsible government would do a regulatory impact statement and some modelling to ensure that the desired stimulus would be achieved by the spending. You can imagine our surprise to discover none of that was done. Access Economics has made it clear that future Labor budgets will be in deficit—if the current budget is not in deficit now.

At the announcement of the budget, the Treasurer said he expected the Building Australia Fund to receive $20 billion in instalments over the next two years and the education fund to receive $11 billion in investment. There has been not a single cent from this Labor government budget. As the member for Wakefield leaves the chamber he could at least throw us 10c to put in the fund. He could at least make some contribution for Labor. Perhaps 5c, Member for Wakefield. Is that too much to ask? Obviously, we are not looking at a fund that will continue to pay dividends towards infrastructure; we are just looking at rapidly depreciating funds—money the Howard-Costello government left the Rudd government. Of course, the Rudd government will do what all Labor governments do—it will spend.

The history of these funds is telling. The coalition originally set up the Higher Education Endowment Fund so that budget surpluses achieved through sound economic management were put aside so that future generations could enjoy the benefits of improved facilities. Only the interest from the fund was to be spent, while the capital would continue to grow with additions from future surpluses. As the capital would grow so would the interest, thus increasing the pool every year. The Rudd government has completely ruined this fund. Their fund is simply a convenient location to temporarily park money so they can spend the whole lot on some short-term political purpose. A fund that was supposed to grow over time will now be whittled away in record time and with little hope of future capital injections. The case of the higher education fund is indicative of all funds. They are currently massively underfunded because the Labor government has not put in even 5c, let alone 10c.

The Communications Fund was set up to assist rural Australia with telecommunications infrastructure. This fund is also being raided. Again this fund was set up with systems in place to protect the principal, but now all moneys are clearly fair game and could go anywhere. An investment in the future of rural telecommunications is being whittled away. What is the fu-
ture of rural communities under this Labor government? The Communications Fund should remain a separate entity to ensure that rural Australia is not disadvantaged.

Labor have shown how serious they are about communications through their absolute bungling of the national broadband network. In the lead-up to the election 12 months ago, Labor promised hand on heart that within six months it would have selected a tender for its proposed national broadband network and would commence construction before the end of 2008. According to my watch it is 26 November. I do not see a tender closing, I do not see a preferred supplier selected and I do not see any network being started.

Running costs for all projects funded by these funds will have to come apparently from state and territory budgets. Running costs will be high for health, research and education projects because of staffing and will be modest to high for transport, energy, communications and water projects. This is a little reminiscent of the computers for schools project. The federal government funding did not reflect the actual costs. It was a great election pitch. They stood up holding the tool of the future—a laptop—and promised that every secondary school student would have access to one. Suddenly it became every second child. Although $1 billion is being allocated, the $3 to $4 billion of on-costs are apparently not being considered, and states such as New South Wales are now pulling out of the program altogether.

This government is not levelling with the Australian public about processes and outcomes. We need greater transparency and public release of all relevant information relating to proposed and successful projects. Investments may replace previously planned state and territory public works for no net economic gain. The Governor of the Reserve Bank has said:

… it is still important for fiscal measures to pass the ‘good policy' test.

That is stating the bleeding obvious. Of course, all measures should pass a good policy test. He also said:

Poor public policy proposals should not be accepted simply because they are presented as boosting short-term aggregate demand.

The Rudd government is going down the same path as the failed New South Wales Labor government with debt, costly white elephants and budget deficits.

This nation-building fund does not include provisions to ensure transparency so that all decisions can be shown to be worthy, to be truly beneficial and to have been investigated thoroughly by the Productivity Commission. All reports to the Minister for Finance and Deregulation from the advisory boards and the Future Fund board should be made public—that is called transparency. What is needed is full disclosure of the results of the cost-benefit analysis for those projects recommended and for those rejected, including all data, assumptions and modelling used. It also means full transparency of public-private partnership contracts. Furthermore, the government has precluded using the funds to pay for any ongoing running or maintenance costs, including staff costs, saying: ‘Where specific projects have an ongoing cost component it is intended that such funding would be sourced through other means. This could include direct funding from the budget or funding by the states or territories as part of the COAG reform agenda.’

The splitting of capital costs and ongoing maintenance costs could lead to instances where the whole-of-life costs of an asset are not properly considered when these funds are being invested. A whole-of-life asset cost means that the cost of the project is considered over its life-
time—so it includes not just capital but ongoing maintenance, replacement and service costs. A recent example where a whole-of-life asset costs approach was not undertaken is Labor’s computers in schools policy. I think they have rolled out about two or three per cent of them, which is not bad since you have been government for 33 per cent of a term.

The potential also exists for state governments to simply take infrastructure projects off their own books and bid for federal funds. Let us look at that great example of governance, the New South Wales Labor government. In its recent appalling mini-budget the Rees government listed four infrastructure priority projects that they had submitted to Infrastructure Australia and that will only proceed before 2012 if they are substantially funded by the Commonwealth. A week before the mini-budget the intention was that those projects would be 100 per cent funded by the state government. The Labor state governments are clearly looking to these slush funds to bail them out of the moribund position they have dragged themselves into.

The funds allow decisions to be made without information being made public. The Department of Finance and Deregulation claims that it would breach commercial confidentiality to do otherwise. However, it is standard practice in other countries, including North American and Scandinavian nations, for information to be disclosed and for companies to have to undertake public discussions on their bids—for example, in the United States private sector companies have to appear before Senate and House congressional committees. The issue of transparency has been further affected by the revelations reported in the *Sydney Morning Herald* on 6 October this year that former New South Wales Premier Morris Iemma was told not to apply for funds for the north-west metro as there were ‘no votes in it’ for federal Labor.

Concerns that these moneys could be used as a slush fund were further exacerbated by claims in the *Age* on 3 October that the original legislation was pulled by Minister Albanese because it gave him insufficient ministerial discretion over how the money would be allocated. I wish this government well and the nation wishes them well—the nation prays that they will do well—though it looks like they will do what every Labor government before them has done: they will spend and spend and spend, and put the nation into deficit. That is not the intent of this legislation and it is not the direction that the government should be going in.

The DEPUTY SPEAKER (Ms AE Burke)—Can I just remind the member for Fadden that my hearing is excellent and so is that of everyone in this chamber.

Mr ROBERT—Was I a little loud there?

The DEPUTY SPEAKER—You were a little loud there. When we are in this place booming is probably not necessary over the microphone.

Ms KING (Ballarat) (10.23 am)—I rise to speak in support of the Nation-building Funds Bill 2008 and cognate bills. This legislation establishes Labor’s three nation-building funds: the Building Australia Fund, the Education Investment Fund and the Health and Hospitals Fund. This signals an entirely new approach to the way in which we invest in infrastructure in this country—an approach that completely moves us away from the ad hoc approach that was taken by the previous government, the lack of investment by the previous government and the politicisation of many of the decisions that were made in terms of infrastructure investment under the previous government.
There is absolutely no doubt that our infrastructure needs are substantial—whether it is our roads and ports or capital work needed to redevelop our universities or hospitals—and well beyond the means of one level of government. It seems extraordinary when you look at some of the investment decisions over the past 11 years that national infrastructure, the infrastructure that helps develop our productivity, that removes capacity constraints in our economy, was not made an absolute priority by the previous government particularly given the economic circumstances we find ourselves in now. Always the question should be of governments: when we are in good economic times what are we doing to use that money generated in the economy to build for when we are not in good economic times, and that is where we are currently.

Unfortunately this government has been left with the task of investing significantly in infrastructure at a time when the economy is starting to slow. But it is something that we are absolutely committed to getting right and we are absolutely committed to making sure that those decisions we made are in the best interest of the nation, not in the best interest of particular political seats.

Labor has always been a nation-building party and this bill builds well and truly on that tradition. We have chosen to do all we can to invest in areas of critical need, not only to make up for the underinvestment of the previous government but also to tackle the risks associated with the current global uncertainty that we are experiencing. If we are to prosper, we must act now. The Australian government is bringing about real change to the way we look at investing in our nation’s future. This government is committed to responsible economic management and we are committed to smart investment in those areas of the economy that will assist us to grow, investment that builds on this nation’s prosperity.

Over recent months we have seen some uncertainty in the global economy and much of this uncertainty has been stemming from the US subprime market. We are in a strong position to tackle the challenges that come with global economic uncertainty, yet we do require strong economic management to assist us in our challenge. Only last month the Rudd government announced the $10.4 billion Economic Security Strategy, and in my electorate alone as of 8 December we will be delivering relief to some 39,000 people. That is real and immediate support to people who need it most, including pensioners, carers and families.

But we also announced that we intended, as another part of our Economic Security Strategy, to bring forward our nation-building agenda, an agenda we promised and committed to in the lead-up to the last election and a promise that we are delivering on now in this bill. The first of those strategies in bringing forward our nation-building agenda is the Building Australia Fund. This year the government will contribute some $12.6 billion to the Building Australia Fund. The proceeds from the sale of Telstra and the balance of the Communications Fund will be invested in the Building Australia Fund. This funding will be spent on critical economic infrastructure. Currently there is a shortfall in critical economic infrastructure. The Building Australia Fund will finance infrastructure such as roads, rail, ports and broadband. The establishment of this fund is essential if we are to be serious about raising our nation’s productivity capacity, if we are serious about growing industry, and if we are serious about growing our economy.

Earlier this year I spoke in support of the Infrastructure Australia Bill, and I want to commend the work that Infrastructure Australia is doing. The audit that it is undertaking currently
into infrastructure across the country is due with the government very shortly—I think some time next week—and it will really signal a very new approach to the way in which government decisions are taken about investing in infrastructure across the country. The Infrastructure Australia Bill established Infrastructure Australia and, as I said, it is advising government on nationally significant infrastructure priorities. It is taking a very sophisticated cost-benefit approach, a nation-building approach, to investments in infrastructure, something that was sorely lacking under the previous government.

The Building Australia Fund that is established in this legislation is subject to rigorous evaluation by Infrastructure Australia. The Building Australia Fund will receive project recommendations from Infrastructure Australia and, as I said, next week Infrastructure Australia will produce its audit of the national infrastructure priority list, something that I am sure has been an extremely difficult task. It is the first time in this country’s history that that has actually been done. We will then be in a situation to assess the infrastructure needs right across the country and it will allow government to make decisions about investing in infrastructure that will benefit the nation as a whole and will help grow the economy as a whole. We now have a situation where the Commonwealth government of Australia is investing in building the nation and building the nation’s prosperity.

The Australian Labor Party has always been a nation-building party. During the election we made a commitment to deliver a national broadband network, which involves an investment by the federal government of some $4.7 billion. It is an absolutely massive undertaking, be in no doubt about that. To build a national broadband network, a fibre-to-the-node network, is a huge project. I would certainly see it as equivalent to, if not even larger than, the building of the Snowy hydro. It is a massive undertaking and it is an extremely complicated thing to do. It is something that is very important that we get right. I understand that there is some impatience in communities about lack of access to broadband, and that has been because of the complete failure of the previous government to invest in significant broadband developments. What they were proposing was a patchy, ad hoc wireless network—totally inadequate technology for regional Australia—that would not have been able to handle what is proposed under this government’s proposal, neither the speeds of broadband nor the coverage of broadband to 98 per cent of Australian households, with the remaining two per cent to get up to equivalent services. It is a massive undertaking and one I feel will be one of the most significant nation-building and infrastructure investments that this country makes. I understand the opposition are playing lots of politics with this at the moment around the timing, but I caution them by saying this is probably one of the largest infrastructure projects that we have ever seen in this country and it is extremely important that the government gets this absolutely right. It will set us up well and truly for not only better broadband speeds but also increasing the capacity of our capital cities and regional areas into the future. It is a very important project.

The second fund that is established under this legislation is the Education Investment Fund. The Education Investment Fund is a major part of our commitment to an education revolution. Since being elected to government, one of our primary focuses has been on the importance of delivering a first-class education system. The buildings in which our education is undertaken are extremely important in terms of growing the sector and growing people’s access to education and quality education. This fund will go a long way to providing finance for
capital investment in both higher education and vocational education and training. The federal government’s initial contribution to this fund is $8.7 billion and the funding will go towards investing in local education infrastructure. The fund will incorporate the balance of the Higher Education Endowment Fund along with proceeds from the 2007-08 surplus. In line with all major funds established by the government, we are committed to transparency and we are committed to rigorous evaluation with regard to funding for special projects. That is why the investment in our nation’s future education and training is being assessed by an independent advisory board.

As stated earlier, since being elected to government, the nation has seen the development of a global financial crisis. This crisis cannot be ignored. That is why the Prime Minister, along with the Minister for Infrastructure, Transport, Regional Development and Local Government, Anthony Albanese, announced that the Rudd government would fast-track its nation-building agenda. The government has invited 14 universities to submit proposals to the second stage of the 2009 funding round for strategic investment in capital and research facilities. Those capital investments and particularly the investments into research facilities really will generate lots of benefits to the economy overall. The second stage has been brought forward in line with the federal government’s announcement to fast-track our nation-building agenda.

In my electorate of Ballarat, I am pleased to support the University of Ballarat’s funding bid under the Higher Education Endowment Fund 2009 funding round. The University of Ballarat has met with the Higher Education Endowment Fund board to discuss its application. It has made it through to the second round of funding. The University of Ballarat’s proposed innovation and enterprise centre is a great project and is a strong investment not only for my electorate but also for Australia. The university proposes to build a centre that comprises an IT professional practice facility, an innovation and research hub and a major IBM IT services centre. It builds on the university’s strong partnership with IBM and I think it really will generate not just jobs and income into the local economy, but the research that is undertaken within that facility will generate much growth in the Australian economy overall.

The University of Ballarat Technology Park has gone from strength to strength over the past decade, and I certainly hope that the University of Ballarat can secure endowment funding so that it can continue to grow and prosper and be at the centre of IT services in this country. As I said, I strongly support this project as I believe it is a perfect example of the investment required to build our nation. I commend the University of Ballarat on their efforts to once again secure support from both industry and government in their bid.

