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SITTING DAYS—2009

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FORTY-SECOND PARLIAMENT
FIRST SESSION—FOURTH 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. Christopher Maurice Pyne MP
Deputy Manager of Opposition Business—Mr Luke Hartsuyker MP

Party Leaders and Whips

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

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

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

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## Members of the House of Representatives

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</table>
Members of the House of Representatives

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<thead>
<tr>
<th>Members</th>
<th>Division</th>
<th>Party</th>
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<tbody>
<tr>
<td>Washer, Malcolm James</td>
<td>Moore, WA</td>
<td>LP</td>
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<tr>
<td>Windsor, Anthony Harold Curties</td>
<td>New England, NSW</td>
<td>Ind</td>
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<tr>
<td>Wood, Jason Peter</td>
<td>La Trobe, Vic</td>
<td>LP</td>
</tr>
<tr>
<td>Zappia, Tony</td>
<td>Makin, SA</td>
<td>ALP</td>
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</tbody>
</table>

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

[The above ministers constitute the cabinet]
<table>
<thead>
<tr>
<th>Position</th>
<th>Minister</th>
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<tbody>
<tr>
<td>Minister for Home Affairs</td>
<td>Hon. Bob Debus MP</td>
</tr>
<tr>
<td>Assistant Treasurer and Minister for Competition Policy and</td>
<td>Hon. Chris Bowen MP</td>
</tr>
<tr>
<td>Consumer Affairs</td>
<td></td>
</tr>
<tr>
<td>Minister for Veterans’ Affairs</td>
<td>Hon. Alan Griffin MP</td>
</tr>
<tr>
<td>Minister for Housing and Minister for the Status of Women</td>
<td>Hon. Tanya Plibersek MP</td>
</tr>
<tr>
<td>Minister for Employment Participation</td>
<td>Hon. Brendan O’Connor MP</td>
</tr>
<tr>
<td>Minister for Defence Science and Personnel</td>
<td>Hon. Warren Snowdon MP</td>
</tr>
<tr>
<td>Minister for Small Business, Independent Contractors and the Service</td>
<td>Hon. Dr Craig Emerson MP</td>
</tr>
<tr>
<td>Economy and Minister Assisting the Finance Minister on Deregulation</td>
<td></td>
</tr>
<tr>
<td>Minister for Superannuation and Corporate Law</td>
<td>Senator Hon. Nick Sherry</td>
</tr>
<tr>
<td>Minister for Ageing</td>
<td>Hon. Justine Elliot MP</td>
</tr>
<tr>
<td>Minister for Youth and Minister for Sport</td>
<td>Hon. Kate Ellis MP</td>
</tr>
<tr>
<td>Parliamentary Secretary for Early Childhood Education and Childcare</td>
<td>Hon. Maxine McKew MP</td>
</tr>
<tr>
<td>Parliamentary Secretary for Climate Change</td>
<td>Hon. Greg Combet AM, MP</td>
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<tr>
<td>Parliamentary Secretary for Defence Support and parliamentary</td>
<td>Hon. Dr Mike Kelly AM, MP</td>
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<tr>
<td>Secretary for Water</td>
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<tr>
<td>Parliamentary Secretary for Regional Development and Northern Australia</td>
<td>Hon. Gary Gray AO, MP</td>
</tr>
<tr>
<td>Parliamentary Secretary for Disabilities and Children’s Services and</td>
<td>Hon. Bill Shorten MP</td>
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<tr>
<td>Parliamentary Secretary for Victorian Bushfire Reconstruction</td>
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<tr>
<td>Parliamentary Secretary for International Development Assistance</td>
<td>Hon. Bob McMullan MP</td>
</tr>
<tr>
<td>Parliamentary Secretary for Pacific Island Affairs</td>
<td>Hon. Duncan Kerr MP</td>
</tr>
<tr>
<td>Parliamentary Secretary to the Prime Minister and parliamentary</td>
<td>Hon. Anthony Byrne MP</td>
</tr>
<tr>
<td>Secretary for Trade</td>
<td></td>
</tr>
<tr>
<td>Parliamentary Secretary for Social Inclusion and parliamentary</td>
<td>Senator Hon. Ursula Stephens</td>
</tr>
<tr>
<td>Secretary for the Voluntary Sector</td>
<td></td>
</tr>
<tr>
<td>Parliamentary Secretary to the Minister for Health and Ageing</td>
<td>Senator Hon. Jan McLucas</td>
</tr>
<tr>
<td>Parliamentary Secretary for Multicultural Affairs and Settlement Services</td>
<td>Hon. Laurie Ferguson MP</td>
</tr>
<tr>
<td>Parliamentary Secretary for Government Service Delivery</td>
<td>Senator Hon. Mark Arbib</td>
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</tbody>
</table>
SHADOW MINISTRY

Leader of the Opposition
Shadow Minister for Foreign Affairs and Deputy Leader of the Opposition
Shadow Minister for Trade, Transport, Regional Development and Local Government and Leader of The Nationals
Shadow Minister for Broadband, Communications and the Digital Economy and Leader of the Opposition in the Senate
Shadow Minister for Innovation, Industry, Science and Research and Deputy Leader of the Opposition in the Senate
Shadow Treasurer
Shadow Minister for Education, Apprenticeships and Training and Manager of Opposition Business in the House
Shadow Minister for Infrastructure and COAG and Shadow Minister Assisting the Leader on Emissions Trading Design
Shadow Minister for Finance, Competition Policy and Deregulation
Shadow Minister for Human Services and Deputy Leader of The Nationals
Shadow Minister for Energy and Resources
Shadow Minister for Families, Housing, Community Services and Indigenous Affairs
Shadow Special Minister of State and Shadow Cabinet Secretary
Shadow Minister for Climate Change, Environment and Water
Shadow Minister for Health and Ageing
Shadow Minister for Defence
Shadow Attorney-General
Shadow Minister for Agriculture, Fisheries and Forestry
Shadow Minister for Employment and Workplace Relations
Shadow Minister for Immigration and Citizenship
Shadow Minister for Small Business, Independent Contractors, Tourism and the Arts

The Hon Malcolm Turnbull MP
The Hon Julie Bishop MP
The Hon Warren Truss MP
Senator the Hon Nick Minchin
Senator the Hon Eric Abetz
The Hon Joe Hockey MP
The Hon Christopher Pyne MP
The Hon Andrew Robb AO, MP
Senator the Hon Helen Coonan
Senator the Hon Nigel Scullion
The Hon Ian Macfarlane MP
The Hon Tony Abbott MP
Senator the Hon Michael Ronaldson
The Hon Greg Hunt MP
The Hon Peter Dutton MP
Senator the Hon David Johnston
Senator the Hon George Brandis SC
The Hon John Cobb MP
Mr Michael Keenan MP
The Hon Dr Sharman Stone
Mr Steven Ciobo

[The above constitute the shadow cabinet]
<table>
<thead>
<tr>
<th>Position</th>
<th>Member</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shadow Minister for Financial Services, Superannuation and Corporate Law</td>
<td>The Hon Chris Pearce MP</td>
</tr>
<tr>
<td>Shadow Assistant Treasurer</td>
<td>The Hon Tony Smith MP</td>
</tr>
<tr>
<td>Shadow Minister for Sustainable Development and Cities</td>
<td>The Hon Bruce Billson MP</td>
</tr>
<tr>
<td>Shadow Minister for Competition Policy and Consumer Affairs and Deputy Manager of Opposition Business in the House</td>
<td>Mr Luke Hartsuyker MP</td>
</tr>
<tr>
<td>Shadow Minister for Housing and Local Government</td>
<td>Mr Scott Morrison</td>
</tr>
<tr>
<td>Shadow Minister for Ageing</td>
<td>Mrs Margaret May MP</td>
</tr>
<tr>
<td>Shadow Minister for Defence Science and Personnel and Assisting Shadow Minister for Defence</td>
<td>The Hon Bob Baldwin MP</td>
</tr>
<tr>
<td>Shadow Minister for Veterans’ Affairs</td>
<td>Mrs Louise Markus MP</td>
</tr>
<tr>
<td>Shadow Minister for Early Childhood Education, Childcare, Status of Women and Youth</td>
<td>Mrs Sophie Mirabella MP</td>
</tr>
<tr>
<td>Shadow Minister for Justice and Customs</td>
<td>The Hon Sussan Ley MP</td>
</tr>
<tr>
<td>Shadow Minister for Employment Participation, Training and Sport</td>
<td>Dr Andrew Southcott MP</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Northern Australia</td>
<td>Senator the Hon Ian Macdonald</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Roads and Transport</td>
<td>Mr Don Randall MP</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Regional Development</td>
<td>Mr John Forrest MP</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for International Development Assistance and Shadow Parliamentary Secretary for Indigenous Affairs</td>
<td>Senator Marise Payne</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Energy and Resources</td>
<td>Mr Barry Haase MP</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Disabilities, Carers and the Voluntary Sector</td>
<td>Senator Mitch Fifield</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Water Resources and Conservation</td>
<td>Mr Mark Coulton MP</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Health Administration</td>
<td>Senator Mathias Cormann</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Defence</td>
<td>The Hon Peter Lindsay MP</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Education</td>
<td>Senator the Hon Brett Mason</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Justice and Public Security</td>
<td>Mr Jason Wood MP</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Agriculture, Fisheries and Forestry</td>
<td>Senator the Hon Richard Colbeck</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Immigration and Citizenship and Shadow Parliamentary Secretary Assisting the Leader in the Senate</td>
<td>Senator Concetta Fierravanti-Wells</td>
</tr>
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The SPEAKER (Mr Harry Jenkins) took the chair at 9 am and read prayers.

DELEGATION REPORTS

Australian Parliamentary Delegation to Singapore and Indonesia

The SPEAKER (9.00 am)—For the information of honourable members, I present the report of the Australian parliamentary delegation to Singapore and Indonesia, 28 October to 8 November 2008.