From 2009 the Higher Education Endowment Fund will become part of the Education Investment Fund. Under our government’s arrangements, the level of funds available for capital investment in higher education and vocational education and training is greater than under the previous arrangements for the Higher Education Endowment Fund. On top of the Education Investment Fund, the federal government has also delivered $500 million for universities through the Better Universities Renewal Fund. The University of Ballarat has also received a grant of approximately $2.9 million for capital funding under this program.

I am pleased to be part of a government that understands the need for investment in education and understands what happened particularly to regional universities under the previous government, and I look forward—I hope I can look forward—to a positive announcement in relation to the University of Ballarat’s bid. Australia needs a government that is supportive of
significant investment in education infrastructure to help drive productive growth and reduce capacity constraints.

The third fund that this legislation establishes is the Health and Hospitals Fund. The federal government will contribute $5 billion to the Health and Hospitals Fund. The government is serious about building a stronger health system for all Australians. Since being elected in 2001, one of the most pressing issues that people contact my office about is access to top-quality health care. Residents do not care who funds health care, whether it be federal, state or territory governments; what they are interested in is being able to access that care when they need it. Residents want all levels of government to work together towards the common goal of improving services for all Australians, and that is what the government is doing.

I support the establishment of the Health and Hospitals Fund because it supports strategic investment in our health system. The establishment of this fund will see capital investment in health services, including renewal and refurbishment of hospitals. Again, given what has happened across the country, it is very difficult for one level of government alone to fund all of the capital needs of hospitals across the country and it is very good to see the Commonwealth government, through the Health and Hospitals Fund, stepping up to the plate in this regard as well. The fund will see investment in medical technology equipment and significant medical research facilities. Never before has there been such a significant investment in health infrastructure.

Like the Building Australia Fund and the Education Investment Fund, spending from the Health and Hospitals Fund will also be subject to rigorous evaluation criteria. The criteria will be assessed by the Health and Hospitals Fund Advisory Board—again, a board that is independent of the political process, independent of government. It was great to see only last week the Minister for Health and Ageing, Nicola Roxon, announce the appointment of Mr Bill Ferris AC as the chair of the new Health and Hospitals Fund Advisory Board. He is someone who is very well respected in this country.

If we as a government are to be serious about the health of the Australian people then as a government we need to provide substantial funding for projects that provide significant benefits. And that is what we are attempting to do.

The infrastructure investment program overall will help protect Australians from the impact of the global financial crisis. These three funds are part of the government’s agenda to build this nation. This is an agenda that was put to one side under the previous government. We have an infrastructure investment program to tackle the needs of roads, rail, ports, utilities, high-speed broadband, education, and our health and hospitals system. We are serious about tackling this task head-on. The government has brought forward infrastructure spending because, as a result of the uncertainty that exists in the international economy, a need arises for Australia to be ready to handle these challenges.

The Prime Minister is working with the ministers for infrastructure, communications, health, education and innovation to bring forward interim reports on infrastructure projects by early December 2008. This will allow for work to begin next year, bringing a much-needed boost into the Australian economy. By bringing forward its nation-building agenda, the government can implement projects but still have rigorous evaluation in place. Our investment is targeted at boosting productivity to sustain growth both now and into the future, and is subject to rigorous evaluation and transparency. Our investment is in line with what the Australian
people expected from the nation’s government—that is, the leadership being shown by the Prime Minister.

This debate also encompasses the COAG Reform Fund Bill 2008 and I just want to speak very briefly on that because, again, whilst it sounds quite a dry debate, it actually signals one of the most significant reforms to Commonwealth-state funding arrangements that we have seen, certainly in the last decade, and will have significant impact on the way in which Commonwealth-state relations work.

This bill will establish the COAG Reform Fund. When funds are used to finance capital projects with the states and territories, they will be distributed from the nation-building funds. These funds will be distributed through a new Council of Australian Governments Reform Fund. The government is committed to harmonising relationships between all levels of government—this is clearly reflected in last week’s Australian Council of Local Government’s meeting and subsequent announcement of the government’s $300 million Regional and Local Community Infrastructure Fund.

I look forward to working with my local communities, the City of Ballarat, Moorabool Shire, Hepburn Shire and Golden Plains Shire over the coming weeks to identify their priority projects to be funded through the community infrastructure fund. During the last election, the government made a commitment to the Australian people to end the blame game between the Commonwealth and the states and territories. We promised that we would work to revolutionise the way our Federation is structured. We said we would work with the states and territories to build positive financial relationships. During our first year in office, we have already taken steps to improve relationships between the Commonwealth and the states and territories. The COAG Reform Fund established under this bill is another step in this process.

The fund will develop a modern system of financial relations between the federal and state governments. It will complement the nation-building funds that I have already mentioned. The COAG Reform Fund will disburse funding provided in future federal budgets to the states and territories for areas of specific reform. It will channel funds from the Building Australia Fund, Health and Hospitals Fund and the Education Investment Fund, where funds are used to finance projects by the states, and may receive funding through special appropriation in the form of National Partnership payments. As I said, whilst not many people may be aware of it, it will significantly revolutionise the way in which Commonwealth-state finances work in this country.

Through initiatives including the Regional and Local Community Infrastructure Fund, the government’s commitment to bring forward its nation-building agenda and funding distribution streams such as the COAG Reform Fund, we really are working to improve relationships with all levels of government and helping to grow our economy. We are restructuring the relationship between levels of government to ensure that the Australian people get better value for their money and the support they need from federal government. The Australian people deserve better quality services and, certainly, the COAG Reform Fund will deliver some efficiencies between the financial arrangements of the Commonwealth and states. The COAG Reform Fund will also play an important part in building on the capacity of this economy—something that is desperately needed.

Under the leadership of the previous government, this country lacked the investment needed in a number of critical infrastructure projects. Not only did it lack the investment
needed in those projects, it lacked the capacity to actually determine which projects were in the best interests of the nation, in the best interests of growing the economy. Those decisions were not taken on a good sound cost-benefit analysis and they were not taken, I think, in the best interests of the nation as a whole.

The Rudd government have made a commitment to the Australian people to deliver on our election promises and also made a commitment to deal with the long-term challenges ahead. I am very proud to be part of a government that delivers on the promises that it made in the election. No longer do we have a government of core and non-core promises. We are trying to rebuild the trust that the Australian people should have in their Australian parliament.

I support these bills because they reflect the government’s commitment to invest in the short-, medium- and long-term challenges that are faced by this nation, whether they be in health, in education or in building our national infrastructure. I commend these bills to the chamber.

Mr CHESTER (Gippsland) (10.43 am)—It is a pleasure to follow the member for Ballarat as the member represents a very beautiful regional centre. I have had the great pleasure to visit Ballarat on many occasions and have actually participated with the Tan Clan. This was set up by running legend Richard Tan. For those who have not heard of the man—he is a 70-year-old fellow who runs a running group that 70 to 100 people turn up to three times a week. They run around Lake Wendouree and other parts of Ballarat. It is a magnificent part of Ballarat that we get to visit at six o’clock in the morning—all of which has nothing to do with the Nation-building Funds Bill 2008 and related bills.

I must say at the outset that it is a pity that we cannot seal our roads with paper or build bridges with the tower of reports that have been undertaken by the current government. I have only been in this place for a short time and I have heard a lot about nation building. There has been a lot of talk and precious little action at this stage. Now we are finally seeing what the government has to offer and I must say it is somewhat disappointing. There has been a lot of hype and rhetoric, but we are finding out that the Australian people are going to be short-changed because the money is simply not there.

The government announced in the 2008 budget that there would be $41 billion in the funds by July 2009 but there is only $26.3 billion to be allocated at the fund’s inception on 1 January, 2009. If anyone believes there will be another $15 billion in the funds by 1 July, come and see me about a bridge I am happy to sell them in Sydney. I should not joke about selling assets in Sydney; perhaps the New South Wales government will take me seriously!

I would like to take up some of the points made by Infrastructure Partnerships Australia in its submission to the Senate Standing Committee on Economics. IPA commented regarding future budget allocations:
The dwindling revenues to the Federal Budget are of concern, given the stipulation that future allocations (beyond the initial contribution) will be made "as Budget circumstances permit".
The IPA shares my concern that there may not be a lot more money on the way for any of these funds. The IPA also commented:
We hope that these funds prove to be long-term investment vehicles, not ones which will fall away after the initial endowment from the 2007/2008 Budget surplus.
These are all good points. The funding must continue beyond the electoral cycle and, if we are fair dinkum about nation building, this must be above party politics.

There have been a lot of accusations from those opposite during the debate on this bill. I have heard accusations of rorts of previous programs. The Regional Partnerships initiative has been bandied around a great deal. Obviously the speechwriters have dished up the usual key lines and rhetoric, and parrots in the government have been reciting them word for word. But they should be careful about repeating some of these accusations, like those which have been put forward in this place by the Minister for Infrastructure, Transport, Regional Development and Local Government. The minister does tend to get a little bit carried away on occasion. A couple of weeks ago he spoke on Regional Partnerships and, referring to National Party ministers, he said:

They were consistent in their inaction, in their drift, in their nepotism and in the corrupt way they handled the Regional Partnerships program.

That is what he said. The minister has accused former National Party ministers of being corrupt. I believe that is an outrageous slur that does not reflect the quality of debate in this House. I really think it is a bridge too far, but it is perhaps the only bridge the minister has built in the past 12 months.

At least we did have a regional development program. At least the former government actually invested in projects on the ground in regional areas and not in a tower of reports and reviews. All we have heard from this government in the past 12 months is talk about what it is going to do one day with the money left to it by the former coalition government. The minister cannot have it both ways. He has to make up his mind on this issue. On the one hand, he constantly attacks the Nationals as being a spent force and for delivering nothing for regional areas. That is the substance of his almost daily attacks in this place. But, on the other hand, he accuses the Nationals of pork barrelling and delivering projects to country areas that should never have been approved. He cannot have it both ways. We either delivered or we did not. That is duplicity and hypocrisy on a grand scale, but I have become used to it in my short time in this place. There is a lot of spin and not a hell of a lot of substance in some of the material put before us.

Only Labor could come up with the somewhat ambitiously named Nation-building Funds Bill, which is before the House. There is no problem with hiding your light behind a bushel here. They are very good at coming up with these grand names. Even the Minister for Finance and Deregulation described it in his second reading speech as:

… an infrastructure program of historical proportions.

Nation-building—doesn’t it sound grand? You would think that a minister would actually build something before he started bragging and crowing about achievements of historic proportions.

That has not stopped the Minister for Infrastructure, Transport, Regional Development and Local Government either. In one of my first weeks in this place, the minister attempted to take me to task for writing to him to seek an update on a $140 million project to duplicate the Princes Highway east of Traralgon. The minister sought on that occasion to ridicule me for writing on behalf of the people of Gippsland to seek details on the project. The problem was that it was the government’s own promise. The Rudd government had promised the $140 mil-
lion, and it was notably absent in the budget papers. As it turned out, there was $500,000 there for planning works. So the people of Gippsland are still waiting for another $139,500,000. I look forward to the day when the minister stops playing games with that funding and delivers on that promise.

Those opposite seem to take offence whenever the opposition asks questions about policy decisions. I believe it is only reasonable for the opposition to ask such questions. While the changing economic circumstances around the world warrant a quick response, it is not in the interests of the nation for the opposition to be mute on this occasion. It is reasonable to offer bipartisan support while at the same time reserving the right to ask serious questions about the various packages developed by the government. The three infrastructure funds dealt with under the bill deserve to be closely scrutinised. These are uncertain economic times and we have entered uncharted waters. It is only reasonable for the opposition to keep the government up to the mark, particularly when half the forecast budget surplus is about to be spent under the economic stimulus package and we find the forecast for the budget surplus has been slashed to about $5 billion. That is a remarkable turnaround in the past 12 months.

Plenty of members have already mentioned this, but it is worth repeating: the previous government worked very hard to retire the $96 billion of debt and create the economic conditions which allowed our nation to prosper. The funds being allocated to these three funds have come about through good economic management by the previous government. I believe in giving credit where credit is due, and these infrastructure funds have been achieved through the work of the previous government. We are yet to see whether the current government can deliver the money it has promised from 1 July next year.

I have already voiced the IPA's concerns and I echo them again today. The previous government did invest in infrastructure and it did put money away for the rainy days we are now encountering, with multiple budget surpluses delivered by the member for Higgins when Treasurer. Budget surpluses and low unemployment became so normal that I fear some of us took them for granted. All of that is about to change. We are seeing forecast growth in unemployment, and I fear that budget surpluses have been consigned to history. The Minister for Finance and Deregulation might not want to say it, but the way things are travelling the budget may already be in deficit.

I note the bills establish three separate financial assets funds: the Building Australia Fund, the Education Investment Fund and the Health and Hospitals Fund. No-one in this parliament would dispute the need to invest in improved infrastructure in all three areas. It is an ongoing and constant challenge for governments to address. It is inevitable that the infrastructure needs of our respective communities will never be fully met. We will always be looking for ways to improve or upgrade the facilities in our communities. But it is ridiculous for the current government to constantly claim that the previous coalition government did nothing for 12 years. I will not bore the House by running through a long list of projects that were achieved in Gippsland by the previous member, Peter McGauran, but I will make the point that these included many important infrastructure projects—such as the redevelopment of the East Sale RAAF base, the Monash rural medical school and about $30 million in Roads to Recovery projects, to name a few.

There is always going to be more to be done, which brings me to the current government’s plans. I have already mentioned the Princes Highway upgrade. That is a project that has bipar-
tisan support, and I urge the government to get on with the job. When governments invest in projects such as road duplication, it improves road safety. I have been a very strong campaigner on behalf of my constituents to say that, if you fix country roads, you will save country lives. This is not just about duplicating the highway between Traralgon and Sale. I call on the government to work with the state government to look at improving the Princes Highway right throughout the Gippsland electorate. The previous government did undertake road improvements through the Auslink and Roads to Recovery programs and the Victorian government has invested through VicRoads in a number of road-shouldering projects east of Orbost to the New South Wales border. But there is always more work to be done. As previous studies have found, if you invest in improving the road safety environment you will achieve a better outcome than if you use enforcement measures and improved driver behaviour alone. There is huge potential to reduce the road toll in regional areas by investing in a safer road environment.

Infrastructure spending in regional areas links into something that I believe is a central theme for the future of my community—that is, providing the tools to allow businesses to prosper and provide opportunities for young people. We need to be innovative and we need to be prepared to look outside the cities with an active policy of decentralisation. Melbourne is bursting at the seams. It does not seem to have enough water, traffic congestion is chaotic and the public transport system is disastrous. I believe the Bracks and Brumby governments have a lot to answer for. But we should not be rewarding that ineptitude with a bailout from the federal government focused only on metropolitan Melbourne’s needs. Rather than support piping water to Melbourne with infrastructure projects like the reviled north-south pipeline, which is being pushed by Labor at both the state and federal levels and which is going to suck the life out of the Goulburn Valley region, we should support investment in infrastructure to help regional areas to prosper in the future. There are compelling social, economic and environmental arguments to support my view that ending the urban sprawl and supporting regional development are positive policy positions for the future.

At a social level one of the greatest challenges we in Gippsland face is to stop exporting all of our young people. We need to invest in infrastructure in health, education and skills training to provide career opportunities so young people can either remain in our region in the first place or return after they have had their chance to tour the world and gain the experience that they desire. At a purely economic level, if we train our own young people they are more likely to help us overcome the skills shortages. There is a proven link between young people being educated in a country environment and having the opportunity to learn skills and their returning there in the future. We have enormous skills shortages in Gippsland in the areas of health, engineering and a range of other professions.

I do not believe in criticism for the sake of it, and the government has taken some positive steps in its response to the global financial situation. The government’s role, however, does not stop with the $10.4 billion economic stimulus package—which I note for the record will benefit Gippslanders by more than $60 million in the period after 8 December. There is a criticism that, if this turns into a one-off spending spree, we will have no surplus to spend in the future and we may have wasted the opportunity. But, unlike some others, I have confidence that the economic stimulus package can work and I hope that the majority of people use it wisely. We do not want to see a leap in pokies revenue the day after the bonus payments
I have faith that the majority of people will use the funds wisely. I fully support the payments to the very needy pensioners, carers and people with disabilities, but I wonder whether we could have done it better for family tax benefit part A recipients. It might have been wise to have provided families who are going to receive a lump sum of $4,000 or $5,000 with some assistance in financial management and to have ensured that the funding is used in a productive way. That is perhaps a weakness in the policy, but given the short time frames I understand the urgency of the situation.

Beyond those one-off payments, though, there needs to be a commitment to infrastructure investment, and that is where I hope Gippsland will receive a fair share of the resources which are going to be allocated under the Building Australia Fund, the Education Investment Fund and the Health and Hospitals Fund. I acknowledge that Gippsland councils did particularly well out of the $300 million program announced last week after the local government summit. The Wellington, Latrobe and East Gippsland shires all received in excess of $1 million, and I am happy to report that there are many projects ready to roll in Gippsland as a result of that.

That is partly because of the complete absence of regional development initiatives over the past 12 months. There was a vacuum that was left after the disbanding of the Regional Partnerships program, so we are playing catch-up. I would like to see a longer term commitment to this type of program, where local government get a guarantee of funding of that sort of magnitude for two, three or four years into the future. They can then plan with some level of certainty for these smaller scale infrastructure projects which they can get going perhaps better than any other level of government.

Investing in regional infrastructure will obviously help local communities to prosper in the future, and investing in these longer term regional development projects is a way to stimulate economic activity in the longer term, and the construction phase will obviously assist with the unemployment forecast, which we all fear. The infrastructure itself should help improve productivity in the longer term. The previous government, as I said, did invest in regional infrastructure, it did support local communities to help create sustainable jobs and it did deliver results, but there is always going to be more work to be done.

As I cast my eye around Gippsland, there are a range of projects that I would encourage the federal government to consider very seriously in the next 12 months. The Sale indoor regional sports complex has a very good mix of an education outcome and a healthy lifestyle outcome. The Minister for Sport visited Gippsland during the Gippsland by-election process and I think she accepted the merits of the proposal. There is a $5 million shortfall in the funding required by Wellington shire. There is a commitment from the Wellington shire and the state government to participate in this project, which will develop a regional indoor sports centre as well as relocating the outdoor netball courts. I believe it is a project that the minister should look favourably upon in the future.

Similarly, in terms of major infrastructure development, the Building Australia Fund talks about investing in water infrastructure such as the Macalister irrigation district 2030 plan, which I have mentioned before in the House. Again, the Minister for Agriculture, Fisheries and Forestry visited the region during the Gippsland by-election. We did get a lot of visitors during the Gippsland by-election, funnily enough. We had several ministers visit, and they were very keen on the Gippsland region and I appreciate the interest they have shown. I look forward to that interest turning into outcomes in terms of these infrastructure investments.
The dairy industry is a major player in the regional economy of Gippsland. The Macalister irrigation district is faced with ageing irrigation infrastructure. These real nation-building opportunities exist in the form of investments to upgrade the irrigation infrastructure, which would deliver long-term economic and environmental benefits to the Gippsland region. The irrigators that I have spoken to in the MID are very keen to pursue this option with the government in the future. There will be a mix of funding, I would have thought, from local sources and the federal government, with an opportunity to improve water security for the dairy industry and at the same time provide additional environmental flows for local streams. Of course, the benefits would flow through to the Gippsland Lakes, which is another topic that has been the subject of much debate in the Gippsland region.

As I said, there is always going to be a need for further investment in regional infrastructure, and I will be working with my community to ensure that Gippsland receives a fair share of the resources which are going to be allocated from these funds. The Lakes Entrance health precinct is one infrastructure project that also deserves consideration. I have written to the minister responsible in relation to that. It is a much needed expansion and redevelopment of the facilities at the Jemmeson Street site. The Gippsland Lakes Community Health staff and management do an outstanding job providing services from Sale to the New South Wales border. The plans are well advanced. There is about $1.2 million of federal funding sought and I encourage the minister to look upon that project favourably in the future.

It is a similar situation in Yarram, where a plan for a childcare centre had bipartisan support during the 2007 election. It ticks all the right boxes in being very much a community hub. It will allow professional women in Yarram area in particular to participate more in the workforce. At the moment, they have no option to access professional care. It will also help in the future to attract skilled workers to the region, because people expect to be able to put their children into care for some amount of time during the working week. I urge the government to get on board with this project—again, it does have support at state and local levels—and to work in partnership with these other levels of government to deliver that childcare centre as part of its response to the global financial situation.

I have also sought both state and federal government support for some infrastructure development in natural gas reticulation. Providing a cheaper and more efficient energy source to businesses and residents in the Gippsland region is a priority issue for me and for other members at state level. We have the quite bizarre situation where the Gippsland Basin produces an enormous amount of oil and natural gas, and I believe that more of the benefits should be accruing locally. We have had 40-odd years of natural gas and oil development at Bass Strait, and many of our towns, such as Longford, Yarram, Lakes Entrance and Orbost, are yet to benefit directly from natural gas reticulation. We have been able to build a pipeline through Gippsland to Cooma, Canberra and Sydney, but many towns along the route have not had the opportunity to access that natural gas. It is an infrastructure project that I have written to the state and federal governments about, and I encourage the government to consider it as part of its nation-building agenda.

I refer to one specific aspect of the legislation which deals with the Communications Fund established by the previous government. Under this legislation, that fund will be axed. I will be supporting an amendment to preserve that fund in the future. I fear that the Rudd government is stealing money that was set aside for the benefit of rural and regional Australians.
These were some of the proceeds from the sale of Telstra, and the fund was set up to permanently assist in the rollout of future technologies to help modernise communications in regional areas for years to come. If the government is genuine about its claims for supporting regional communities, it will abandon its plan to take this money out of the Communications Fund and absorb it into the Building Australia fund. I support the investment in infrastructure, but I fear that Labor’s track record in economic management is about to come back to haunt us. I have serious doubts about the independence of these funds, and it remains to be seen whether the government will actually deliver the fair, open, equitable and non-party political infrastructure fund that it claims to present to us here today.

The government did state in the May budget that an infrastructure priority list would be considered by COAG, which indicated to us that the states and territories would have some say over which projects get the nod. I take up the point made by the Leader of the Nationals in the House: he referred to a spokesman from the minister’s office this week indicating that it would not be a COAG decision; the priorities would be determined by the government itself. It is an economic reality that the wish list will be much longer and will cost a lot more than will be covered by the funds to be allocated to them, so priorities will need to be set. I have little confidence that each region will get a fair hearing. I will be fighting to ensure that these funds do not turn into an election slush fund for Labor’s marginal seats.

I close my contribution to this debate with another reference to the Infrastructure Partnerships Australia submission:

Infrastructure investments must be determined and managed through a thorough, consistent and rigorous process to ensure that funds are invested productively. It is important that these nation-building funding initiatives are invested wisely, applying objective analysis and assessment to the project selection process.

Further, from the IPA:

We hope the regulations will provide further detail on what practical mechanisms, processes and checks and balances are required to be applied for each Fund to ensure responsible, consistent and transparent decision-making and funding allocation to the most critical, needed and worthwhile projects across transport, communications, energy, water, education and health sectors.

We all agree that investment in both large- and small-scale infrastructure is critical, and I urge the government to live up to its own rhetoric in the practical application of these funds.

Mr GRAY (Brand—Parliamentary Secretary for Regional Development and Northern Australia) (11.03 am)—I have listened to this debate since it started earlier this morning, and the contributions have in general been both insightful and pretty solid, but I cannot miss the fact that, over and over, those opposite tend to view the Building Australia Fund merely as a pork barrel. They view it that way because that is how those opposite governed. I remind the member for Gippsland of an aside which he made in his own re-election campaign, which at the time might well have been a joke but which says something about a political culture. It was at a breakfast in the Gippsland campaign where the candidate then said, ‘I love the smell of pork in the morning.’

The importance of that is that, from the point of view of good public administration and good public policy, this government does try to get it right. This government has as its focus
getting good public policy outcomes. It is why the member was able to reflect on the decisions of last week in a way that is positive. It is unambiguously the case that, in allocating $250 million of taxpayer money to local government, the indicators that were used were population, growth and the financial assistance grants equations used by state governments—the most transparent process which had been used for giving such funds in the last 13 years. Why? Because when funding was allocated by the previous government it was done overwhelmingly on a political basis. Not exclusively—there were some very good programs funded by the former government under the Regional Partnerships program. But, having said that, there became a political cast that was set on that fund.

The Nation-building Funds Bill 2008 establishes three new nation-building funds, the Building Australia Fund, the Health and Hospitals Fund and the Education Investment Fund. On 14 October 2008 the Prime Minister announced that the government is fast-tracking the implementation of its nation-building funds as part of its Economic Security Strategy. The government is committed to this major new infrastructure investment program allocating funds for transport, communications, energy, water, education and health. This year the government will contribute a total of $12.6 billion to the Building Australia Fund for transport, communications, energy and water infrastructure, including, as the member opposite said, the proceeds from the T3 sale and the balance of the Communications Fund. A total of $8.7 billion will be allocated to the Education Investment Fund for education infrastructure, including the balance of the Higher Education Endowment Fund, and $5 billion will be allocated to the Health and Hospitals Fund for health infrastructure. The government has committed to making future allocations to these funds as budget circumstances permit.

We have said there will be a rigorous evaluation of projects. Spending from the funds on specific projects will be subject to rigorous evaluation by independent advisory bodies. In view of the government’s commitment to strengthening the Australian economy in the face of the global financial crisis, this bill and the Nation-building Funds (Consequential Amendments) Bill 2008 will allow for interim advisory bodies for the Education Investment Fund and the Health and Hospitals Fund to be established as soon as possible. The advisory bodies will assess projects against evaluation criteria which are being developed by portfolio ministers. Interim evaluation criteria are also being developed to allow work to commence as soon as possible.

Time is critical because the global economic crisis, the credit crunch, is getting closer and closer to our shores. In my own patch in Western Australia I note that workers are already being asked to take early Christmas leave and untaken annual leave and that companies are beginning to stop employment of new staff. All of these are dark indicators of a tough year in 2009, and that is why a start as soon as possible on the infrastructure spending is important for the long-term health of communities. It is important for establishing industrial capacity that can be maintained rather than industrial capacity that will be damaged by the short-term impacts of the global credit crunch.

The Building Australia Fund will provide crucial funds for investment in critical economic infrastructure and transport, communications, water and energy. Examples, of course, include roads, rail, urban transport, port facilities, irrigation and broadband. The government has already set aside $12.6 billion as the initial payment into this fund. Spending proposals will be
subject to rigorous evaluation by Infrastructure Australia. The national broadband network will be subject to government consideration.

Infrastructure Australia is an independent advisory body, with representatives from all levels of government and the private sector. The government has asked Infrastructure Australia to bring forward its interim priority list to December 2008, three months earlier than originally planned. Members will recall that at the COAG meeting in December 2007 originally the Infrastructure Australia time line was for a national audit to commence in the first quarter of 2008 and be carried out through the course of 2008, with a report to COAG in the fourth quarter of 2008 and decisions to be made in the late first quarter or early second quarter of 2009.

The acceleration is deliberate, the acceleration is significant and the acceleration is taking place in order to best counter in an orderly and substantial way the expected impact of the global economic crisis. We will be allowing funding for some projects to commence in 2008. The fast-tracking of infrastructure projects is part of the government’s Economic Security Strategy. We must boost Australia’s economic capacity through nation building. This has been a central tenet of Labor governments over the 117 years of the Australian Labor Party.