In commencing my remarks, I extend my sincere thanks to my fellow delegation members: the deputy leader of the delegation, the member for Mackellar, the Hon. Bronwyn Bishop; the shadow minister for immigration and citizenship, the member for Murray, the Hon. Dr Sharman Stone; the member for Newcastle and chair of the public accounts committee, Ms Sharon Grierson; and the member for Blair, Mr Shayne Neumann. All delegates were enthusiastic participants in the visit, and each contributed significantly to the purpose of the delegation visit in a spirit of bipartisanship and goodwill. I thank them all for their contribution.

The bilateral visit to Singapore formed the first leg of our journey, from 28 October to 1 November. The warm reception received from the parliament and government of Singapore left us in no doubt as to the continuing strength of our relationship with this very important regional partner, and the visit provided an excellent opportunity to renew and reinforce these ties at all levels. Discussions with the Singaporean ministers and officials addressed topics of great relevance and timeliness, including water resource management, industrial relations, defence and security, scientific research and development, air services and the global financial crisis. Delegates found the frank and informative discussions on the financial crisis with representatives of the Monetary Authority of Singapore to be of particular benefit, while all were impressed by Singapore's innovative and highly coordinated approach to water supply and management. While in Singapore, the delegation visited Kranji War Cemetery, where over 2,500 Australian war dead are buried or commemorated. Delegates laid a wreath at the Singapore Memorial in honour of those who lost their lives. All were moved by the stark beauty of the site and by the great sacrifice made by men and women of all ages and nationalities in the defence of our region.

The delegation’s visit to Indonesia began with a friendly Sunday soccer match in Jakarta between staff of the Australian embassy and a team from the local newspaper Rakyat Merdeka. Delegates were ably represented on the field by the member for Blair, who, being a Queenslander, was prepared to brave the tropical heat and soaring humidity. Despite his best efforts, however, Rakyat Merdeka ultimately triumphed—four goals to three. During its time in Jakarta, the delegation was very cordially received by the President of the Republic of Indonesia, His Excellency Dr Susilo Bambang Yudhoyono and the Vice President, His Excellency Jusuf Kalla. Discussions with the head of state and his deputy addressed a range of topics of bilateral significance, including efforts to combat climate change and the important role played by parliaments in maintaining strong connections between countries. Valuable talks were also held with Indonesian foreign minister, Dr Hassan Wirajuda. The delegation also attended the 20th anniversary of the Australia-Indonesia Institute at which foreign minister Wirajuda made the key speech acknowledging the valuable work done by the institute in building the relationships between our two countries.
At a parliamentary level, the delegation had informative discussions with the three speakers of the Indonesian parliament and with members of the Committee for Inter-Parliamentary Cooperation of the House of Representatives of the Republic of Indonesia. This was a valuable opportunity to learn about the Indonesian parliamentary system and to discuss the many elements of parliamentary life shared with our Indonesian counterparts. Delegates who had previously visited Indonesia noted that the relationship had strengthened significantly in recent years—a view shared by a number of our hosts. Australia’s assistance to Indonesia in the wake of the 2004 tsunami and the losses suffered by both nations as a consequence of the 2002 Bali bombings were identified as factors that had served to deepen the friendship through shared awareness of tragedy. The very ability to raise and discuss difficult topics, such as the execution of the Bali bombers and Australia’s travel advisory in relation to Indonesia, was in itself seen as a positive aspect of the relationship.

The final leg of the delegation’s journey took us to the province of Central Kalimantan in Borneo, where we were able to take a firsthand look at some of the outstanding work being done under bilateral initiatives such as the Indonesia-Australia Forest Carbon Partnership and the Australia-Indonesia Basic Education Program. The delegation was impressed by the excellent flagship rehabilitation work being carried out in an area of previously cleared peatland forest in Sebangau National Park and by the labour of love being undertaken by the Borneo Orangutan Survival Foundation, which is reintroducing captive and orphaned orangutans to the wild. The chance to attend the official opening of Katingan Hilir 5 Junior Secondary School in the village of Kasongan Lama was a highlight of our visit. The new public school, constructed under the Australia-Indonesia Basic Education Program, can accommodate up to 240 students. It significantly enhances the educational opportunities for less well-off children in the Katingan District, which has had a lower-than-national-average secondary school enrolment rate.

In closing, on behalf of the delegation, I wish to thank the Speaker of the Parliament of Singapore, Mr Abdullah Tarmugi, and his staff; the speakers of the Parliament of Indonesia, Dr M Hidayat Nur Wahid of the MPR and his staff, Mr HR Agung Laksono of the DPR, and Dr Ginandjar Kartasasmita of the DPD. I would also like to thank Mr Doug Chester, Australian High Commissioner to Singapore, and his staff, including Dr Lucinda Bell; Mr Bill Farmer, Australian Ambassador to Indonesia, and his staff, in particular Dr Stephen Barraclough, Jeffie Cane and Emma Wilson; the delegation secretary, Ms Vivienne Courto; Fiona Way from the PRO; and our AFP liaison agent, Wayne Smith. On a personal note, I would like to thank my senior adviser, Christopher Pater-son, for his guidance.

I commend the report to the House.

Dr STONE (Murray) (9.07 am)—by leave—I rise to add my comments to those of the Speaker, as one of the delegates on the official parliamentary delegation to Singapore and Indonesia from 28 October to 8 November last year. The overall impression left by this time away was that our near neighbours share very common concerns with us in Australia and that this regular face-to-face communication between the government members of Singapore, Indonesia and Australia and also their senior officials is important. We were treated with great friendship and respect wherever we went. We really do appreciate the hospitality that was extended to us. At all times we felt that we were working together in a region of the
world which is very challenged by climate change, by ecosystems under great stress and by the issues of urban congestion, traffic, water needs and the like. At all times our exchanges were friendly and frank, with no topics out of order and with everybody willing to explore and talk about issues that others might imagine are too delicate to even address.

In Indonesia, we travelled to central Kalimantan to observe the enormous challenges of rehabilitating burnt and drained peat based rainforest zones. This is an enormous area. It has been described as the ‘lungs of the world’, and it is under challenge regularly from fires. We are pleased that Australia has been providing some funding not only to try to help rehabilitate this area but also for technology, information and intelligence transfer. This journey away from Java, to a region far from the Indonesian capital, and to one of the most remote of the Dayak villages, also gave us a unique appreciation of the challenges of the distances in Indonesia. The tyranny of distance is often described as an Australian challenge alone, but it is also very much a challenge for Indonesia. They have to provide employment, health and education services to places where, in this case, only boat access is possible. When we reached this village, the Speaker participated in ceremonies and services in ways which were very much appreciated by the village headman. The hospitality extended to the Australians at that Dayak village left us with a lasting impression of shared humanity and a shared interest in the basics of life—access to education, health, good food and a healthy ecosystem.

The delegation allowed us to meet with like-minded, recently elected and veteran members of parliament and the parliamentary leadership in both countries. We were, as the Speaker has said, particularly honoured to meet with the President of Indonesia, His Excellency Dr Susilo Bambang Yudhoyono and Vice President, His Excellency Jusuf Kalla. Meeting with the speakers and deputy speakers of both countries’ parliaments was also a great honour.

An objective of the delegation was to renew links between Australia and Indonesia and Australia and Singapore, and their national parliaments in particular. We also aimed to gain an appreciation of contemporary political, economic and social issues, to review the bilateral relationships between Australia and Singapore and Australia and Indonesia with a view to furthering growth in trade and investment with Singapore and, finally, to gain a greater appreciation of the strategies being adopted by Singapore and Indonesia in dealing with the global economic situation. In Singapore, we also focused on their sustainable potable water strategy—an issue that challenges us in most of our capital cities—and in Indonesia, as I said, we gained an insight into the work of AusAID and some NGOs in relation to providing new schools in needy areas and also the peatland rehabilitation in Kalimantan.

Singapore is Australia’s largest trade and investment partner in ASEAN and our fifth largest trading partner globally. More than 1,300 Australian companies are operating in Singapore, and our investment in Singapore is approximately A$17 billion. My youngest daughter and her family are now resident in Singapore, and I have been there very recently. I am in awe of how they are managing, despite the global downturn, to keep confidence in their business sector and to work actively and positively towards their downturn being very short. Singapore is committed to maintaining regional political and economic security and enjoys access to Australian military training and land and base facilities for exercising. This has helped to forge close strategic and long-lasting relationships. This was discussed in detail with
our Singaporean counterparts. Of particular interest to me were the industrial relations and man-management issues relevant to the one million guest workers who are a feature of Singapore’s construction, outdoor maintenance, and domestic and childcare sectors. Given that Australia has just initiated its first pilot of a guest worker program, Singapore’s experience was very informative and relevant to us.

Singapore, as a small city nation, has also been challenged to capture and recycle its population’s water needs. While the technology to treat sewage to potable standards is not new, the way that Singapore has debunked preconceptions about the desirability of mixing treated effluent in their reservoirs and making it a very clean, sustainable potable supply provides, I think, a lesson for the rest of the world, particularly for Australia. The education of their school population about the need for them to recycle and use all of their water was very interesting and gave us valuable lessons about how we need to progress in Australia with using recycled water for potable needs as well as industrial use.

In Indonesia, we travelled from the capital, Jakarta, to central Borneo, or Kalimantan, and we were able to share in the joy of opening a new school, funded by the Australia-Indonesia Basic Education Program. The opening of any school is a joy—but particularly so when it is in outback Kalimantan. It was a special privilege to be there and to see the facilities. These are facilities which in Australia would still be considered very basic; however, with the students’ willingness to learn and teachers who are totally committed, there is no doubt that the education outcomes of that school will be excellent. I think all Australians should be proud that that program is continuing.

Our Indonesian counterparts did not hold back their concerns about Australia’s travel advisories and the fact that they continue to be in place in relation to travel in Indonesia. They were concerned about their continuing impact and that some tourists do not look beyond the official advice. In the case of the education program, it meant that there was less capacity for teacher exchanges, or indeed student exchanges, between Australia and Indonesia. I know this is a work in progress in our government’s ongoing diplomatic work with Indonesia.