Projects will be assessed by Infrastructure Australia against such factors as their ability to increase Australia’s productivity, contribute to economic growth, build our global competitiveness, develop our cities and regions, and reduce greenhouse gas emissions and carbon pollution. Fixing our roads and rail networks, unblocking our ports, making our major cities work better and connecting Australians to high-speed broadband are too important to be delayed by partisan politics. In 2007 the Bureau of Infrastructure, Transport and Regional Economics released a report estimating that urban congestion alone cost Australian families and businesses approximately $9.4 billion in 2005. Furthermore, the same report indicated that, in the absence of additional investment or significant changes in the cost of travel, the cost of urban traffic congestion would increase to around $20 billion by 2020.

The costs created for the Australian community through inadequate infrastructure investment and through congestion are significant. Bottlenecks have been a common sight in Australia’s mining sector. Many will be familiar with the sight of ships queuing off Newcastle and Dalrymple Bay waiting to be loaded with coal exports. The 2008 report by Access Economics commissioned by the Minerals Council of Australia shows the extent of the problem of insufficient supply capacity in the mining sector. The report indicates that, while Australia’s mineral exports have risen in recent times, the global market share for a number of minerals declined between 2002 and 2007. This is significant because it is an indication that even at the time of the most significant global increase in demand for our mineral exports, from the early 2000s to late 2007, there was an underperformance by Australia’s mining sector.

I am not about to allocate blame to the former federal government. I think the former Minister for Industry, Tourism and Resources, Ian Macfarlane, and his predecessor, Senator Minchin, were outstanding ministers. Many of those bottlenecks arrived because of inappropriate investment decisions by companies and sluggish and inappropriate approvals processes in state government departments. But it does suggest unequivocally that Australia’s performance through the five years of that significant global increase in demand for our minerals exports was an underperformance.

The report suggests strongly that the rise in demand by economies such as China had caught Australia’s infrastructure napping and a number of our governments napping. The re-
port also indicates that, if Australia had maintained its market share over that period, miners would have earned our nation an additional $17 billion to $20 billion. That is not to be sneezed at in terms of national income and, most importantly, not to be sneezed at because every bit of market share that we claim during the good times is market share that our nation can hold during the tough times. Market share in minerals is where the game will be played in the immediate future.

The Building Australia Fund has been commented upon in a significant way in the media. The third-party endorsements of the Building Australia Fund have been almost embarrassing for the government. International organisations and domestic commentators have heaped glowing praise on the Australian government for the insight, the foresight and the courage to establish the Building Australia Fund. The IMF said:

Saving some of the revenue from the commodity price boom in three new funds will take pressure off monetary policy in the near term and enable increased infrastructure investment over the medium term.

What seems like an almost bureaucratic economic assessment is in fact an insightful and glowing commendation of the government’s policy of putting these funds in place. Why? Because it integrates both the need for improved infrastructure with the necessary economic prudence and the necessary focus on monetary and fiscal policy to ensure that the national macroeconomic settings are right and within that there is a policy position which allows the government to pursue the construction of infrastructure.

The OECD had made the observation:

Over the past few years there has also been a sharp rise in spending, the quality of which was not always ensured.

This is spending by the former government, ‘the quality of which was not always ensured’. The recent creation of funds that will channel budget surpluses into financing investment in infrastructure, education and health could play a valuable role in improving the quality of spending, especially since the intention is to select projects on the basis of cost-benefit analysis. On what other basis would you select projects? It is certainly not, as those opposite have suggested, on the basis of electoral politics. No. The decisions here will be made on the basis of national need and economic impact. The OECD also said:

The programmed increase in physical and human capital is needed to overcome bottlenecks. Higher spending has been accompanied by reforms in these priority sectors.

All members of this House will recall the dozens of Reserve Bank warnings to the former government that it needed to focus infrastructure spending on bottleneck areas of the economy and also to increase spending on training.

David Crombie is President of the National Farmers Federation. David Crombie would never have voted Labor in his life. David Crombie is no Labor supporting little socialist. No, David Crombie is a substantial farmer and a man with a great reputation for being forthright and frank. David Crombie, President of the National Farmers Federation, said:

Tonight’s announcement of the $20 billion ‘Building Australia Fund’ is a positive move towards addressing critical transport and communications infrastructure. Too often Australia’s farmers face antiquated and grossly inefficient national and regional infrastructure in these areas, undermining the farm sector’s strong record of productivity growth.
David would know. Tony Shepherd is another significant Australian—significant because of the work he has done to help build Transfield as a great Australian company. Tony Shepherd said:

The $20 billion injection into the Building Australia Fund is a great development for the country. Finally, at a federal level, we have recognition of the government’s obligation in terms of the investment and development of infrastructure.

There is no doubt that in Tony Shepherd’s observations there is a tone of exasperation that the previous 13 years had seen an Australian government that did not focus on significant infrastructure needs and whose focus had been myopic to the point of only focusing on its direct electoral needs.

Peter Verwer, Chief Executive of the Property Council of Australia, said:

The government’s $20 billion investment in critical infrastructure confirms its commitment to nation building. The Rudd government’s first budget has delivered the funds to help tackle Australia’s infrastructure deficits.

Sol Eslake, ANZ’s Chief Economist, said:

In this budget, the Treasurer has created a more compelling vision of how it will deploy the enlarged surpluses which it is projecting over the next four years. This is exactly what the government should be saving its surpluses for.

There is an important point that comes out of that solid endorsement by the ANZ Bank’s Chief Economist. Firstly, it is the critique that the former government took its potential surpluses and delivered it back to the community in terms of tax cuts, which did nothing more than increase our import bill, make the national economy poorer and place pressure on inflation through escalating costs due to ageing and inadequate infrastructure.

But, more importantly, it was an observation made in the second quarter of 2008, at a time when even the ANZ Bank’s chief economist—a significant economist both in Australian terms and in international terms—had no reason to believe that the enlarged surpluses would continue to occur over the next four years. It now appears that, as a consequence of the global financial crisis, it is highly unlikely that we will see anything like those projected surpluses over the next four years. Indeed, the MYEFO figures released just a few weeks ago suggested quite the opposite: that we could well be looking at significant hits to government revenues and, in the course of the coming year, $40 billion.

Greg Gailey, of the Business Council of Australia, another great hotbed of Labor support, said:

The establishment of the Building Australia Fund is an effective way of ensuring that today’s strong revenue growth can be better directed to meet Australia’s long term infrastructure needs.

Ivan Backman, of the Australian Logistics Council, said:

$20 billion for infrastructure announced in tonight’s budget is a substantial commitment to building the road and rail networks and ports required for our national future and will be embraced by our Transport and Logistics industry.

Peter Anderson, chief executive of ACCI, said on the budget that there was good planning for investment in infrastructure, health and education.

It is important in contemplating those significant endorsements of the government’s Building Australia Fund that we do understand that these endorsements are made by people who...
understand the business that they are in. They are in the business of building Australia. The Australian government is in the business of building Australia. The Australian government is also in the business of protecting families, the Australian community and our industrial capacity from the worst excesses of the coming international financial gloom that will descend on our economy as a consequence of the global financial crisis. To get working early, to have our funds deployed early on substantial projects that build the infrastructure for our nation, is clearly an appropriate decision to make.

We have a number of other funds. The Education Investment Fund was announced in the 2008-09 budget as one of the three nation-building funds along with the Building Australia Fund and the Health and Hospitals Fund. In that announcement it was said that the government will transform Australia’s higher education and vocational education and training institutions over the next decade with a new $11 billion Education Investment Fund, demonstrating the depth of attention paid by the Australian government to the investment deficit in hard infrastructure, in health infrastructure and in education infrastructure, and that that deficit is at last being addressed in a way that makes sense and in a way that demonstrates the government’s commitment to the ongoing needs of our economy and of our communities.

I am proud to be part of a government that has the strength, the dedication and the determination to put these funds together, but most importantly I am proud to be part of a government which has the capacity to be flexible enough to move quickly enough to meet the global crisis head-on in a way that keeps our nation moving forward and does not step back. I commend the bills to the House.

Mr MORRISON (Cook) (11.23 am)—I rise to speak on these bills and, in particular, to support the amendments put forward by the coalition. The COAG Reform Fund Bill 2008 will establish the COAG Reform Fund for the purpose of disbursing funds to the states and territories. The Nation-building Funds Bill 2008 establishes the three separate financial asset funds: the Building Australia Fund, the Education Investment Fund and the Health and Hospitals Fund. These funds will be similarly structured to the Future Fund—an initiative of the coalition government.

The Building Australia Fund will enable the government to make payments related to the creation or development of transport, communications, and energy and water infrastructure. The Education Investment Fund will enable the government to make payments related to the creation or development of higher education, vocational education and training and research infrastructure. And the Health and Hospitals Fund will allow the government to make payments for the creation and development of health infrastructure. These bills set out the mechanism that is to be followed for the making of financial payments related to infrastructure, education and health development. Special powers will be granted to the Treasurer and the Minister for Finance and Deregulation to credit money from the budget through special accounts to the funds.

The creation of the funds is one thing; how are they funded, where the money came from, is something very different. The government may well be the architect of these bills, but they are certainly not the architect of the measures that were introduced over 12 years to create surpluses that fund these funds.

The Building Australia Fund will be established with an initial capital investment of $12.6 billion—$7½ billion from the 2007-08 surplus and also proceeds from the T3 sale and the
balance of the Communications Fund. I note that T3, as the member for North Sydney noted this morning, was opposed by the government, and now they seek to live on its proceeds. The education fund will have an initial balance of $8.7 billion, comprising $2.5 billion from the 2007-08 surplus and the remainder coming from the Higher Education Endowment Fund. Both of these initiatives are funded out of the Howard-Costello budgets and strong economic management. The health fund, similarly, will start with $5 billion coming entirely from the 2007-08 surplus, courtesy of the member for Higgins. The funds will have a total of $26.3 billion at inception on 1 January 2009.

The Treasurer said yesterday in the parliament that he would be contributing these funds to these funds. But, as we know, every dollar going into these funds is a dollar saved by the coalition during our years of strong and responsible economic management. The funds highlight yet again the economic legacy left to the Rudd government. The government says the coalition wasted the surpluses. I have heard that in this debate even from the last few speakers. This is like telling someone who has recently retired that they should not have paid off their mortgage or invested in their superannuation. We paid off the debt. The Howard-Costello government paid off the $96 billion of debt by getting back into surplus. We put surpluses back into the economic dialogue of this country over 10 to 12 years of strong economic management. Surpluses were not the norm; deficits were the norm. We only talk of surpluses now in our economic language because of the work of the Howard and Costello government.

We delivered major tax reform. I note that the previous speaker derided the benefits of tax reform. I assume the government thinks that the taxes should have remained where they were back in 1996 and does not believe we should have invested in tax reform. I am happy for that to be a clear and stark difference between the coalition and the government—a coalition that puts its money where its mouth is on tax reform and puts in the hard yards on tax reform and delivers tax reform, as opposed to a government that criticises its predecessors for having invested in providing that relief to families over many years.

In 1996 the top marginal rate was 47c in the dollar and it kicked in at around $50,000, or 1½ times average male weekly earnings. Today it kicks in at $150,000, or 2.8 times average male weekly earnings, and you only pay 45c in the dollar. In 1996-70 per cent of taxpayers paid more than 40c in the dollar. Today only 20 per cent of taxpayers pay this amount. I note that the government deride the provision of tax cuts to families across Australia but were quite prepared to copy the coalition’s tax cuts in this year’s budget and claim them as their own. The government have no excuse to now run this budget into deficit, with economic growth forecast to remain positive. If it were not for this legacy, there would be no capacity to steer Australia through the financial crisis we currently face and make up for the bungles and backflips of the Rudd-Swan government as they have sought to manage this crisis. If it were not for this legacy, we would not be debating these bills today.

The government have no sweat equity in these funds whatsoever. They are capital carpetbaggers. Future contributions were a matter for them. The 2008-09 budget indicated that there would be $41 billion in funds by 1 July 2009. We now know this will not be happening. The government will be leaning on the legacy of the previous government. Their nation-building agenda, as they like to call it, will be funded by the surpluses built up by the coalition through the wise stewardship of taxpayers’ funds.
The government says we should be judged not on what we say but on what we do. In the last five years we as a government spent $40 billion on road and rail infrastructure. The Howard government established the AusLink program, which provided around $40 billion in road and rail infrastructure, including the upgrade of the interstate and Hunter Valley rail system; the Western Sydney Orbital, which my colleague the member for Macarthur would be well aware of; the Albury bypass and the Tugun bypass; multiple upgrades to the Pacific Highway—before 1996, just nine per cent of the highway between Hexham and the Queensland border had four lanes and, because of funding provided by the Howard-Costello government, more than 39 per cent of that highway is now dual carriageway; the widening of the F3; the North Kiama bypass; and the Hume Highway upgrade. This was all infrastructure which, if you believe the commentary from those opposite, was fictitious. It never existed. There was no investment in infrastructure. All of these projects just appeared out of thin air. The Roads to Recovery program provided a vital source of road funding directly into the works budgets of local councils—$1.23 billion was spent between 2005 and 2009.

Treasury figures show that the total investment in economic infrastructure increased, as my colleague the member for Goldstein noted in his presentation on these bills, from 3.2 per cent of GDP in 1987 to 4.5 per cent of GDP in June 2006. ABS figures indicate that the total value of infrastructure spending in Australia, in constant 2007 dollars, rose from $21 billion in 1996 to $56 billion dollars in 2007—an increase from nearly three per cent of GDP to 5.4 per cent of GDP. This investment was made possible as the product of strong economic management that created the environment for business and government to invest. You would think, with the rhetoric coming from the Prime Minister and others, that it is only the public sector that invests in infrastructure in this country.