I also want to talk briefly about the challenging work involved in the peatlands, or what were tropical rainforests, in what they like to call the ‘lungs of the world’ in Kalimantan. It is distressing to see that recent pressures with palm oil prices have led the Indonesian government to rethink some of their targets for the further clearing of rainforest in this area—this has been reported in the last few days. We were hugely encouraged by the efforts of the locals and our AusAID funded NGOs, who were trying to find new ways to deal with the ongoing draining of these peatlands—the draining which has led to the drying out of the peat which in turn has led to its great vulnerability to fire.

I also have to say that the orphaned orangutans tore at our heartstrings. We could all have taken them home. There were about 500 or 600 of them. They are a challenge to rehabilitate in what remains of the forest there.

I left that delegation with a renewed understanding of how important our cross-party relationships are. As Labor and Liberal members of that delegation and with the Speaker as our leader, we worked absolutely as a team. We were committed together to building these relationships. I think that is always a very important part of such delega-
tions, and one that worked particularly well on our delegation to Indonesia and Singapore. I want to thank our Speaker, who was a superb leader who often had to participate in ceremonies which were very foreign to him, in Dayak villages and other places involving eggs and assorted other activities—anthropologically, very interesting! He did us proud. I know we left both Indonesia and Singapore with mutual respect and a greater understanding as a result of this delegation. I seek leave to move a motion in relation to the report.

Leave granted.

**Dr STONE**—I move:

That the House take note of the report.

Question agreed to.

Report: Referral to Main Committee

**Dr STONE** (Murray) (9.17 am)—I move:

That the order of the day be referred to the Main Committee for debate.

Question agreed to.

**TELECOMMUNICATIONS AMENDMENT (INTEGRATED PUBLIC NUMBER DATABASE) BILL 2009**

Consideration of Senate Message

Bill returned from the Senate with amendments.

Ordered that the amendments be considered immediately.

**Senate’s amendments**—

(1) Schedule 1, item 2, page 4 (line 15), after “a person”, insert “(the discloser)”.

(2) Schedule 1, item 2, page 4 (lines 22 to 28), omit paragraph 285A(1)(c), substitute:

(c) the emergency management person has given the discloser a written notice stating that the disclosure is for the purpose of the information, or the contents of the document, being later used or disclosed for either or both of the following:

(i) for a purpose connected with persons being alerted to an emergency or a likely emergency;

(ii) for the purpose of reasonable testing of whether, in the event of an emergency occurring, persons would be able to be alerted to that emergency.

(3) Schedule 1, item 2, page 4 (after line 28), after subsection 285A(1), insert:

(1A) A notice given as mentioned in paragraph (1)(c) may cover one or more disclosures (including each disclosure in a series of disclosures under an arrangement between the discloser and the emergency management person).

(1B) A notice given as mentioned in paragraph (1)(c) is not a legislative instrument.

**Mr ALBANESE** (Grayndler—Leader of the House) (9.18 am)—I move:

That the amendments be agreed to.

The Minister for Broadband, Communications and the Digital Economy introduced amendments in the Senate in relation to the bill yesterday, and these amendments were passed by the Senate. The proposed government amendments will make minor changes to the bill to strengthen the protections on the disclosure of information from the IPND. They will require specified emergency management persons to give a written notice to the discloser of IPND information—currently Telstra, as the IPND manager—stating that they will use or disclose the information only for emergency warning purposes. The written notice approach provided in the proposed government amendment will provide confidence to the IPND manager—Telstra, at the moment—that it may disclose IPND information to a prescribed emergency management person. This greater certainty is likely to speed the release of IPND data as well as to provide greater protection that it is being provided to the right person. This ap-
proach will also reduce the need for the IPND manager to expend time verifying the legitimacy of a request for IPND data in an emergency.

The written notice process in the proposed government amendments has been tailored to fit with the existing provisions in the bill and to minimise potential delays to the release of IPND data in an emergency. The proposed government amendments will also add a clause to clarify that a single written notice will be able to cover a series of disclosures. This will allow an emergency management person to receive regular updates of IPND information. This arrangement is similar to arrangements currently in place that allow copies of the IPND to be used for 000 and law enforcement purposes. I commend these government amendments to the House.

Mr BILLSON (Dunkley) (9.21 am)—The opposition supports these amendments and commends the government for embracing these sensible measures to protect against unintended disclosure.

Question agreed to.

BUSINESS

Consideration of Private Members’ Business

Report

Mr PRICE (Chifley) (9.21 am)—I present the report of the recommendations of the whips relating to the consideration of private members’ business on Monday, 16 March 2009. Copies of the report have been placed on the table.

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 16 March 2009. The order of precedence and allotments of time for items in the Main Committee and Chamber are as follows:

**Items recommended for Main Committee (6.55 to 8.30 pm)**

**PRIVATE MEMBERS’ BUSINESS**

**Notices**

1 **MR FORREST**: To move—

That the House:

1. recognises the stateless circumstances of the Akha people of South East Asia occupying the remote mountain regions of Myanmar, Thailand, Laos, Vietnam and China;

2. accepts that:
   a. a long five century history of manipulation and persecution endured by the Akha people has left them disadvantaged, disenfranchised and virtually voiceless; and
   b. the Akha people are fighting critical health outcomes through depressed economic circumstances and the utilisation of inefficient agricultural practices and that this situation leaves them as one of the most vulnerable nation groups anywhere in the world; and

3. calls on:
   a. the United Nations to do more to prevent the persecution of this people group by the oppressive Myanmar regime which is forcing many Akha families to flee across the border to Thailand;
   b. the governments of Thailand, Laos, Vietnam and China to do more for this unique people group in their respective countries to assist them towards self determination; and
   c. AusAid to recognise the needs of this unique language group and fund sustainable agricultural aid programs to assist Akha people in growing good food to break the cycle of hunger and depression.

Time allotted—30 minutes.

Speech time limits—

Mr Forrest—10 minutes.

First Government Member speaking—10 minutes.

Other Member—5 minutes each.

[Minimum number of proposed Members speaking = 2 x10 mins + 2 x 5 mins]
The Whips recommend that consideration of this should continue on a future day.

2 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 on 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.

Time allotted—20 minutes.

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

[Minimum number of proposed Members speaking = 4 x 5 mins]

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

3 MR BRIGGS: To move—
That the House:
(1) condemns the Rudd Government for its handling of the water crisis;
(2) demands the Government release a minimum of 30 gigalitres into the Lower Lakes and Coorong as recommended by the Senate inquiry;
(3) notes that:
   (a) low water levels in the Goolwa area are seriously affecting small business and tourism operators;
   (b) flooding the area with sea water would destroy the natural environment; and
   (c) the trade for some businesses has dropped by nearly 90 per cent; and
(4) calls on the Government to:
   (a) provide immediate financial assistance to the affected communities; and
   (b) stop playing the blame game and take decisive action.

Time allotted—10 minutes.

Speech time limits—
Mr Briggs—5 minutes.
First Government Member speaking—5 minutes.

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

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

4 MR C. R. THOMSON: To move—
That the House welcomes the Government’s national building infrastructure policies to deal with the global financial crisis and specifically notes its investment in outer metropolitan transport.

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

Speech time limits—
Mr C. R. Thomson—10 minutes.
First Opposition Member speaking—10 minutes.

Other Member—5 minutes each.

[Minimum number of proposed Members speaking = 2 x10 mins + 3 x 5 mins]

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)

COMMITTEE AND DELEGATION REPORTS

Presentation and statements

1 AUSTRALIAN PARLIAMENTARY DELEGATION TO EGYPT AND ISRAEL


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

Speech time limits—

Ms A. L. Ellis—5 minutes
Opposition Member—5 minutes

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

2 JOINT STANDING COMMITTEE ON ELECTORAL MATTERS


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

Speech time limits—

Mr Melham—5 minutes
Opposition Member—5 minutes

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

PRIVATE MEMBERS’ BUSINESS Notices

1 MR KATTER: To present a bill for an act to amend the Trade Practices Act 1974.
Presenter may speak for a period not exceeding 5 minutes—pursuant to standing order 41.

2 MR KATTER: To present a bill for an act to amend the Quarantine Proclamation 1998.
Presenter may speak for a period not exceeding 5 minutes—pursuant to standing order 41.

3 MR CLARE: To move—

That the House:

(1) welcomes the drop in home repossessions and the increase in housing sales in Western Sydney in the last few months;
(2) recognises the importance of the Rudd Government’s First Home Owner’s Boost and interest rate cuts in improving housing affordability; and
(3) condemns the Coalition for their criticism of this important stimulus to the economy and its opposition to the Nation Building and Jobs Plan.

Time allotted – remaining primate Members’ business time prior to 9.30 pm

Speech time limits—

Mr Clare—5 minutes.
First Opposition Member speaking—5 minutes.
Other Member—5 minutes each.

[Minimum number of proposed Members speaking = 4 x 5 mins]

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

Report adopted.

DELEGATION REPORTS

Australian Parliamentary Delegation to the Republic of Serbia and Inter-Parliamentary Union 119th Assembly 2008

Mr PRICE (Chifley) (9.21 am)—I present the report of the Australian parliamentary delegation to the Republic of Serbia and to the 119th Assembly of the Inter-Parliamentary Union held in Geneva, Switzerland, 4 to 18 October 2008, and I ask leave of the House to make a short statement in connection with the report.

Leave granted.

Mr PRICE—This was a very important delegation, as it was the first Australian parliamentary delegation to visit the Republic of Serbia. As such, a major objective was to establish relations with the new Serbian parliament. This was achieved through a series
of valuable and informative meetings held with the speaker and vice-speaker of the national assembly, with ministers, secretaries of state and political leaders.

Serbia is a young democracy, and the delegation was impressed by the continuing efforts to develop and enhance democratic traditions. The delegation considers that Australia could provide assistance in strengthening parliamentary democracy by sponsoring exchanges of parliamentary staff and/or officials through AusAID programs or through the Australian parliament. The delegation was also impressed by the younger, well-educated, progressive and professional generation of ministers and political leaders that it met. They have great dedication and confidence in the future of their country and see membership of the EU as the way ahead.