The Prime Minister has indicated that he is a strong believer in public-private partnerships. This is because the government can ensure value for money for the taxpayer through a public interest test, while bringing in the expertise and innovation of the private sector. PPPs also free up public resources to focus on core services of government. ABN Amro recently forecast that about $80 billion of investment in public infrastructure over the next decade will be undertaken through public-private partnerships, but I am very concerned that much of that investment may well not now materialise because of the global financial crisis and the level of confidence that this government is placing in our economy.

In March 2008 the government instructed Infrastructure Australia to develop nationally consistent PPP guidelines. These guidelines were released last month and do provide a framework for the development of public-private partnerships on a national basis and will apply to Commonwealth, state and territory governments. Critical to the delivery of essential transport infrastructure using PPPs is the need to ensure that all aspects of the contract, entered into between the government and the private sector partner, are in the public interest.

The abuse of PPPs by state governments, particularly in NSW, I believe, has undermined their utility as a viable tool to deliver necessary infrastructure. This goes to the heart of one of the coalition’s amendments to this bill, and that is the issue of transparency. PPPs have been trashed by state Labor governments. They have completely eroded public confidence in PPPs not because of the performance of the private sector necessarily but because of the way they were gouged by state governments looking to merely shift their legitimate costs. These were legitimate investments they should have been making rather than trying to cost-shift all of this.

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investment to the private sector in behind-closed-doors deals that basically avoided their own obligations. We need to restore public confidence in PPPs, and a set of guidelines is simply not enough. We need to have the public sector treating this delivery vehicle as more than just a way to milk revenue and obfuscate public responsibility.

An example of a public-private partnership where it was questioned whether the final outcome was in the public interest has been the debacle of the Cross City Tunnel in Sydney. This $680 million project was delivered by way of a PPP. A joint select committee of the NSW parliament held an inquiry into the Cross City Tunnel and public-private partnerships in May 2006. A specific issue considered by this inquiry was the public release of contractual documents connected with public-private partnerships for large road projects. The committee recommended that the full contract and any material variations, a contract summary, details of the public interest evaluation conducted prior to the decision to enter into the PPP and the base case financial model be publicly released when a new PPP is to be privately financed.

The Cross City Tunnel contract was clearly not in the public interest, forcing vehicles away from public roads onto the toll road by narrowing public roads and implementing street closures that forced motorists to use the toll road to reach their destination. This information was not available for public scrutiny, and the general public had no knowledge that such a deal had been made between the government and the private toll road operator. For this reason I strongly support the amendments put forward by the coalition to ensure transparency in contractual and all other arrangements associated with these projects. Engaging in PPPs is not a leave pass to walk away from public responsibility. There is a public interest in all of these investments, and those public interests must be protected. A PPP is not a vehicle to use to simply walk away from your responsibilities.

The minister’s second reading speech also states that this legislation forms part of the government’s plan to modernise federal financial relations. If this is true, these funds cannot be used to simply displace capital investment under other budgets, whether through Commonwealth-state agreements in areas such as heath, housing, education, disability services or any other area. Also, they cannot be used to displace funds allocated to programs such as AusLink. These funds are supposed to be over and above; these funds are supposed to provide a net benefit and not simply be a way of shifting costs and expenses out of existing agreements or, more seriously, to make up for the incompetence of state Labor governments that have bungled so many projects and left their states in such an appalling state—particularly New South Wales—so as to require some form of federal bailout. Most significantly, they cannot be used as proxy funds to bail out these states. Decisions must also address ongoing operating costs, as has been moved in our amendments, and ensure state governments make commitments to operationalise this infrastructure. It is not enough to build it; they must make sure that this infrastructure can actually work. The recent OECD report, brought to my attention by the member for North Sydney, suggested very strongly that the productivity gains and the economic gains really come from the infrastructure when it is operating. We cannot go around building white elephants, like the desalination plant in my electorate of Cook. We need decisions that invest in productive infrastructure that can be operated and generate real improvements and productivity gains for our economy. That goes to the other amendments put forward by the coalition.
Local government also must be considered in the context of reforming federal, state and local government relations, particularly federal financial relations. As the shadow minister for local government, I believe this requires special attention in how the funds are administered. Local government has responsibility for the provision of an extensive range of community infrastructure: roads, bridges, ovals, galleries, childcare centres, stormwater infrastructure, waste management—the works! The third tier of government provides many of the essential local level infrastructure needs that service so many of our communities and that our communities rely on. The Australian Local Government Association believes that councils across Australia spend around $22 billion. The value of all payments made to local government by the Commonwealth by way of financial assistance grants is $1.86 billion. This is equivalent to 0.6 per cent of total Commonwealth tax revenues. Increasingly, local government is being asked to do more with less funding, particularly by state governments. This process is known as cost-shifting. While cost-shifting to local government is not a recent phenomenon, it has reached a critical point where many local councils are struggling to remain financially viable.

New South Wales councils, for example, have very limited revenue-raising capability and therefore must rely on the Commonwealth and state governments for much of their revenue stream. According to the Local Government Association of New South Wales, council rates only account for about half of the local government revenue. User charges are the second largest source of revenue and make up about 27 per cent of the revenue pie. The third major source of revenue comprises grants, including Commonwealth financial assistance grants, which make up about 8.6 per cent of the local government revenue. Within this environment of constrained finances, local governments have had to manage an expanding role and new responsibilities. They are increasingly called on to provide human services in the areas of education, welfare, recreation and housing. Councils also have seen an expansion of their roles in the management of the environment and planning.

There are many examples of cost-shifting that have occurred in my home state of New South Wales. These examples date back from 1995, when the Labor government was elected, and continue to this day. The primary areas of responsibility for local government are set out their act. In addition, councils have obligations or responsibilities under many other acts, but since 1995 the Labor government has broadened the areas of responsibility with further legislation that applies to local government. This includes the Protection of the Environment Operations Act, the Companion Animals Act, the State Records Act, the rural fires and environment assessment act and the Occupational Health and Safety Act. Local government is also faced with rising costs in the areas of planning and building regulation, street-lighting charges, natural resource management and parking patrol.

A few examples of cost-shifting onto local government include fire services funding. The New South Wales Fire Brigade is funded 73.7 per cent by the insurance industry, 12.3 per cent by local government and 14 per cent by the state government. The fire brigade levy imposed on local government was increased by 13.3 per cent in 2002-03 and was far in excess of the 3.3 per cent rate-pegging limit and the CPI figure at the time. Furthermore, there was also an eight per cent increase in the rural fire service levy, a levy which some councils were also compelled to pay.

Councils also have a responsibility to provide library services under the Library Act 1939. More recently, underfunding by state government has seen a larger proportion of the cost of
library services met by local councils. Councils provide 90 per cent of the core funding for local public libraries, compared with 76 per cent of the costs in 1980. Street lighting is another area where local government is forced to fund rising costs with no commensurate additional capacity to fund the cost increases. Currently, Energy Australia has an application before the Australian Energy Regulator for a 67 per cent increase in street-lighting charges. Who knows what that will be under the government’s ETS? The amendments made to the Disorderly Houses Act in 1995 to legalise brothels is another example. These changes made local government responsible for the regulation and any necessary enforcement action related to brothels. This has become a costly and time-consuming exercise for local councils in terms of investigation and prosecution.

Unsurprisingly, local government made up a large proportion of submissions received by Infrastructure Australia when it recently sought those submissions. More than 200 individual projects were contained within the various local government submissions. Those projects have been costed at approximately $1.9 billion. There are many more that are yet to be costed, which have an estimated value exceeding $3 billion. Local government has used the Infrastructure Australia process to seek financial assistance from the Commonwealth’s fund to provide critical transport, communications and water infrastructure.

There are a whole range of projects that come under that: a whole series of airports, like Bundaberg Airport and the Sunshine Coast, Albury and Parkes airports; the Gold Coast stadium; the Port of Eden breakwater extension; the Jervis Bay marina; affordable housing for quay workers in Sydney; the Wodonga container terminal; the metro railway to Doncaster; the Geraldton deepwater port redevelopment; foreshore improvements at Kangaroo Bay in Tasmania; and hospital relocations in Katherine. A whole range of projects have been put forward by local government because they need this support. I am pleased that there is funding in this package that will be in these funds and that it was provided by the coalition government. When these projects—if they are able to be and are supported by the government—go ahead, every single one of them should know that every single dollar came from coalition surpluses, from the wise stewardship and financial management of the coalition.

As the government pretend to build the nation, they build it based on the legacy left to them by the Howard-Costello government. Particularly as they move forward in supporting local government, I make this simple plea: as we expect more from local government and we seek to fund more for local government, at the same time we should also expect more of local government. We should expect them to lay out programs of reform, to increase their capacity and enable them to provide better services—not to just throw money at local councils but to partner with them to make them better, stronger and more able, so that the services they deliver can be more sustained and more effective.

Mr TURNOUR (Leichhardt) (11.43 am)—I rise today to support the Nation-building Funds Bill 2008, the Nation-building Funds (Consequential Amendments) Bill 2008 and the COAG Reform Fund Bill 2008, which are being debated in parliament today. These bills are critical to the long-term economic security of Australia. They underpin the Rudd government’s microeconomic reform agenda—an agenda that is firmly focused on driving improved productivity through investing in nation-building infrastructure in a new era of federal and state relations.
In May this year the Rudd government delivered its first budget: a responsible budget, a budget that is about modernising Australia, a budget that puts Australia’s long-term interests centre stage. For too long we had a government that lacked courage, foresight and initiative—the Howard government. Despite a resources boom, the Howard government failed to invest the proceeds in nation-building infrastructure. Independent commentators, like Access Economics in their budget monitor this week, have backed the Rudd government’s response to the global financial crisis and, again, highlighted the failure of the former Howard government to invest the proceeds of the resources boom in long-term nation-building infrastructure. The Rudd government will not squander the budget surpluses. We are committed to using the surpluses to steer the economy through these difficult global economic times.

The member for Cook when speaking earlier effectively said that he did not support our economic security package and that he did not support us using the surplus to invest in the economic security package. We do not know where the opposition stand on our response to the global financial crisis, because one day they say they support the bank guarantees and our economic security package and the next day they come into parliament and pick holes in it and say they do not support it. We have a long-term plan for this country and a long-term commitment to support infrastructure and productivity growth in this country. It is disappointing that the opposition continue to act irresponsibly when it comes to economic management.

The budget delivered in May this year established three funds: the Building Australia Fund, the Education Investment Fund and the Health and Hospitals Fund. These three funds are important investments in our future and are critical to our long-term future. They were welcomed by a range of commentators in the market. They do contrast very significantly with the actions of the former government. The OECD made this good response:

Over the past few years, there has also been a sharp rise in spending, the quality of which was not always ensured.

They are talking about the Howard government there, of course. They continue:

The recent creation of funds that will channel budget surpluses into financing investment in infrastructure, education and health could play a valuable role in improving the quality of spending, especially since the intention is to select projects on the basis of cost/benefit analysis.

They are saying that the Howard government did not spend money on quality projects. The OECD welcome the Rudd government’s commitment to these three funds and see that we will do proper analysis and invest appropriately in the future of this country.

These nation-building funds will focus on infrastructure—on restoring our national transport network, our roads, rails and ports, and on improving broadband; on education—helping to deliver the government’s education revolution, renewing and refurbishing universities and vocational institutions, and improving research facilities; and on health—financing our nation’s hospital and medical research. In order for the country to move forward with the implementation and operation of these three key funds, the Nation-building Funds Bill 2008, the Nation-building Funds (Consequential Amendments) Bill 2008 and the COAG Reform Fund Bill 2008 must be passed.

The COAG Reform Fund Bill 2008 establishes a vehicle through which these funds may be distributed to the states and territories. In my first speech to this parliament I spoke about the need for reform of federal-state relations through the Council of Australian Governments. These bills are an important part of the Rudd government’s plans to deliver on these aspira-
tions. In a report for the Business Council of Australia, Access Economics estimated that cost-shifting, duplication and other inefficiencies in Commonwealth-state funding arrangements cost some $9 billion per year. Of this, $5 billion is related to spending inefficiencies, including around $1 billion for health related inefficiencies.

When I doorknock and run mobile offices in my electorate people say they are tired of the buck-passing and the blame game on health. They want a federal government that will work in cooperation with state governments to help fix the health system. We need to reform those relations, and these bills are a very important part of the ongoing commitment of this government to work in partnership with the states and territories to tackle difficult areas like health.

The COAG reform fund and nation-building funds form part of this government’s modernisation of federal financial relations. Improving the relationship between the federal government and the states and territories—the way we interact, the way we conduct business and the way funds are allocated—is a major objective of the Rudd government. It is clear that effective and meaningful progress is being made. The Prime Minister stated on 26 March at a COAG meeting in Adelaide:

The COAG Reform Agenda is underpinned by a common commitment to clear goals, genuine partnership and the governance and funding arrangements needed to deliver real reform.

A fresh spirit of goodwill has delivered breakthrough agreements in areas unresolved by COAG for too long.

It will move on from the blame game to make federalism again work to deliver real outcomes in the national interest.

We have a government that understands the importance of getting the relationship between the federal government and the states right. It is through a reform of COAG that we are seeking to boost productivity, increase workforce participation and deliver improved services to the community. I have already spoken about some of the real waste that goes on in health because of a failure of the federal and state governments to work effectively together. We also have key policy areas in education where we are making progress. It is through COAG that, for the first time, all governments have agreed to drive the productivity agenda through substantial reform in education, skills and early childhood development. COAG has adopted national targets for schooling. This includes progressing toward a national curriculum, lifting the year 12 or equivalent attainment rates across the country and providing universal access to quality early childhood education for children in the year before formal schooling.