Two major issues were constantly raised during our meetings. The first was the move towards membership of the EU, which has strong support politically and within the population. The harmonisation of laws being undertaken across ministries to meet European requirements has the added result of bringing strong benefits economically and socially to Serbia. However, disappointment was expressed that the Dutch parliament continued to block further progress by refusing to ratify the EU Stabilisation and Association Agreement. Full cooperation with the International Criminal Tribunal for the Former Yugoslavia, including all possible efforts to arrest and transfer indictees, is an essential element of the agreement. Serbia has been cooperating fully with The Hague Tribunal and European requirements by arresting and transferring to The Hague many people, including Radovan Karadzic. The delegation did not find evidence of any reluctance to pursue the two remaining indictees, including Ratko Mladic.

The second major issue related to Kosovo. The delegation gained a deeper understanding of Serbia’s position on the issue of Kosovo’s independence and Serbia’s perspective on the region. Serbia regards Kosovo as an integral part of its identity and remains very determined not to recognise Kosovo’s independence. Significantly, Serbia chose to pursue its strong objections through diplomacy and the rule of law, which saw Kosovo’s independence referred to the ICT by a United Nations vote during the delegation’s visit.

Serbia is very aware of its former image and is very keen that its commitment to and utilisation of international legal procedures will enhance its new image, emphasise its emerging democratic status and gain international respect. In addition to adopting pro-European policies, Serbia remains committed to regional cooperation. It is actively involved in a range of regional organisations and initiatives. Serbia is in a position of strength within the Balkan region and is a key to stability in the region.

It is important that the world community encourage and support a democratic and pro-Western Serbia. The delegation also met with a range of people from across a broad spectrum of society. The delegation considers that there is significant potential for increased cooperation or bilateral agreements across many sectors. Trade is at very low levels and offers scope for development. The scientific, technological and educational sectors are areas where exchanges of information and expertise could provide significant benefits and development. In education the greatest potential exists at the tertiary level and especially in cooperation with research and the opportunity for student exchanges to pursue graduate or postgraduate study and research. The environmental and resources sectors also provide potential for assistance, especially in the areas of environmental protection and waste management. Culture and
the arts are areas that could also benefit from Australian support and assistance, financial or otherwise. A highly developed and sophisticated artistic scene in Serbia is led by a number of extremely motivated and dynamic people. While artistic and theatrical troupes receive full support from the Serbian government, there is limited opportunity to travel, due to expense.

The success of the delegation’s visit was due to the dedicated work of many. I would like to thank Mrs Slavica Djukic-Dejanovic, Speaker of the national assembly, and all our Serbian hosts. Meeting Madam Speaker proved particularly invaluable, as both Madam Speaker and the delegation were attending the following week’s IPU meeting in Geneva and both countries are members of the Twelve Plus geopolitical group at the IPU.

I would especially like to thank Ambassador Claire Birgin, Melanie Davies and all the staff at the Australian embassy, who performed such an outstanding job in arranging such a comprehensive program of meetings, not just at the political and governmental levels but also with senior representatives from the educational, scientific, religious, artistic and cultural fields. To compile such a program in a relatively short time frame is testimony to their professional capabilities, dedication and enthusiasm.

Moving on to the Inter-Parliamentary Union meeting, a large section of time was devoted to the panel discussions on the subjects before the three standing committees. I was honoured to deliver the draft report and introduce the panel discussion on the subject considered by the First Standing Committee: ‘Advancing nuclear non-proliferation and disarmament, and securing the entry into force of the Comprehensive Nuclear-Test-Ban Treaty: the role of parliaments’. It was a lively panel discussion, with some 50 speakers representing many countries contributing to the debate and a number of others who had wished to contribute not being able to do so by the expiration of the discussion time. Considerable interest was generated by the draft report, with a range of issues being raised and many comments being made during the debate. These have been taken into consideration as the report has been redrafted and a preliminary resolution prepared for submission and finalisation at the next IPU meeting in April 2009, which, Mr Speaker, you will lead.

The issue of admitting Palestine to membership of the IPU and the necessity of amending IPU statutes and rules to permit this to occur had been postponed from the previous IPU meeting in Cape Town. When the question to amend the IPU statutes and rules was put at the Geneva meeting, a roll-call vote was taken, with Australia voting to oppose the change. With the rule changes having been agreed to, the question to accept Palestine as a member passed on the voices. Australia also opposed this question, though a formal rollcall vote was not taken.

The issue of Palestine is a highly complex one. The delegation had been briefed on Australia’s position regarding the situation with Palestine and the Middle-East and upheld this position in exercising its vote. The delegation considered that the proposed amendment of the IPU statutes and the admission of Palestine was highly inappropriate, and it was not consistent with the IPU’s own statutes, which state that the function of the IPU is to represent parliaments of sovereign nations. Although the amendment was argued to be specifically drafted to admit only Palestine, the delegation considered that it would set an unhelpful precedent because it may encourage other non-state entities to pursue similar representations and was clearly politically motivated.
Australia’s position is to recognise Palestinian aspirations for statehood and to strongly support a two-state solution to the Israel-Palestinian issue, based on the legitimate aspirations of the Palestinian people to a state of their own and Israel’s right to live in peace with secure borders. The delegation did not consider that the course of action being proposed through the IPU would advance this position or enhance the peace process.

Australia maintains an active membership of both the Twelve Plus and Asia-Pacific geopolitical groups. In the Asia-Pacific group, Australia suggested that the group build on recent reforms by instituting an elected position of secretary for a period of three years, which would provide secretarial support and assistance to the chair—which rotates. We considered that this proposal would allow the development of skills, expertise and continuity. The proposal is being considered by the working group and will be further discussed during the next IPU meeting. The Australian delegation was delighted that Mr Zha Peixin of China assumed the chair of the Asia-Pacific Group, as he is also the Chair of the Australia-China Parliamentary Friendship Group. The delegation has pledged its support and commitment to working closely with Mr Zha in advancing the interests of the Asia-Pacific Group within the IPU.

This meeting elected a new IPU president for a three-year term. The Australian delegation gave strong support to the candidacy of His Excellency Agung Laksono, the Speaker of the Indonesian parliament. Although Mr Laksono was not successful at the election, he expressed deep appreciation for Australia’s support. The delegation was concerned at the position of the Pacific nations and some of our smaller Asian neighbours. In particular, representation at the IPU Assembly by Pacific countries was limited. Samoa was represented by a single delegate without any support, and Papua New Guinea, who also had a single delegate, lost its voting rights. Timor-Leste is a newly emerging nation and is still finding its way as a participant in international institutions. The delegation had bilateral meetings with representatives of Timor-Leste to discuss issues of mutual interest. The delegation considers that Australia and New Zealand must play a greater role in supporting the Pacific and neighbouring countries, especially to encourage these countries to engage with the IPU and to ensure their views are heard on the international stage.

Finally, I would like to thank Alison Purnell, our DFAT adviser, who once again provided professional advice and assistance to the delegation during the IPU meeting. Alison, who has been our adviser at a number of recent IPU meetings, has now moved on in DFAT and we wish her well in her new posting. I would also like to thank Angela Robinson, of the Office of the Ambassador for Disarmament, for her specialised knowledge and expert advice on the Comprehensive Test Ban Treaty matters. I would also like to thank the delegation members—in particular, the honourable member for Hughes, Danna Vale, the deputy leader, for her support and continued involvement in both the IPU and Serbia; Senator the Hon. Judith Troeth; and Senator Claire Moore, who joined the IPU delegation. Last but not least, I would like to thank the unflappable Elton Humphrey, who was secretary of the delegation and who did an outstanding job.

I commend the delegation’s report to the House.
Initially, I wish to record our appreciation for the many officials and advisers who provided their professional expertise and assistance to us and who made this delegation such a success. Ambassador Claire Birgin and Mrs Melanie Davies and the excellent staff of the Australian Embassy in Serbia provided sound advice and professional expertise. In Geneva, I acknowledge the work of Mrs Alison Purnell of DFAT; Mrs Angela Robinson from the Office of the Ambassador for Disarmament; the Minister for Foreign Affairs and Trade here in Australia; Mrs Caroline Millar, the Ambassador for Disarmament; and Mrs Anda Filip, the IPU Director for External Affairs, for their guidance and professional assistance. I also wish to thank my delegation colleagues—the member for Chifley, the Chief Government Whip, and senators Judith Troeth and Claire Moore—for the excellent cooperative spirit in which this delegation was undertaken and which contributed in a positive manner to its success.

There were several important reasons for an Australian delegation to Serbia. These included the need to establish formal relations with the new Serbian parliament, to have discussions on bilateral trade, to strengthen commercial relations and to discuss the possibility of bilateral healthcare agreements. We also wanted to expand the potential for increased cooperation in education between our two nations.

We also wanted to take this opportunity to gain a better understanding of Serbia’s concerns about Kosovo’s independence and Serbia’s cooperation with the Hague tribunal, as well as Serbia’s reforms as it works towards membership of the European Union. We also sought to gain an appreciation of the situation of Serbian ethnic minorities, which include a large population of refugees from Croatia, Kosovo and Bosnia-Herzegovina, as well as the Romana people.

Our visit was the very first Australian parliamentary delegation to the new Republic of Serbia, and we were able to participate in high-level meetings with the speaker and vice-speaker of the national assembly, with ministers, secretaries of state and various political leaders. The delegation was impressed with the efforts being made by the leaders of this vibrant young democracy to develop and enhance democratic traditions, and we considered that its efforts in this regard could perhaps be better acknowledged at an international level. Serbia’s ministers and political leaders are a new generation; they are young, they are energetic, they are professionally qualified, they are progressive and they are focused on a future for Serbia as a member of the European Union for its economic and social success. Having said that, I note that Serbia is also aware of the importance of regional cooperation and is actively involved in creating positive relationships with regional organisations and initiatives. Serbia certainly holds a position of strength within the Balkan region and is a key to stability in that region.

One of the main issues of concern at the time of our visit was the independence of Kosovo, and the delegation benefited from understanding the history of the relationship between these two countries. Serbia regards Kosovo as an integral part of its identity as a nation and is determined not to recognise Kosovo’s independence. However, in seeking to address this situation, Serbia has wisely committed to seek recourse through international legal institutions and procedures and, in so doing, is gaining well-deserved respect amongst the international family of nations.
At the many high-level meetings with ministers and political leaders, the delegation pointed out that Australia would welcome the return of the Serbian Ambassador to Australia. Indeed, it is pleasing to note that shortly after our visit the Serbian ambassador returned to Australia.

The report records three recommendations that were made by the delegation after this visit. They include the suggestion that through AusAID we sponsor exchange programs for parliamentary staff from the national assembly of Serbia and/or other government officials to assist in strengthening Serbia’s fledging parliamentary democracy. Another recommendation is that Australia facilitate opportunities for our tertiary education and research institutions for cooperation with research; exchanges of academic and research personnel; and graduate or postgraduate study in Australia. The third recommendation provides for support and assistance for cultural visits to Australia by Serbian artistic and theatrical troupes. We believe that the implementation of such recommendations will assist in providing for the development of a positive working relationship between our two nations and will achieve the objectives of the delegation to the mutual benefit of both countries.

The delegation also attended the 119th assembly of the Inter-Parliamentary Union in Geneva, assemblies which provide an opportunity for worldwide parliamentary dialogue on political, economic, social and cultural issues of international significance. There are now 154 members of the IPU and eight associate members. The IPU supports the work of the United Nations and cooperates with regional interparliamentary organisations as well as with other like-minded international intergovernmental and non-governmental organisations. Australia is an active member of two geopolitical groups within the IPU: the Asia-Pacific Group and the Twelve Plus Group.

Of the highlights of our participation in the IPU in October last year, mention must include the fine leadership that was provided by the Chief Government Whip, the member for Chifley, not only in his capacity as delegation leader but especially in his role of co-rapporteur presenting the draft report to be considered by the first standing committee at the 120th assembly of the IPU in Addis Ababa in April this year. The topic of this paper is *Advancing nuclear non-proliferation and disarmament, and securing the entry into force of the Comprehensive Nuclear-Test-Ban Treaty: the role of parliaments*. That topic is one in which Australia has had an abiding interest for many years.

The delegation report also makes a strong recommendation that the Parliamentary Secretary for Pacific Island Affairs request the Centre for Democratic Institutions to investigate ways for Australia to encourage Pacific countries to become more involved in international fora, especially the IPU, and I note the recommendations that were already made by the Chief Government Whip in this regard. Again, I acknowledge the leadership of the member for Chifley and the positive contributions, spirit and work of the delegation by Senators Claire Moore and Judith Troeth. It was a privilege indeed to have been a member of this delegation, and I commend the report to the House.

COMMITTEES

Public Works Committee

Report

Mr BUTLER (Port Adelaide) (9.43 am)—On behalf of the Parliamentary Standing Committee on Public Works, I present the 72nd annual report of the committee and also the committee’s first report for 2009, relating to the Enhanced Land Force Stage 1 Facilities Project.
Ordered that the reports be made parliamentary papers.

Mr BUTLER—by leave—The annual report, as the House would be aware, is required by the Public Works Committee Act and outlines the committee’s work over the calendar year 2008. In total, over the course of that year, the committee investigated 19 proposals totalling $1.8 billion and recommended those proposals to the House. The committee was also notified of 63 works under the threshold limit of $15 million—known as medium works—for investigation that totalled $330 million of expenditure.

The annual report is a slim, attractive volume, which only outlines some of the issues that arose for the committee during the course of the year. That is because the public information presented to the committee, at its many public hearings and through the written submissions provided to it, is widely available, particularly through the committee’s website, which is well advertised on the APH website. For that reason we have not reported in great detail the various inquiries conducted by the committee and instead have redirected people who want more detail on those inquiries to our website.

I also table the committee’s first report for calendar year 2009 on the Enhanced Land Force Stage 1 Facilities Project. This project is particularly dear to the heart of the member for Herbert, I am sure, given that the vast bulk of it occurs in Townsville. The project is proposed by the Department of Defence and is valued at $793 million, with construction taking place at 11 locations around Australia, with nearly half of that expenditure occurring in Townsville. The project flows from the Enhanced Land Force strategy for the defence forces commenced by the previous government and adopted by the new Rudd Labor government. It will see the ADF increase by about 3,000 personnel by the time of its completion, through a range of initiatives, one of which—the Hardened and Networked Army initiative, the HNA initiative, at Edinburgh—was considered by the Public Works Committee last week. That would see the 7RAR Battalion relocated from Darwin to Adelaide after being converted to the 2nd Mechanised Battalion. This particular project deals with another aspect of the ELF initiative, particularly the relocation of 3RAR from Sydney to Townsville and its conversion from a parachute battalion to a light infantry battalion, as well as the expansion of a number of training and airlift facilities around Australia to take account of the significant increase in ADF numbers.

The committee has recommended that the House agree to the project proceeding as a significant project for the Australian Defence Force and as a project that will provide employment in many regional areas during construction. The statutory criteria under the Public Works Act are clearly satisfied, and we recommend that the project proceed as quickly as possible.

I would like to thank all members and senators on the committee for their work in relation to the ELF Stage 1 inquiry, and particularly my Deputy Chair, Senator Troeth. At the occasion of presenting the annual report for 2008 it is also important that I place on record the gratitude of the committee for the secretariat support that this committee receives week in and week out. It is a very hardworking committee that is required to travel widely around Australia to consider various capital works projects proposed by the executive government. On behalf of the committee, I place on record our gratitude to James Catchpole, the secretary of the committee; Siobhan Leyne, the inquiry secretary, who makes these things tick; and also other staff of the committee: Narelle McGlusky, Gaye Milner and Tarran Snape.
I commend both reports to the House.

Mr LINDSAY (Herbert) (9.49 am)—by leave—This report is very significant to Townsville. There is $385 million of infrastructure and other flow-on effects. There are a very large number of housing units that will be constructed in the city and also Single LEAP accommodation at Lavarack Barracks. It comes at a time when the economy is somewhat depressed and it will underpin a very vibrant construction industry in the city.

However, I have risen this morning specifically to alert the House, the committee and Defence on something that is perhaps most unsatisfactory. In the committee’s report that has been presented to the parliament today, Defence evidence to the committee is quoted in section 2.34:

All of these [ELF] locations are sophisticated regional centres—of course, that is the case for Townsville—and we anticipate that local companies will be very competitive just due to geography.

I think we all accept that. The comment goes on:

… and I can assure the committee that many local companies have registered interest in many of the construction packages.

I know that for a fact. The committee then responded by saying in section 2.35:

… the Committee also acknowledges the concerns of submitters regarding the importance of stimulating local economies and welcomes the levels of local employment expected by this proposal.

As a member of the committee, I certainly support that. However, concurrently with this approval process, Defence invited local contractors to register an interest in being invited to tender in relation to two of the packages. One was a $61 million to $76 million package in Townsville for base infrastructure and civil works. There were four companies invited to tender, three from Brisbane and only one from Townsville. In relation to the $19 million to $24 million Joint Logistics Unit North Queensland facilities, again, three out-of-town contractors were invited to submit a tender and only one local. More disappointing than that were these letters that I have received from a tenderer who did not get an invitation. This tenderer is the largest local builder in the city. He could easily do the job, he is fully qualified in everything required by the Commonwealth and Defence, but he did not even get an opportunity to tender.

Defence’s letter states:

Defence regrets to advise you that, following the evaluation of Registrations of Interest, your submission was not successful and you will not be invited to Tender for the role of Head Contractor.

I just ask Defence: how could you not invite the most capable tenderer in the city of Townsville to tender on some of these construction packages? Why did you invite somebody from Adelaide? Why did you invite somebody from Brisbane? It is our local people who deal with the local Defence Force. We are a garrison city. We live, work and play together. How could you not give the opportunity to tender to a clearly very capable business? Why did you just wipe them out? I put Defence on notice that I am extraordinarily angry that their actions were different to the evidence that they gave to the committee—and that will happen with Enhanced Land Force Stage 2 later in the year—I will be expressing my concern about what they say to the committee and what they do in practice. I am very disappointed on behalf of our construction companies in Townsville and I think that all of us, particularly the government, will have the view that local contractors should have the opportunity to do Defence projects to protect local jobs.
CIVIL AVIATION AMENDMENT BILL 2009

Cognate bill:

TRANSPORT SAFETY INVESTIGATION AMENDMENT BILL 2009

Second Reading

Debate resumed from 12 February, on motion by Mr Albanese:

That this bill be now read a second time.

Mr TRUSS (Wide Bay—Leader of the Nationals) (9.54 am)—While it has been agreed that the Civil Aviation Amendment Bill 2009 and the Transport Safety Investigation Amendment Bill 2009 will be dealt with in a cognate debate, they are quite different in nature and the areas in which they deal, so I would like to take each of the bills separately and respond to them in that way. The first is the Civil Aviation Amendment Bill 2009. This bill amends the Civil Aviation Act 1988 to create a board for Australia’s civil air regulator, the Civil Aviation Safety Authority. The bill also makes some technical amendments to improve its enforcement powers. These include improving CASA’s capacity to oversight the safety of foreign carriers flying to and from Australia, amending the automatic stay arrangements for reviewable decisions and creating an additional offence of negligently carrying or consigning dangerous goods on an aircraft.

CASA is a statutory authority, established in 1995 under the Civil Aviation Act 1988 with a mandate to regulate Australia’s civil aviation sector to ensure its safe operation. Australia’s record of aviation safety is world class, and there is no doubt that CASA is entitled to take some credit for this admirable performance. Yet, in many ways, CASA has been a troubled regulator. Its task is not an easy one, and it is dealing with a sector that is diverse and characterised by fractious elements and strong personalities. It has been subject to strident criticism, personality conflicts, industry complaints and seemingly endless reviews.