The COAG Reform Fund and the nation-building funds are a critical tool that will enable serious action to be taken on key policy areas like education, as I have just mentioned, that impact on all Australians. Money in the three nation-building funds—whether it be the Building Australia Fund, the Education Investment Fund or the Health and Hospitals Fund—can be transferred to states though the COAG Reform Fund. As stated in the explanatory memorandum of this bill, financial assistance will be provided to a state or territory for the purposes of supporting the delivery of specified outputs or projects through appropriations from the nation-building funds and facilitating the implementation of nationally significant reforms and rewarding jurisdictions that deliver nationally significant reforms, through national partnership payments. This COAG Reform Fund will replace a complex, bureaucratic arrangement of distributing federal funds to the states and territories.
The COAG Reform Fund Bill requires that the terms and conditions on which financial assistance is granted through the COAG Reform Fund are set out in a written agreement, known as a national partnership agreement. A national partnership agreement is an agreement between the Commonwealth and the state or territory. It will set out performance benchmarks and the amount of the payment for meeting each benchmark. In the case of national partnership reward payments, financial assistance will be subject to the COAG Reform Council’s assessment of whether the performance benchmarks have been achieved.

This approach—these national partnerships—will drive reform. We are not giving the states a blank cheque; we are establishing a more effective and efficient way to work in partnership with the states. We are shifting to a more transparent and outcomes-based framework, where there is greater incentive to deliver solid infrastructure projects and make reforms in health and education. By improving federal-state relations and coordinating infrastructure nationally, it is ultimately the people of Australia that will benefit. It is the people of Australia that deserve more efficient and effective services. This arrangement will reduce bureaucracy. It is a strategic approach that will provide leadership in the planning, financing and provision of significant national infrastructure projects.

On this Saturday, again, there will be a meeting of the Council of Australian Governments. I am sure there will be important progress made in the areas of health, education and infrastructure. These bills will enable these agreements to be delivered on.

Importantly, the Rudd government is very much focused on the long term. We are very much committed to ensuring that our investments in infrastructure, health and education are not about short-term political gains but about long-term investments in the nation’s infrastructure and interests. We have established Infrastructure Australia to provide the government with advice and to do proper assessments in relation to funds, particularly the Building Australia Fund.

Members of the public and business community were recently invited to submit their project ideas to Infrastructure Australia, the national body established to advise government, investors and owners of infrastructure, which will inform the government’s allocations from the Building Australia Fund. Projects will be evaluated and potentially placed on the national infrastructure priority list. The first priority list was initially planned to be presented to COAG in March 2009. However, the Prime Minister recently requested an interim report from Infrastructure Australia by December 2008.

Obviously there is no denying that the global financial crisis has affected and will continue to affect the way in which the government acts. The past few months have been unprecedented, but the government has acted quickly and decisively to support the Australian economy. Part of the government’s response to the global financial crisis was the acceleration of the rollout of our nation-building funds. As I have just touched on, a priority list of projects will be known soon, enabling us to consider key infrastructure projects in 2009.

We have also made other measures, including the economic security package. I am very pleased that in the next few weeks $4.8 billion will be delivered as an immediate down payment on long-term pension reform to Australian pensioners. I know that pensioners in my electorate of Leichhardt are looking forward to, and will welcome, those payments. Also $3.9 billion will be put in to support payments for low- and middle-income families and $1.5 billion investment to help first home buyers purchase a home. This is particularly important in
my electorate, where the construction industry is a critical part of the local economy. Local developers and real estate agents have welcomed it and I know that young working families out there are taking up the opportunity the government has provided them to get into a home for the first time.

We also have $187 million to create 56,000 new training places in 2008-09. I know that the Building Australia Fund has been very much welcomed, particularly in our rural communities. I have a quote from David Crombie, the president of our National Farmers Federation, commenting on the budget:

Tonight’s announcement of a $20 billion Building Australia Fund is a positive move towards addressing critical transport and communications infrastructure. Too often Australia’s farmers face antiquated and grossly inefficient national and regional infrastructure in these areas, undermining the farm sector’s strong record of productivity growth.

I see the member for Kennedy here and I know he is a strong advocate for rural Australia. We have the head of the National Farmers Federation backing our Building Australia Fund and our investment in long-term national infrastructure. We hear bankers like Saul Eslake say in relation to the budget that in this budget the Treasurer has, ‘created a more compelling vision of how it will deploy the enlarged surpluses which it is projecting over the next four years’. This is exactly what the government should be saving its surpluses for.

He was commenting on what the former Howard government had done with their surpluses, that they failed to invest them appropriately in nation-building infrastructure and they failed to invest them in education that would drive our productivity agenda with the infrastructure investment. Whether it is the farmers, the bankers or the working families of Australia, what they are looking for is a government that acts responsibly economically, responds to the long-term interests of the nation and also responds appropriately to the global financial crisis that we are facing at the moment. And the Rudd government is doing that.

These bills are critical not only to our long-term agenda but also to our response to the current global financial crisis. They underpin the Rudd government’s micro-economic reform agenda, an agenda firmly focused on driving improved productivity through investing in nation-building infrastructure and the new era of federal-state relations.

Mr Katter—They’re not doing it; they’re intending to do it.

The DEPUTY SPEAKER (Mr S Sidebottom)—You will speak soon.

Mr TURNOUR—Infrastructure is a key element of the COAG agenda. The Rudd government’s reform of COAG is instrumental in providing Australians with the infrastructure they deserve. The government’s three nation-building funds; the Building Australia Fund, the Health and Hospitals Fund and the Education Investment Fund, will focus on addressing the shortfalls in our country’s infrastructure, a legacy of the Howard government. Whether it is roads, universities or hospitals, these funds are an investment in our future.

The Nation-building Funds Bill and the COAG Reform Fund Bill 2008 are important pieces of legislation. They will be used to finance national investment priorities. They will improve federal financial relations significantly and replace the complex, inconsistent, bureaucratic system currently in existence. We committed to ending the blame game but we are not giving a blank cheque to the states. The COAG Reform Fund Bill and the Nation-building Funds Bill will be an important tool in turning this commitment to the long-term interest of
delivering for Australian families into action. This is a new era and we will deliver better services to all Australians.

Mr KATTER (Kennedy) (11.59 am)—The aspirations of the Australian people are incorporated in the nation’s national anthem, and that is true of most countries. Our national anthem says we have ‘golden soil and wealth for toil’. In North Queensland, when people sing that part of the national anthem, a lot of people burst out laughing because if there is one thing in this country that is true it is that the soil is not available to create wealth, no matter how hard you work. It has been taken away from the Australian people and it is said that it will never be utilised. The water of Australia has been taken away. That part of the water that is being used is being taken away as well. I think the last government probably decided on a 50 per cent cutback on the Murray-Darling, which is about 60 per cent of our agricultural production, and the current government appears to be going down exactly the same pathway.

I would like to speak positively, not about what we are closing down but about what we are opening up. I would like to concentrate on that today because I have spoken on the shortcomings many times, but I cannot help but refer to aluminium and coal, as I do invariably, because this nation’s economy is being carried by them. Iron ore has had a spike, yes, but that spike has vanished. But, if you look at the last seven or eight years, I think it is a fair call that the nation’s economy has been carried by coal and aluminium. Those two industries were created in my lifetime—not only in my lifetime but in my political lifetime. I am pretty close to my 35th year as a member of parliament and I was a very, very young man when the state government in Queensland decided to create those industries.

You must remember that in 1957 this country was an importer of coal. Between 1957 and 1966 my own home state of Queensland became the biggest exporter of coal of any state on earth. So how did we move from the whole nation being an importer of coal to having one state alone being the biggest exporting state on earth? Very great men, the Thiess brothers, put all of their personal fortunes into it. I do not think they had much left in the till, even though they had built most of the Snowy, done most of the coalmining in New South Wales and built half of Queensland. They did not have much left in the till because all of their money went into proving that we had giant coal reserves, and giant hard coking coal reserves, in Queensland. Bludging off their work—and I use the term with aforethought, and I can give you the reference books—Utah came in and went north and south of the Thiess holdings. They drilled and they secured deposits as well.

So we had these huge deposits in the late 1950s, but we had no way of developing them. We had no railway line, we had no port and we had no coal loaders. So there was nothing that Thiess or Utah could do. At this stage George Ishimura, effectively from Utah, and, more importantly, Thiess had tied down the markets in Japan. But what was the catalyst, Mr Deputy Speaker Sidebottom? What was the catalyst?

The DEPUTY SPEAKER (Mr S Sidebottom)—I don’t know.

Mr KATTER—Well, you are going to have to be told. The catalyst was a decision by the state government, because the state government had been saying, ‘We are not going to build a railway line unless the mines are there to service that railway line.’ The potential miners, Thiess and Utah, were saying, ‘We can’t build a mine until you build a railway line.’ As one senior official in the Queensland government who will remain unnamed told me recently, ‘It’s the chicken and the egg, Bob,’ and that is exactly right.
The person who broke the egg and hatched the chicken was a very famous man, Joh Bjelke-Petersen. At Bjelke-Petersen’s funeral, the then Premier, in a very generous act, quite rightly attributed the coalmining industry of Queensland to Bjelke-Petersen. He included the tourism industry, but he should have included the aluminium industry as well because the Queensland government built the biggest power station in the world and, because they had negotiated coal for virtually nothing, they had the cheapest power in the world. But we built that power station without a single customer, we built the railway line without a single customer and we built the port without a single customer. So the Queensland government put out some $3,000 million dollars in their money terms—not in our money terms—to build three items of infrastructure for which there was not a single customer.

In the sharpest of contrasts, after some 25 years of economic rationalism architecture by Mr Keating and continued on by Mr Costello and, to a lesser extent, Mr Howard—those two dominating forces—and also the conventional wisdom in Australia created by journalists, the media, banks and all those other people who determine in which direction the country is going to travel, they decided that we would not do that any more, that we would not build infrastructure, that private enterprise would build infrastructure. Now we can see the results of our handiwork.

I represent the biggest mineral province on earth, producing some $13.4 thousand million worth of product each and every year. It cannot expand and in fact a number of its mines are under very serious threat because it has no land on which to build houses for employees. It has no land. That was one of the four major issues, I might add, at the Eureka Stockade—the government would not provide the miners, the owner-operators, with any land to build their houses upon. They had to somehow have a shack or a shed above the mine shaft. We have two towns that service this giant mining province, the biggest mining province on earth and arguably this nation’s greatest asset. One is carting their water in by train from Mount Isa, and Mount Isa is down to only 100 days of water.

This is not an area bereft of water. Cloncurry, my home town, every year on average has 400,000 megalitres flowing past it. All we want or need is 20,000 megalitres. This giant river has run every single year in white man’s history. I can say that because my family were amongst the first Europeans to get there. I can speak with authority because we have been living there for 110 years. Each and every year the river has run. The people of Australia want this to be done but the governments have decided that they will not even allow you to build a weir in that river.

Mr Deputy Speaker Sidebottom, I am sorry to tell you this, but you are a member of the Labor Party, which rules Queensland and now rules Australia. We have actual legislation on this in Northern Australia. I represent about half of Australia’s entire rainfall runoff. Half of the water of Australia is in the Kennedy electorate. For those looking quizzically at me I will give the figures. There is 134 million megalitres of runoff in the Gulf country and there is 80 million megalitres of runoff in the super wet belt, the rainforest where it rains all the time. That is on the coastal part. If you put those two together it is 214 million megalitres, and Australia only has a rainfall runoff of 304 million megalitres. Are you happy? Then I will continue.

We have a law in Queensland called the wild rivers legislation which says you are not allowed to touch any of the water, you are not allowed to take any of that water; the fish need it.
But that surprises me because when I am down on the beach there seems to be an awful lot of water out there for the fish. You may say the water has got to flush every year. You can build all the dams you want to build, they will never contain the giant floodwaters of North Queensland. I would very much doubt that it would be possible to ever harness more than about 15 per cent of those floodwaters. We do not have rivers that run like the Murray-Darling, we do not have running rivers; we have floods and we have dry river beds. We only have those two propositions. As the great Ernie Bridge, long-serving minister in the Western Australian government, said, ‘All we are asking of government is that our mighty rivers, on their long and great journeys to the sea, pay a small tribute to those people living along their banks.’

Let me now be very specific. Not only does the area I represent have no land to build houses on, so we cannot get workers—we have to fly them in at absolutely disastrous expense—but we also have no water. It is being carted into one place and the other place is on 100 days, that is all that is left in the dam. We also do not have any electricity. We had a minerals conference last week and Steve de Kruijff, the head of Mount Isa Mines’ copper division, quoted the figures that we have 350 megawatts of generating capacity and we have over 300 megawatts of demand. That is a very near run thing in itself, but because of the new mines coming on stream and the increase in population, we will be in very serious trouble to meet our electricity demands within two years. But of course all of the potential new mines cannot open up because they have no power, unless they want to build diesel power stations. The cost there is about $200 a megawatt versus $35 a megawatt on the grid. They would be enormously non-competitive with their international competitors in the marketplace.

Finally, we have no rail capacity. The railways had informed any potential new miners that there is no rail capacity. Curiously, in Australia we tear up infrastructure; we tear it down. There is a weir in the Cloncurry River and it is broken. It was, by determination of the government, left broken. We pulled up the railway line to Kajabbi, which Dugald River and the mining leases at Mount Roseby desperately need. Joe Gutnick and his Legend phosphate proposal want to move eight million tonnes. If that is processed in Australia, as we hope it will be, that is worth $10,000 million, just that one mine, to the Australian economy. They have been informed by the railways there is no railway capacity. The previous speaker, the member for Leichhardt, God bless him, told us how wonderful the government was and that they were doing all of these things. Unfortunately, Mr Deputy Speaker, you did not allow my interjection to be taken, but I pointed out that the current government are not doing anything. They say they are intending to do it. Mr Deputy Speaker, you had better start moving because one-third of your life has gone and you have done absolutely nothing.

The DEPUTY SPEAKER—No, the chair has not. You are making directions through me, so please—

Mr KATTER—Mr Deputy Speaker, I did not even remotely refer to yourself, and I would be deeply offended if I thought for one moment you took it in any way personally.

The DEPUTY SPEAKER—Grievously!