The reviews include the 1999 audit of CASA by the Australian National Audit Office and its follow-up audit three years later; Tom Sherman’s report of May 2001 into two incidents involving the then CASA director of aviation safety; the Ted Anson 2002 report into CASA’s governance arrangements; the December 2007 Aviation Regulation Review Taskforce; the ATSB-CASA review conducted by Mr Russell Miller; and the 2008 inquiry by the Senate Standing Committee on Rural and Regional Affairs and Transport into the administration of CASA. In addition, the report of the Queensland coroner into the 2005 Lockhart River air crash looked at CASA’s regulatory oversight in the context of that tragedy.

Plainly, CASA has been closely scrutinised as a regulator. It is also a regulator that has experienced significant change. This mainly arose out of the decision by the previous coalition government to abolish its board in 2003. This decision, implemented by the Civil Aviation Amendment Bill 2003, placed the federal minister in more direct control of CASA. Following the passage of this legislation, CASA embarked on a prolonged period of reform. The Labor Party and most elements of the aviation industry supported the decision by the coalition gov-
ernment to abolish the board of CASA. In fact, the member for Batman, in his capacity as shadow transport minister, appeared on AM on 19 November 2002. I quote him, although I am sure that the now Minister for Resources and Energy and Minister for Tourism, who is sitting at the table, will remember these words well:

For too long, in terms of CASA, we had a board in place which was a bureaucratic layer that contributed nothing. In many ways we had a lot of do-gooders without a lot of aviation experience. Abolishing the CASA board effectively means that CASA is more accountable for aviation safety, so we all appreciate that the buck stops and starts with the Minister.

Mr Martin Ferguson—That’s what I said after the Lockhart report.

Mr TRUSS—So the coalition government decision—

The DEPUTY SPEAKER (Hon. BC Scott)—The minister will have a chance—

Mr TRUSS—I have no intention of misrepresenting the minister, and if you follow the remainder of my remarks—

The DEPUTY SPEAKER—The Leader of Nationals will not respond to those interjections.

Mr TRUSS—you will note that I am not making any criticism of the Labor Party or the shadow minister at the time. He was stating the view at the time that was held by the Labor Party, by the government and indeed by the aviation industry generally.

Mr Martin Ferguson—It was in the subsequent events where we had problems.

Mr TRUSS—I am coming to subsequent events.

So the coalition government’s decision had the full support of the then opposition. The question therefore is: will the establishment of a small expert board of five members appointed by the minister, as proposed by the government, make CASA a better organisation? The government argues that CASA is a far different organisation from what it was in 2003, and I agree. According to the government, CASA is therefore now ready for a board. I guess you could equally argue, since it is doing much better than it was in 2003 without a board, that is also a case for keeping it that way.

If you do not wish to take the assurances of the government at face value, particularly regarding something as important as the state of Australia’s civil aviation regulator, you can turn to the findings of the last Senate inquiry into the administration of CASA. This inquiry took 61 submissions from the aviation sector and took evidence from a significant number of witnesses, many qualified to make informed observations about the effectiveness of CASA. The Senate inquiry established that CASA, under its chief executive officer, Mr Bruce Byron, has made progress in the way it is doing business. It has remodelled its structure to be more responsive to industry and has made an effort to change its defensive culture. At a working level, some submissions noted this improved approach. CASA has also attempted to change its arrangements to enhance its approach to engaging industry.

There are, nevertheless, issues that bothered the Senate inquiry. The inquiry expressed concerns that some in the aviation sector feel CASA senior executives are not approachable enough. Some submissions expressed an unease that CASA’s risk based safety philosophy was at the expense of a more prescriptive regulatory approach that leaves too much responsibility with the airlines to ensure their own safety standards. CASA has experienced an enormous staff turnover since 2003. While this is characteristic of an organisation trying to change its culture and way of doing business, the Senate inquiry noted that CASA appears to lack
adequately trained technical staff and seems to lack a clear plan for managing its training needs.

The inquiry also heard many complain that CASA’s regulatory review program seems to have made limited progress in the last three years. Although that progress has been handicapped by inadequate resources in the Office of Legislative Drafting and Publishing, some also argued that there were times when regulations were interpreted by some field officers in an inconsistent way. So clearly CASA faces a number of significant challenges. It can be argued with some justification that the reform process has been implemented too slowly and that the burdens and responsibilities placed upon CASA’s chief executive officer are perhaps too great.

I also note that the majority of submissions to the Senate inquiry, in contrast to what occurred prior to 2003, argued for the reinstatement of a CASA board. Qantas suggested the current governance structures are not delivering consistent policy and the responsibilities of the CEO are too broad. This point was supported by the Australian and International Pilots Association, which stated that a board would improve the capacity of the CEO to make the tough decisions needed to regulate the industry. The Aircraft Owners and Pilots Association argued a board would help CASA implement safety guidelines. The Senate inquiry in a bipartisan conclusion recommended that the Australian government strengthen CASA’s governance framework by introducing a small board of up to five members to provide enhanced oversight and strategic direction for CASA.

CASA faces an immense task in regulating an industry that is complex and assuming a greater role in Australia’s economic life. It must deal with an industry characterised by strong personalities, conflicting opinions and elements that often resent the hand of regulation. It is an industry where the consequences of a failure in safety can be catastrophic. The industry has been famous for internal conflicts and an unwillingness of the various sectors to agree and work together on issues of importance. CASA is often the point of focus and blame for issues when in fact there are wider industry issues involved.

CASA has certainly responded in a positive way to the concerns about the way in which it has operated. It is a very much better organisation today than it probably has ever been. But I think everyone would acknowledge that it still has a lot more work to do. I would also say that it probably will never be perfect. There is an expectation that CASA will keep our skies safe, and that is its job. But if it acts too heavy-handedly to enforce safety requirements then there will be complaints about it interfering in the legitimate role of business and the right of people to fly. In reality, to try and put together a satisfactory regime that can deal with all those sorts of issues is indeed a challenge.

You can also argue that, given the difficulties of the task, an organisation which both makes and enforces industry regulation should be a part of a department and answerable to a minister and not a board. I appreciate that these are issues that were dealt with in the Uhrig report, but there are issues about whether or not it is appropriate for a board to be responsible for enforcing industry regulation which it also has a responsibility to make. CASA certainly does not have an easy job and there are no easy answers as to the best way to approach aviation regulation.

I consider that Mr Bruce Byron made an outstanding contribution as CASA’s CEO over the past five years. His was a thankless and difficult task, yet he made significant progress in placing CASA on the path to be a world-class regulator that can work with the industry in a rigorous, responsive and effec-
tive way. He was well regarded across the sector, an honour achieved by few in the aviation business. I am not saying that the job is complete, but Mr Byron made a very credible contribution. CASA is a better organisation than it has ever been, and I wish Bruce good health and every happiness as he moves into retirement. I also wish the incoming CASA CEO, Mr John McCormick, all the best as he assumes his duties from 1 March this year. His extensive background in aviation will serve him well as he continues the challenges in regulating a key industry. Significant progress has been made. Mr Byron has put in place a spirit of reform and hopefully moved significantly to change the culture of CASA. Mr McCormick must now build on those reforms and take them to the next level.

In terms of the best model of governance for CASA, the opposition has accepted that the incoming CEO may appreciate the support of a board in his demanding position. Out of respect for the views of industry, recognising the efforts of CASA to reform and acknowledging the conclusion of last year’s Senate standing committee inquiry into CASA, we are prepared to support this element of the government’s legislation. We do so, of course, on the condition that the government manage the appointments of the board properly. It is not a place to dump Labor mates looking for a reward. I call upon the government to make smart, apolitical appointments.

Appointing people who have regulatory experience, who understand community consultation and who command the respect of the aviation sector will be a key criterion if this board is to be successful. Let me say that past CASA boards have ended in tears. Both the previous government and the government before that had unhappy experiences with the board of CASA. Hopefully, we have all learnt from those lessons and, when the government sits down to appoint the members to this board, they choose wisely—they do not seek to try and have every sector of the industry represented, so that each sector has a voice on the board, but they have people there with expertise and with skill. They are going to have to be people who have the respect of the aviation sector. But, in reality, not every possible skill that is needed in the industry will be able to be included on the board. What we will need is capable people who are apolitical, have the respect of the industry and are therefore able to deliver a good outcome.

I turn to some of the more technical elements of this bill. The changes improve the enforcement powers of CASA. One such change is improving CASA’s oversight of foreign carriers. This bill inserts a new section in the Civil Aviation Act 1988 to enable CASA to consider the effectiveness of air operators and relevant foreign regulatory authorities when assessing applications authorising the operation of foreign registered aircraft flying to Australia. This is consistent with what occurs in Europe and the United States. It seems a sensible way to improve aviation safety, since it is a regrettable truth that some foreign regulatory authorities are not as rigorous as our own. This amendment has the support of the opposition.

The second significant technical change contained in this bill is to amend the automatic stay provisions of any decision by CASA to suspend, change or cancel various types of certificates and permissions in circumstances short of serious and imminent risks to air safety. Under section 31A of the Civil Aviation Amendment Act 2003 and associated regulations, if CASA decides to suspend, vary or cancel a permission—such as an air operator’s certificate—it must first give a show cause notice to the affected holder. This is to allow the subject of the
direction to make a case as to why it should not apply. Section 31A provides that any such decision by CASA does not come into effect until the end of the fifth business day after CASA gives notice.

During this period, the subject of the notice may apply to the Administrative Appeals Tribunal for review of CASA’s decision. If they do so, the stay or suspension of the notice will continue until the Administrative Appeals Tribunal makes a decision, or until 90 days after CASA originally notified the holder of its decision—whichever comes first. Essentially, the current arrangements give the AAT 90 days to deal with an application. This bill removes the 90-day stay provision and requires those subject to a notice by CASA to apply to the AAT on a different basis. According to item 16 of schedule 3, under proposed new section 31A(4) of the bill, if those subject to a notice choose to ask the AAT for review, they must make the request for an order under subsection 41(2) of the Administrative Appeals Act 1975. According to page 16, paragraph 12 of the explanatory memorandum, this means that the AAT will treat such appeals on an expedited basis. I can only assume this is because a request lodged on this basis is a much narrower one. It involves requesting the AAT to make orders to extend the stay, not a general merits review of CASA’s decision, as is currently the case.