Mr KATTER—I must emphasise that my remarks apply far more to the last government, who were there for 12 years and left us with this situation, where not a single cent was spent on infrastructure. They were not short of money; they found $660 million to build a railway
line from nowhere to nowhere. I do not mean to be disrespectful to the Adelaide people and the Darwin people, but it is nowhere to nowhere through the biggest desert on earth. I said, ‘Why did we do that?’ A number of Liberal members explained to me that I did not understand that it saved demurrage. I said, ‘There are no exports going out of Adelaide or Darwin.’ They said, ‘Yes, but it is imports.’ ‘How stupid of me. I hadn’t realised that we were subsidising imports.’ But nobody laughed; they did not catch the joke at all. Yes, we spent $660 million so that the Liberal Party could buy their way through the South Australian elections. That is where the $660 million went. If you want to come to my electorate, you can see how they spent some $300 million in handouts to try and get rid of me the election before last. I just say thank you. Some of them possibly should be looking at some jail time, but I simply say thank you.

I want to be very specific. Dr Bradfield, one of the greatest men in Australian history, is a man we have chosen to name an electorate after. He built the Sydney underground railway system. He built the Sydney Harbour Bridge and the Story Bridge in Brisbane. He built the University of Queensland. He built a number of the major dams in New South Wales. In fact, there were not a lot of things that were not built by JC Bradfield. He conceived the scheme to take a little tiny bit of the giant floodwaters in the super wet belt where we get drowned every year by the floods that occur. I am not saying we can solve the flood problem, but we will alleviate a tiny bit. We could bring a little bit of that water back on the great inland plain of Queensland.

The greenies fascinate me because they are people who must have studied to achieve the level of ignorance they have achieved. You would have to study to achieve that level: ‘The tiny patina of topsoil in Australia will be threatened by farming.’ The tiny patina of topsoil in my electorate is about a thousand feet deep. They say, ‘You will get salination.’ I doubt it is going to happen in my area, because our watertable is a thousand feet deep. I do not think any watertable can rise a thousand feet. It slopes towards the Gulf of Carpentaria as well. How incredibly stupid. ‘We must preserve the native flora and fauna.’ Six million hectares, an area as big as your home state, Mr Deputy Speaker Sidebottom, have vanished under the prickly acacia tree, which has destroyed all flora and fauna. Do we hear any whinges from the greenies? No. They would not be able to spell Acacia nilotica tree, let alone understand those things. But if you dug a trench and you filled Lake Eyre up with water, which would cost you about $1,200 million, not a lot of money, you would make $4,000 million a year in the salt reduction from one-tenth of that area. What a magnificent asset for this country.

We are in a financial crisis, and in America during the Great Depression they built the Tennessee Valley Authority project. Somebody should study that. If ever there was a great project in the history of the world it was that project. We do similar things in the Snowy. But unfortunately Mr Chifley, Mr Curtin and Mr Theodore were not listened to; in fact, they were voted out of office when they said that in a recession government should borrow money and spend on major public works. This government has taken the money in but there has been no spending on major public works. The biggest mineral province on earth is starved of land, of water, of rail capacity and of electricity. But if you build the Bradfield scheme and you build the ancillary water schemes in North Queensland, just three of them, then you have $14,000 million worth of ethanol production which will solve your CO2 problem because it is coming from sugarcane. There is $14,000 million for the Australian economy. The Alligator and Daley, the
Ord and Fitzroy—there is another $7,000 million. We can grow all of Australia’s petrol in northern Australia just by taking a minuscule five per cent of the land and seven per cent of the water.

The DEPUTY SPEAKER—I call the member for Makin. I think the railway that the previous speaker was referring to begins around there, doesn’t it?

Mr ZAPPIA (Makin) (12.19 pm)—Thank you, Mr Deputy Speaker. Yes, it does. It passes though the very city that I used to be the mayor of, and I can well recall the first train leaving the northern suburbs of Adelaide to go up to Darwin. It was a very significant day for South Australia.

I rise to speak in support of the Nation-building Funds Bill 2008, the COAG Reform Fund Bill 2008 and the Nation-building Funds (Consequential Amendments) Bill 2008 associated with it. I do so because the bills are important ones which I believe set the scene for some of the major infrastructure expenditure that we will see in this country, infrastructure that I believe the member for Kennedy was alluding to the need for. The bills also set the scene for a much greater level of cooperation between the federal government, the states and the territories. For those reasons they are indeed very significant bills.

When our constitution was established over 100 years ago, I am sure that it was very well intentioned by those who framed it. I am sure that they framed it with their best possible efforts in looking at what lay ahead and therefore how to best structure an arrangement between the federal government and the states. At that time, as we know, the states were six colonies and they operated independently of one another. The reality is that time has moved on. Here in Australia the states cannot continue to function in isolation as they might also have done in years gone by.

We have seen, particularly in the last 100 years or so, the range of international agreements and international frameworks that have been established by countries because they recognised the need to work together. We have to work together because we all face similar challenges. We all have common objectives about where we are trying to get to as peoples of this world. Therefore, we understand that when you face those common objectives you do have to work together. It is recognised that today, more than ever before, we do live in a global village. What happens in one country affects the social outcomes, the environment and the economy of another country.

We are seeing that on a daily basis in respect of the financial turmoil around the world. We are seeing it on a daily basis when we debate issues such as the Kyoto protocol and, here in this country, the Carbon Pollution Reduction Scheme. We know full well that that scheme will be dependent on the goodwill and the same level of commitment by other governments. In a similar way, we know that the management of our economy is also dependent on the goodwill and the good management of other economies. Not surprisingly, only in this last week we have seen the Prime Minister attend two international meetings as part of global governance of this world, which is absolutely necessary.

Here in Australia, it is even more so, in that we are no longer six colonies. We are one country. We are all Australian. The states cannot continue to operate in isolation as they might have done, and they cannot continue to compete with one another and to undermine each
other as they have done in the past. What we have seen as a result of that competition is quite often an absolute waste and duplication of resources. When one thing happens in one part of the country—and I use the example of an industry that relocates from one part of the country to another—it creates jobs in the part that it locates to but they are lost to the other part. Ultimately, we are all Australians, and ultimately those consequences have to be borne by the national government, the federal government. So it is important that we work together, because the issues facing this country are common to all Australians.

We saw that only today in the debate on the education bill, which deals with a national curriculum and assessment. Mr Deputy Speaker Sidebottom, you were one of the speakers on that bill. It is another great example of where we need to go to in order to work as one nation, because education, like every other service provided in this country, ought to be consistent wherever you go throughout the country. If that is the case, it will make everybody’s lives so much easier and it will create much better opportunities for people in this country.

That is exactly the process that these bills begin. These bills are about nation building, and they are about states working together with the Commonwealth government. For too long we have seen states working against each other and the Commonwealth playing states off against each other—quite deliberately playing one state off against the other—to disrupt the governments of the day for political purposes. We have seen that for much too long. We certainly saw it in the last decade or more of the previous coalition government, where it was convenient to play one government off against the other and it was convenient to play the Commonwealth off against the states and even the local governments.

In my previous role as Mayor of the City of Salisbury, I can well recall a report being commissioned by the federal government about the issue of cost-shifting that was occurring throughout the country, an issue that was occurring because, again, it was convenient for it to occur. It was convenient for the federal government. It was convenient for the states. It was not convenient for local government, because they did not have any say in the matter and they would pick up the pieces and the additional costs as a result, but it was convenient for the other two levels of government. That is not good government. Good government is about governing with one clear focus in mind, and that is the ultimate wellbeing of the people of this country.

One of the things that have concerned me over the years—and I am pleased to see that in recent years it is starting to be put to one side and there is a level of cooperation, even without the intervention of the federal government, amongst the state governments—is the ridiculous notion of competing with one another for businesses or for sporting entertainment. That created no good for any of the states whatsoever. Ultimately, it was causing taxpayers to subsidise the relocation or the securing of the particular event or business—I am using that as an example for the purpose of the point I am trying to make. We saw that happening quite prolifically about 10 years ago. As I said earlier, ultimately the winners are the people setting up the business or—

Mr Chester—Take back the Grand Prix. We don’t want it.

Mr ZAPPIA—The member opposite interjects about the Grand Prix. It is a classic case of what I am talking about, but I should say that it is my understanding that, since we have had the Clipsal 500 in Adelaide, the general community there is pleased that we have got that as
an alternative to the Grand Prix. My understanding is that it is drawing greater crowds than the Grand Prix.

I used that as an example of where a lot of time, effort and money goes into subsidising something that is in nobody’s interest at all. Perhaps one state picks up additional tourism value and economic activity at the expense of another—in other words, at the expense of your fellows in South Australia, in this case. I saw that happening way too often across Australia, and it is time that we ended it.

We saw it happening again with the Murray-Darling Basin, and we still see it happening every day now. In the Murray-Darling Basin, the states not agreeing with one another because they were all protecting their own interests in the water supplies that are provided by the basin has caused the crisis that we are now facing with respect to water in this country. It shows how cooperative federalism should have been commenced years and years ago.

I mentioned earlier some of the efforts of the previous federal coalition government. Again, if you look back to the record of the coalition government, you see the states being underfunded, you see education being underfunded, you see the hospitals being underfunded, you see housing being underfunded and you see infrastructure being underfunded. And then the federal government had the audacity to turn to the states and say: ‘It is the states’ fault. They are the ones who are underfunding these areas.’ Not for one minute did they accept the responsibility that they were short-changing the states by underfunding them to the tune of billions of dollars in all of those areas. Again, it was convenient politics.

The electors of Australia could and did see straight through it. After almost 12 years of the coalition government, the electors of Australia voted them out. The areas of education, hospitals, housing and infrastructure were key issues at the last election. They were election issues because people in this country knew that those areas had been underfunded and that a much higher level of funding was needed in those areas to get the services they expect out of government. They were not fooled, and they voted accordingly.

This budget responds to those very needs. It is a budget which allocates some $11 billion into the Education Investment Fund, $10 billion into the Health and Hospital Fund and around $20 billion into the Building Australia Fund. These funds were established in the first Rudd government budget. In saying that, I want to make this point: the coalition constantly tries to claim credit for the strong economy that they left the Rudd government. Because of the strong budget surpluses that we inherited, they try to take credit for the Rudd government being able to allocate these funds. They may well say that, but the first point I make is that the first Rudd budget was a budget of the Rudd government. It was the Rudd government that determined its allocations and its expenditure priorities in May. It was the Rudd budget that committed to set aside funds for these nation-building funds.

If the coalition members really believe that they left Australia in a strong economic state then why were our hospitals and health systems in crisis? Why was our education system, according to world rankings, deteriorating yearly? Why was our housing system in crisis? Why was the Murray-Darling river system in crisis? Why did we not have a broadband system that was anywhere near the standards of other countries? It was interesting that yesterday when we were debating the Aged Care Amendment (2008 Measures No. 2) Bill there were speakers from the coalition who were talking about how the aged-care sector is also in crisis. Again I ask: if the economy was so strong and the previous coalition government was doing...
such a good job, why did we have all of these crises on our hands? Why was inflation at a 16-year high? Why did we have 10 interest rate rises in a row? Clearly the economy was not as strong under the watch of the coalition as they would have us believe. They certainly did not manage what economic opportunities they had very well at all. It is all right for them to come into parliament and talk about how they left a budget surplus. You can leave a budget surplus, but when you leave all of your infrastructure run down and when you leave all of your services depleted and inadequate, that creates a massive debt for the incoming government, because all of those things need to be responded to sooner or later. The time has come when they do need to be responded to.

Services and infrastructure are key priorities of any government. The fact that the previous coalition government refused to commit real money in those areas is, I believe, a sad indictment on the previous government. If nothing else, not investing in infrastructure and not investing in improved education and health services lowers Australia’s productive capacity. It is like allowing a business to run down. If a business does not invest in research and development or plant and equipment then, while it may well save money in the short term, in the long term it will lead to the demise of that business. That is exactly what was happening to this country until the election of the Rudd Labor government.

The ability of this country to live off the back of our natural resources—an ability which the previous coalition government was entirely reliant on—cannot be guaranteed forever and a day. We need to ensure that our economy remains strong not just because we have natural resources that other countries do not but also because we can compete with other countries in every other sphere. It is my view that the Rudd government is picking up the pieces by allocating funds into these areas. It is doing so in the face of some very tough economic times caused by international factors.

It is interesting commentary coming from the coalition because, when we talk about the tough economic times that we are facing and we look at the Economic Security Strategy of the government and the decisions made by this government in response to the financial turmoil, on the one hand they want to take credit for some of those decisions but on the other hand they criticise them. On the one hand they urge this government to increase spending in different areas; on the hand they talk about the government having to maintain a budget surplus. They want more tax cuts for families but they oppose revenue raising measures. The opposition simply cannot have it both ways when it comes to managing the economy of this country and managing the budget that this government is now managing. They cannot try to take credit for the good components of the budget and then criticise other components of it.

These are bills which, as I said from the outset, get us back on track in investing in nation-building projects and investing in the projects that will ultimately lead to greater productivity in this country. It is long overdue that the Commonwealth and the state governments work as one. I am pleased to see that that process has started. I understand that there will be a Council of Australian Governments meeting in a few days time and I am sure that, as a result of that meeting, we will see other examples of cooperation agreed to between the federal government and the states. I am also very pleased to see that this federal government, as part of that process, has included local government in the responsibility that ought to be shared between all three levels of government when it comes to providing services in this country. It is about cooperation, not just between the states and the federal government; it is about cooperation be-
tween local government, the states and the federal government, because they all have a role to play in the provision of the very services that these funds, which have been allocated under the first Rudd budget, will be used for. I commend the bills to the House and compliment the Treasurer and the other ministers that were involved in establishing this framework, which I believe secures the future of our country.

Mr SLIPPER (Fisher) (12.37 pm)—It is interesting that the previous speaker congratulated the Treasurer and the government on what they have done to help bring about the funds made available under these bills—the Nation-building Funds Bill 2008, the Nation-building Funds (Consequential Amendments) Bill 2008 and the COAG Reform Fund Bill 2008. The reality is that this government, elected on 24 November last year, has not actually provided any of the funds with respect to the spending included in these bills. Every single dollar allocated to the funds has been provided from the surpluses of the previous Liberal-National government—

Ms Hall—It is only taxpayers’ money.