I am advised by the office of the minister that, in practical terms, this means the suspension of a notice by CASA outside the automatic five-day period will be considerably shorter than the 90-day period. It will be, according to this advice, no longer than about a week. It does seem a concern if CASA issues a direction to an air operator due to poor safety practice, only to have that order suspended for a lengthy period. The opposition is prepared to support this amendment, although we will be watching to see how it actually works in practice. We call on the minister to give an assurance in this place that the AAT will, in fact, treat any decision regarding a CASA direction in the shorter period promised. With the abolition of the 90-day limit, we would not want to see that lead to longer times in delay in dealing with these issues, rather than shorter.

The third and final significant technical change proposed in this bill is addressing the legal gap in the treatment of the consignment of carriage of dangerous goods on an aircraft. At present, this offence is dealt with on the basis of intent or recklessness. This seems unduly narrow, since the most common reason for this offence is negligence. Including negligent carriage or consignment of dangerous goods on an aircraft will enable a more tailored and appropriate prosecution. The amendment has the support of the opposition.

This bill contains a set of legislative changes to the Civil Aviation Act 1988 that should enhance the regulatory effectiveness of CASA. The key changes improving CASA’s ability to assess foreign carriers, modifying the automatic stay provisions and including the offence of negligence in the consignment or carriage of dangerous goods seem sensible administrative amendments. Reinstating the CASA board is more controversial. But, under the leadership of Mr Bruce Byron, CASA has made significant progress. A board may therefore now be appropriate and help CASA address some outstanding issues. But, I add again, boards have ended in tears in the past and will again if the government does not make sensible choices about the board membership.

I turn now to the second of the bills being dealt with in this cognate debate, the Transport Safety Investigation Amendment Bill 2009. Again, the coalition will support the bill, which is designed to enhance the inde-
pendence of the Australian Transport Safety Bureau and the safety of Australian transport. The ATSB is well regarded in Australian transport and indeed around the world and is staffed by people with considerable expertise. It was created by the then coalition government in 1999.

The creation of the ATSB was part of a push to separate the responsibilities involved in maintaining the transport safety apparatus from those of ensuring that safety investigations were carried out by a body that was independent. This independence was entrenched by the passage of the Transport Safety Investigation Act 2003. Before the passage of this act there was nothing precluding the secretary from giving directions to the ATSB. Under the new arrangements, the head of the ATSB was not subject to direction from the secretary of the department in the exercise of his powers.

ATSB investigations are conducted on a no-blame basis. These investigations rely on the independent and impartial assessment of the evidence available. If an investigation were subject to outside pressure, whatever the source, the ATSB’s effectiveness in discovering the simple facts of an incident without fear or favour would be reduced. As it stands, the ATSB remains separate from transport regulators and industry participants, and it is operationally autonomous within the department. Thankfully, it has not faced conflicts of interest or external interference. The ATSB’s objectivity is closely linked to its independence, and it is critical that this independence be protected.

Transport in Australia has an enviable safety record. This is due in no small part to the vigilance of industry participants and the regulatory and investigative regimes. The effective and independent functioning of the ATSB has been an important contributor to this exemplary safety record. Past results, however, do not mean that improvements cannot be made to ensure that Australia maintains its impressive record in transport safety. Over the years, governments from both sides of politics have contributed to positive developments in transport safety. In October 2007 the then Minister for Transport and Regional Services, the Hon. Mark Vaile, announced that a review would be conducted into the relationship between the Civil Aviation Safety Authority and the Australian Transport Safety Bureau. This review was headed by Mr Russell Miller AM. The review came in response to concerns raised during the investigation of the Lockhart River air crash of 2005 and was designed to identify potential improvements in Australia’s aviation safety regime. It is worth pointing out that the Miller review repeatedly and explicitly noted that the ATSB:

… is, in practical terms, separated from normal departmental governance and treated as essentially autonomous.

The Miller review went further and declared that the Transport Safety Investigation Act:

… provides that the Executive Director is not subject to directions from the Minister or the Secretary in respect of the exercise of any of the Executive Director’s powers under the Act.

The powers make the Executive Director and departmental officers assigned to the ATSB effectively autonomous, not only in relation to undertaking investigations and their resultant reports, but also in relation to the broader range of powers and responsibilities under the TSI Act.

Given this, it seems clear that the ATSB is seen as being autonomous in the execution of its duties. Indeed, there is no suggestion in the Miller review that the independence of the ATSB has ever been compromised, nor have I ever heard allegations from any quarter that the ATSB is anything other than independent.
At the same time, despite the autonomy granted to and exercised by the ATSB, it remains a division of the department. As a result, the theoretical possibility remains that the independence of the ATSB could be seen to be compromised in the future. Amongst its recommendations, the Miller review proposed the option of an alternative governance structure for the ATSB which would move it out of the minister’s portfolio and enhance its administrative independence. This bill therefore is the result of some of the recommendations contained in the Miller review, which was launched by the then coalition government.

This bill will establish the ATSB as a statutory body in its own right rather than keeping it as a division of the department. This will make the ATSB visibly separate from the department. Aside from being more independent at an organisational level, becoming a statutory authority will mean the ATSB will have direct control over its own budget and personnel matters under the Financial Management and Accountability Act 1997 and the Public Service Act 1999 respectively. At the moment, decisions on these matters are made by the department. I would hope that no government would ever seek to apply pressure on the ATSB by manipulating its personnel or its budget, but I suppose that risk still exists even after this legislation. There is no evidence that such pressure has been applied in the past nor, for that matter, that anyone intends to apply it in the future. Still, it is important that the appearance of independence be backed up by the reality of independence. Giving the ATSB a free hand will ensure that these criteria are met.

Australia is a party to a number of international aviation conventions, including the Chicago convention, which stipulates that accident investigation authorities:

\[\ldots\] shall have independence in the conduct of the investigation and have unrestricted authority over its conduct.

Under current arrangements, although remaining a departmental officer, the head of ATSB is not subject to direction in the exercise of his duty. This actually goes beyond what is required under Australia’s international obligations, so we are there already. Under the arrangements proposed by the bill, this will not change. The minister will retain the capacity to provide his views on the strategic direction being taken by the ATSB, and the ATSB must have regard to those views. Under the legislation, the ATSB will be a statutory authority in the minister’s portfolio, and it is entirely appropriate that the minister’s views on the strategic direction of the ATSB should be taken into account. Taking the minister’s views into regard does not, however, mean that the ATSB is taking direction with respect to the execution of its core functions. The provisions in this bill do not permit the minister to micromanage an investigation being carried out by the ATSB, and they do not compromise Australia’s compliance with our international obligations.

The internal structure of the ATSB will be that of a commission headed by one full-time commissioner, who will also be the CEO of the agency and whose role will be analogous to that of the executive director now. The chief commissioner will be supported by two part-time commissioners, with the prospect of more commissioners being appointed should the need arise. All appointees will be required to have a high level of expertise in some area relevant to the ATSB’s function. Given the importance of the work carried out by the ATSB, it is important that the head of the agency have the support he needs, and a commission structure such as the one proposed in the bill can achieve this.
The bill will also require the ATSB to cooperate with other agencies or individuals that have functions related to improving transport safety. This includes the transport safety authorities of other countries. This is explicitly spelt out in the legislation and is an appropriate amendment. From time to time there has been friction between the ATSB and other transport safety agencies. The Miller review examined the relationship between the ATSB and CASA and suggested that, while the relationship between the two organisations is working well at an operational level, there is tension in the relationship. The Miller review highlighted a number of instances where significant tensions existed between the two organisations. The Lockhart River crash was one of those instances. In the course of the investigation the Queensland State Coroner reported:

… I have detected a degree of animosity that I consider inimical to a productive, collaborative focus on air safety …

Given their differing roles, it is not surprising that there might be some tension between investigators and regulators. Furthermore, creative tensions can be a positive force. Professional disagreement can lead to better outcomes in the end. The tensions present following the Lockhart River crash, however, went beyond the constructive tension that one might expect.

The clauses in this legislation that have established the ATSB as a statutory authority require the ATSB to cooperate with other agencies that seek to improve transport safety. These clauses need not compromise the ATSB’s operational independence and they do not require the ATSB to deviate from its no blame approach to investigations. Explicitly spelling out the need to cooperate with other agencies and individuals will underscore the ATSB’s core function, which is to improve transport safety by means that include communicating with relevant sectors of the transport industry, the public and other transport safety agencies.

The bill gives the ATSB the capacity to delegate its powers under the act, and such a delegation would be very similar to current provisions that allow for the executive director to delegate power. The bill also authorises the ATSB to require individuals, organisations or government agencies to provide a written response within 90 days of a recommendation being made to take safety action. This authority is aimed at ensuring that the safety recommendations issued by the ATSB are given the attention they are due. We cannot expect the ATSB to fulfil its duties in ensuring a safe transport environment without requiring that other agencies and industry participants take note of its recommendations.

Australia depends on a robust transport sector. Aviation, rail, road and maritime transport have all done a great deal to contribute to the economic and social development of Australia. I am happy, therefore, to lend my support to this bill also. (Time expired)

**Mr TURNOUR** (Leichhardt) (10.24 am)—I rise today to support the Civil Aviation Amendment Bill 2009 and the Transport Safety Investigation Amendment Bill 2009. These bills came out of reforms from a range of different reports, as the shadow minister for transport has mentioned, such as reports from Senate inquiries. They also came out of the green paper last year and Minister Albanese’s moves to establish a national aviation strategy. It is fundamental that we are now moving down this track for the first time, pulling together a national aviation strategy and pulling together all the different components of aviation that are so important to Australia generally but particularly to regional areas. These reforms are particularly important in terms of improving safety and
making the operations of CASA and the Australian Transport Safety Bureau work more effectively and efficiently.