Mr SLIPPER—and the Rudd government will not have sufficient fiscal surpluses to contribute any significant extra dollars to these funds in 2009-10. The honourable member for Shortland sought to interject but she did not articulate her interjection particularly well, and as much as I would like to respond to it, as I did not know what she said, I am therefore unable to do so. No discourtesy intended, Madam Deputy Speaker. Despite the financial crisis that grips the nation and the world at present, there is an ongoing need for the provision of services such as infrastructure, education and health. Interestingly enough, when the founding fathers drew up the Constitution more than a century ago, they allocated certain responsibilities to the newly formed national government, with all remaining responsibilities staying with the colonies, which became states following Federation.

Unfortunately, over the years, the states had plenty of responsibilities but not the financial wherewithal to carry out those responsibilities, and it was the former Liberal-National government, through the introduction of the GST—every last cent of which is paid to the states—that returned to the states the ability to meet their constitutional obligations. Despite that, the states seem to be hooked on the concept of constantly running to the federal government of the day, cap in hand, seeking additional funds. Even though the GST was intended to provide the states with the necessary money to improve their education systems, their road systems and health, unfortunately the states have failed their communities, and it is therefore necessary for the Australian government to top up spending to make sure that vital infrastructure needed by the Australian community in 2008 is provided and available.

One of the problems we have as a nation is that we have a huge landmass and a relatively small population. That means that the infrastructure which is taken for granted in places like Europe, where there is a very small area and a high population, simply is not always able to be delivered. However, having said that, I also say that infrastructure is absolutely essential and it is important that the government look closely at what it is able to do, because the Australian people do deserve an ongoing dividend for the sound economic management of the country between 1996 and 2007 by the former Liberal-National government.

The bills before the chamber allocate funds towards the establishment of three asset funds. In fact, there is an allocation of $26.3 billion towards the establishment of the three new asset funds and the allocation of funds to ensure the efficient provision of services which are much
needed. While on the surface it does seem to be a sensible development, the funding amount fails to meet the government’s own announcement that the asset funds would include some $41 billion by July 2009. Without the provision of infrastructure that helps deliver the physical environment to ensure that business and the community are able to operate effectively and efficiently, progress and prosperity are stunted. Equally, the provision of quality education and health services effectively supports the human assets that deliver the physical and intellectual labour that is the impetus behind progress, achievement and therefore prosperity. The bills carry with them some confusion as to whether money is available to at least launch the three new funds with the amounts promised in the budget in May. There is also the issue that some suggest the true demand for new infrastructure in Australia will be somewhere around $130 billion, which suggests that these three funds will fall well short of the mark when it actually comes to funding the nation-building infrastructure required. This again raises the question of whether Labor has launched this program in a genuine effort to build Australia’s prosperity or only to generate what it hopes will be media coverage that puts the government in a positive light. This bill effectively creates additional government compartments and therefore more bureaucracy.

The funds are to be known by the somewhat dry terms of the BAF, the EIF and the HHF—or the Building Australia Fund, the Education Investment Fund and the Health and Hospitals Fund. Key areas of responsibility for the BAF will be those items that come under the descriptive umbrella of transport infrastructure, such as ports, improved and new roads and rail, and urban transport; communications infrastructure, specifically broadband; and infrastructure in the areas of energy generation and water provision, at an overall cost of $12.6 billion. The Education Investment fund, established with $8.7 billion, will provide for the administration of funds for new infrastructure at universities and other training institutions, including TAFE colleges. The Health and Hospitals Fund will be launched with $5 billion to drive spending and new investment in hospital infrastructure, refurbishments and medical technology and facilities for major research. The three financial assets funds will be launched from 1 January with a proportion of the launch funds, some $15 million, allocated from the 2007-08 surplus: $7.5 billion from the surplus will go to the Building Australia Fund, $2.5 billion to the Education Investment Fund and $5 billion to the Health and Hospitals Fund.

I just want to briefly correct some assertions made from time to time by members of the government party. I pointed out previously that every single dollar allocated to the funds has been provided from the surpluses of the former Liberal-National government. Also, notwithstanding what the government has claimed, the Liberal-National opposition have never said that we will block any infrastructure legislation. We are on the record as being strong believers in infrastructure and we do have a very, very good record of investing $38 billion in infrastructure through AusLink 1 and AusLink 2 alone. The Liberal-National opposition do call for transparency in the workings and analysis undertaken in relation to all competing projects. The opposition want full disclosure of the results of the cost-benefit analysis for projects recommended and those rejected, including all data, assumptions and models used. It does mean full transparency of private-public partnership contracts.

The Rudd government can start to reassure the public by confirming that all of the activities of Infrastructure Australia and the advisory boards are fully transparent. Also, it ought to be noted that the first major infrastructure proposal of the new government, the computers in...
schools program, is already failing, with states running away from the project. The lack of a whole-of-life assessment of the cost of this project has meant that additional capital and recurrent costs two to three times the initial cost were not factored into the rollout of the program. Also, very great scrutiny will have to be placed upon the Rudd government infrastructure programs, given the dismal history, over many years, of failure on the part of state Labor governments. Birds of a feather flock together, and the community will be looking very closely at the infrastructure programs of this government.

The funds and the accompanying infrastructure projects they will fund will not represent a timely response to the global financial crisis or address concerns about a slowing Australian economy. Many projects will take years to bring to fruition, and obviously there must be consultation with the Australian people. The government has been referring to these funds as long term, but there needs to be a focus on laying the foundations for the future, the long-term future. This is particularly important in our high-growth areas such as the Sunshine Coast, which I am privileged to represent in the Australian parliament. Most people in the community understand that infrastructure does take time to design, to build and to plan, and all of that hinges on first-class planning.

If the Commonwealth’s plan is delivered in haste and for the wrong reasons, it is likely to result in a number of white elephants, and the community will certainly hold the government to account for this. It is important to recognise that increasingly the Australian government does have a role to play in nation building. It really ought to be a matter for the states, but the states have failed the Australian community and so it is necessary for federal governments, regardless of their political colour, to step in and do the sorts of things that states are neglecting. Undoubtedly Australia needs new infrastructure to help it climb out of the current financial crisis and plan for the future. I am pleased to be able to support these bills, with the caveats that I outlined in my contribution.

Mr NEUMANN (Blair) (12.49 pm)—On 13 May this year, in the Treasurer’s budget speech, he outlined to the House that the Rudd Labor government would establish three funds: the Building Australia Fund, which would receive an initial allocation of $20 billion; the Health and Hospitals Fund, which would finance health infrastructure with key priorities including expenditure on hospitals, medical technology equipment and medical research facilities and projects, and that would receive an allocation of $10 million. That was about reversing the decline in public funding for the health and hospital system in Australia which happened under the Howard government and which the Australian Institute of Health and Welfare so eloquently and categorically set forth in their report in about October last year. Also a third fund was established, the Education Investment Fund, which would finance capital investment in higher education and vocational education and training. That received an initial allocation of $11 billion, including $6 billion from the Higher Education Endowment Fund.

The Treasurer set out very clearly what the Rudd Labor government was about. It was about nation building for our future—a new age for Australia’s long-term infrastructure needs in terms of roads, rail, ports, high-speed broadband, schools, TAFE colleges and also hospitals and medical facilities. These particular funds will make a big impact in my electorate and would have made a big impact in my electorate if the Howard coalition government had had the foresight to establish similar funds.
The Prime Minister said that we would bring forward the establishment of these funds and interim reports on infrastructure projects by early December 2008. The government has already committed $26 billion for future capital investment in infrastructure, higher and vocational education and health, and that is about reinvigorating the economy. It is about modernising our infrastructure, making sure our schools, both private and public, and our hospitals and medical facilities are of 21st century standard.

I was pleased when the government established Infrastructure Australia, an independent statutory council, and appointed Sir Rod Eddington to look into and supervise our infrastructure reforms and to make recommendations in relation to policy in specific projects. We did have, of course, that 1,200-page report from the ANAO which talked about how the Regional Partnerships program was rorted under the previous coalition government. What we need is an independent body to consider the adequacy, capacity, conditions and merits of applications to improve infrastructure funding sought by councils, by states and by other bodies. I am pleased that we are establishing an infrastructure audit which we have called the national infrastructure audit. We are establishing a priority list to guide investment, both public and private, and, of course, to guide policy decisions which are made by governments at all levels but particularly by the Australian national government.

If the Building Australia Fund had been established some years ago it would have recommended some tremendous changes in terms of infrastructure in South-East Queensland, where my electorate of Blair is located. Every day I see, and the people in my electorate see, the failure of the Howard government with respect to road infrastructure in the local area. We only have to look at the fact that Ipswich Motorway should have been upgraded, should have been widened and should have had service roads upon it. None of that was done by the Howard coalition government—and my predecessor opposed it being done. Ipswich Motorway is a clear demonstration of why the Building Australia Fund is so necessary and so important, as are the Warrego Highway and the Cunningham Highway.

Recently I had cause to meet with Mr Warren Pitt, the Queensland Minister for Main Roads and Local Government, and discuss with him the state of those highways. Mr Pitt outlined to me the failures of the coalition government with respect to money which was allocated for the maintenance and improvement of those roads. We have reversed decisions in relation to funding for the Warrego Highway so that there is sufficient money being allocated by the federal government to improve and maintain roads which are really part of the national highway system, such as the Warrego Highway. When you consider what Infrastructure Australia might have recommended if it had existed or what might have happened if money had been available under the Building Australia Fund—a fund which had been established during that time—you can imagine what a difference it might have made for the 100,000 people in my electorate who use the Ipswich Motorway and other roads every day of their lives.

The Education Investment Fund is also being established. That will finance capital improvements in higher education and vocational education and training. That will make a big difference in my electorate. One of the big projects in my electorate which I am hopeful will be funded under the EIF is a project which the University of Queensland is undertaking. There are two University of Queensland campuses within my electorate—the Ipswich campus, which has a particular focus on health and health research, and the Gatton campus, which has a focus on agriculture, horticulture and veterinary science. The University of Queensland
has a vet school located in St Lucia, which seems to be a strange place to have a vet school. But the school needs to maintain American and UK standards for accreditation so that the vets who go through that school are able to practice across the Americas and across the whole of Europe, so it needs a world-class facility in South-East Queensland which is up to standard.

The University of Queensland, in their wisdom, have decided that it is appropriate to locate the new School of Veterinary Science at their Gatton campus and have submitted an application for funding under the old Higher Education Endowment Fund, which of course has been subsumed into the Education Investment Fund. I am pleased that they got through stage 1 and they are now at stage 2. I have had meetings with Trevor Grigg, Deputy Vice-Chancellor International and Development, and recently met with Professor Roger Swift at Gatton to discuss how the project is going. The grant application that has been submitted is for $47.2 million towards the $95.8 million required to construct new facilities for the School of Veterinary Science at the University of Queensland Gatton campus.

This is the sort of project which I hope will make a big difference, and it should receive funding in this regard. It is about establishing a centre for advanced animal science and other existing animal production and research facilities. This will be done in collaboration with the CSIRO, the Queensland Department of Primary Industries and Fisheries and leading national and international scientists. This will create what the experts tell me will be the pre-eminent animal science and health facility in Australia. It deserves funding: it deserves to get to the final stage and be funded. It will make a difference not just in my electorate, not just in South-East Queensland and not just in Queensland but also across Australia and internationally. It will obviously be dedicated to protecting the health and welfare of animals and to enhancing the productivity of the Australian livestock industry and will of course improve our nation’s biosecurity. So I am really advocating strongly that this particular facility receive funding.

The proposal involves three new buildings and a major renovation of the existing buildings on the site to provide modern infrastructure and resources. As I said, these new facilities are required to ensure the school meets national and international accreditation standards and maintains what historically has been its outstanding international teaching and research reputation. So I commend the project to the fund. I think it deserves funding and I certainly will be advocating strongly as the federal member for Blair that that particular project continue and receive federal funding. I have spoken to Steve Jones, Mayor of the Lockyer Valley Regional Council, about this particular project. I think it deserves funding.

I will finish very shortly, and I want to finish on this particular note. We have in the Lockyer Valley a need for a teaching hospital which unites the two small hospitals of Laidley and Gatton. I was on the local health council for many years and I have visited those facilities. Amalgamating those two facilities would be the sort of project that deserves funding under the Health and Hospitals Fund.

Finally I have to say, in terms of our infrastructure, that the national broadband network is vital for my area. The government investment of up to $4.7 billion will make a big difference, because tragically the Howard government, under their fixed wireless type proposal, did not take into consideration the fact that we actually have hills and valleys in the federal electorate of Blair. I got a map from Geoscience Australia to have a look at. It might surprise those opposite to learn that most of Ipswich did not get the kind of coverage of broadband that is nec-
necessary. That is a major provincial city in South-East Queensland. A lot of the Lockyer Valley and a lot of the Fassifern Valley were not covered.

This funding under this investment will make a huge difference in my electorate. I thank the federal government for the commitment they have made to infrastructure in my area such as the Ipswich Motorway and other projects. I urge them to fund the relocation of the school of veterinary sciences to the Gatton campus and to bring broadband to the Lockyer Valley in its entirety, to the Fassifern Valley and to the city of Ipswich. That will make a big difference to the kids of Ipswich, the businesses of Ipswich and the people of Ipswich. I commend these bills—the Nation-building Funds Bill 2008, the Nation-building Funds (Consequential Amendments) Bill 2008 and the COAG Reform Fund Bill 2008—to the House.

Ms HALL (Shortland) (1.04 pm)—I move:

That further proceedings on the bill, on the Nation-building Funds (Consequential Amendments) Bill 2008 and on the COAG Reform Fund Bill 2008, be conducted in the House.

Question agreed to.

Main Committee adjourned at 1.04 pm