These two bills enable CASA to establish another small member board. We heard that one was abolished back in 2003, but the legislation will re-establish that board. There are some other, technical changes in relation to the operation of CASA that I will come to. Also, the second bill will establish the Australian Transport Safety Bureau as a statutory agency within the portfolio of the Minister for Infrastructure, Transport, Regional Development and Local Government.

Aviation is critical to Australia but is particularly critical to regions like Tropical North Queensland, the Torres Strait and Cape York. My electorate of Tropical North Queensland is a very diverse region that is dependent on aviation. For many people living in capital cities, aeroplanes may be something they get on to go on holidays, whether it is in Australia or overseas, but for people living in the Torres Strait, for example, aviation is the only way that they can get around to visit their families; it is the only way that they can get mail and the paper. It is a critical part of their lives and it is a critical part of their ability to live normal lives, in the same way the motor car has become so critical to many people in mainland Australia.

Similarly, communities in Cape York—whether they are remote Aboriginal communities or communities in Weipa and Cooktown, which are more strongly non-Indigenous communities—are very dependent on aviation. There are extended periods when the roads are closed and road traffic cannot get into those areas, and they are highly dependent on aviation. The economies of Cairns and Port Douglas are driven to a large extent by tourism. The industry is estimated to be worth more than $2 billion in the region and we have more than 30,000 jobs directly and indirectly dependent on the industry. More than two million visitors a year come to Cairns. Some drive but the vast majority of them fly there either through domestic airlines or through international airlines.

We are an international gateway. The importance of aviation can be no greater than in the region that I represent, the region of Leichhardt. It is great to be here today supporting this legislation because it is particularly important that we maintain strong safety within our aviation sector—our international aviation sector, our domestic aviation sector but particularly our general aviation sector.

One of the critical issues in general aviation that is still ongoing in my electorate is the grounding of Aero Tropics, which happened on 27 June last year, late on a Friday afternoon. Aero Tropics has since gone into receivership and I understand is now going into liquidation. Aero Tropics was selling the tickets and was the branding of the Transair aircraft which crashed at Lockhart River in May 2005, a crash in which 15 lives were lost. It was the worst aviation disaster in about 40 years. Aero Tropics has been mentioned as being the operator of the airline that crashed. The crash is quite famous and has been mentioned by many speakers today. As a result of that crash, there has been a real drive from the community, other sections of government and the opposition at the time of the crash—the Labor Party—to see changes and improvements in safety. Senator Jan McLucas was particularly involved in this, and Australian Story covered it recently.

This legislation will enable CASA not only to establish a board but to take action more quickly to ground airlines they have real safety concerns about. Tragically, people died in Lockhart River, but Transair continued to operate for an extended period of time. Part of the reason for that is that within
the current legislation it is actually very difficult for CASA to quickly ground airlines they have concerns about. And we experienced this situation again last year with the grounding of Aero Tropics. It was grounded late on a Friday afternoon. I did not find out about it until late on Friday afternoon, and then only indirectly. I can understand from CASA’s point of view that they are only about safety, but people were expecting planes to arrive on Saturday morning and they were not going to show up because CASA had grounded the airline. As I am the federal representative up there, people were starting to ring up my office to ask what was going on. There was a certain amount of confusion as a result of the way that grounding was handled. I understand that CASA wanted to do the right thing, and they did do the right thing in grounding that airline, but it resulted in Aero Tropics going through a process that effectively got them up and flying again.

Some of the details of the provisions in this legislation will enable CASA to more effectively and more quickly make decisions that ground airlines they have real concerns about. This will put certainty into the community—which is very important—and it will enable us also to move on much more quickly in terms of getting replacements if that is what needs to happen. Because the reality is that from June last year there has not been an RPT—a regular transport service—up and running in the Torres Strait. Part of the reason for that is the delays that have taken place as a result of Aero Tropics getting up and flying again and then subsequently being grounded again. The operator of Aero Tropics was out communicating to his customers and clients that CASA were effectively treating him unfairly—that CASA were behaving irresponsibly. As the local member, I sought to work with the minister and work with the operator to deal with these issues, but I would talk to the operator and hear one thing and then talk to the minister’s office and have further briefings back but hear a quite different message. We need to establish within CASA the ability for these issues to be resolved much more effectively. We need to give CASA the ability to work much more effectively in taking action against airlines that need to be grounded, because there was a hell of a lot of confusion created in the community and a hell of a lot of anger and mistrust that developed between that community and CASA.

I facilitated meetings between some of the community leaders and CASA through the minister’s office and I think we have bridged that. I would like to thank the minister for the support that he has given to me and for the work that CASA has done. But I can assure you that when your plane has not arrived and you need to get to a medical appointment, or you are just wanting to read the paper and you are out on an outer islands community—and you are actually getting communicated to by the airline operator who is telling you one thing and CASA is not telling you anything—you start to think that CASA is effectively being a bit of a bully and is acting inappropriately. But when they finally did ground the airline—and it has not become public, but I am sure over time it will as these investigations go on—it was found that there was an imminent safety risk. That risk was not to people in the numbers that we saw killed in the Lockhart River crash, but there was a significant safety risk that could have seen people die again in the Torres Strait. And that would have been a tragedy not only for those families and for CASA but for everybody in this House. It is we who are responsible for introducing legislation that ensures that people in communities like mine can get on an aircraft—whether it is a little twin-engine or single-engine light aircraft in the Cape York and
Torres Strait or an A380 aircraft out of Sydney—and feel comfortable and confident that they can fly safely.

That is clearly not working under the current system because it again took CASA an extended period of time before it could finally ground Aero Tropics. On grounding Aero Tropics, eventually they did become financially insolvent and have gone into liquidation. But until that happened, nobody else was particularly interested in coming in and taking up those routes. We were lucky enough to work with the minister and the minister’s office to get West Wing Aviation quickly back into Cape York after the grounding on 27 June, and we were able to get the mail services running up there. But I stress again that in Torres Strait we are still in a situation where there are no regular transport services. People on the outer islands of the Torres Strait are relying on charter services to fly them around, and most of them cannot afford that. So it is basically government officials, and people being transported by government, who are getting around. That is the only way that people are still getting around out there.

These changes are bread-and-butter issues for those communities. We are now seeing West Wing look into operating in the Torres Strait, but it took months for them to even seriously look at that because of the toing and froing that went on as a result of CASA’s inability to effectively ground this airline. Changes within these bills will make that possible and will prevent such situations as occurred after the Lockhart River crash where Transair continued to operate for a period of time. As I said, we currently have the situation where it took a number of months before Aero Tropics was finally grounded in the Torres Strait. We did get a decision on that; Aero Tropics became unfinancial and insolvent and we can now see another operator coming in. We have West Wing working—and I continue to work with CASA and communicate with them about the approval to them as an operator in the Torres Strait—and I am making sure that I am getting proper briefings and that the government is doing all it can to support this new airline that wants to come in. But it is too long. It is eight months, and we need to get an airline back into the Torres Strait.

Mr Lindsay—A great Townsville-based airline!

Mr TURNOUR—They are a great Townsville-based airline under Mr Collings. They have been expanding quite widely, and I have had a chance to talk to him as well, but we do desperately need them back up there working. They are providing a good service into Cape York after taking over from Aero Tropics. So this legislation is critically important to my region, particularly to those isolated communities.

I think the establishment of the board was a recommendation that came out of the Senate inquiry following the Lockhart River crash. By creating an expert five-member board, the bill will strengthen CASA as a safety and oversight agency. The members of the board will not be appointed to represent sectional interests but will be charged with improving safety for the Australian community. This board will not be involved in the day-to-day running of CASA but will function at a tactical level by assisting CASA in managing the extraordinary growth of aviation and technological changes in aviation in Australia. The board will decide on the objectives, strategies and policies to be followed by CASA in ensuring that CASA performs its functions efficiently and effectively.

When you ground an airline, particularly in isolated communities, it is most important that you operate within the law and do what you need to do. You need to be able to com-
communicate with the community effectively about what is happening and why, because people depend on these services. I hope that is an issue that the new board takes up. It is certainly an issue that I have spoken to CASA directly about. I know that CASA responded to this when we spoke to them through the minister’s office.

One of the changes for CASA is the automatic stay provision. I have talked about the difficulties when grounding an airline. This legislation will make it easier to keep unsafe operators out of our skies. Currently, when CASA has made a decision to suspend or cancel operators who have been found to be unsafe, the routine application of an automatic stay has meant that these operators can continue flying for months. The examples that I have given highlight that. Under the existing legislation, most decisions of this kind are automatically stayed for five days, and for a further 90 days thereafter if the person affected by the decision lodges an application for review in the Administrative Appeals Tribunal within the initial five-day period. If the tribunal is unable to hear the appeal within 90 days, it may extend the stay until it is able to do so. I mentioned Transair as one practical example but Aero Tropics is another practical example. This legislation will enable CASA to move more quickly and effectively to ground airlines. As I have said, this will improve safety, but it will also create certainty for those local communities.

This legislation also closes a loophole in relation to the negligent carriage of dangerous goods on board an aircraft. The carriage of dangerous goods is a major safety issue potentially putting lives at risk. This legislation will include the offence of negligent carriage or consignment of dangerous goods. This will ensure that lack of care in the duty of carriage and consignment is addressed. It will also clarify and refine CASA’s investigative powers and bring its search warrant procedures in line with the current Commonwealth criminal justice procedures.

This legislation will also have some technical changes that will ensure better oversight of overseas carriers. I have spent most of my time talking about general aviation today because it is such an important bread-and-butter issue for people living in the Cape, the Torres Strait and the Gulf. But, as I also mentioned earlier, aviation is critically important to the community of Cairns and Port Douglas, which I am very proud to represent here. International aviation is very critical to driving our tourism economy and bringing visitors there, as is domestic aviation. This legislation will greatly improve CASA’s ability to apply oversight to foreign airlines flying into Australia. When deciding whether to allow an airline to operate in Australia, CASA will now be able to take into consideration a broader range of issues, including the conduct of that airline in their home country and other parts of the world, and the level of oversight by civil aviation authorities in the airline’s home country. This legislation will ensure that airlines that operate out of foreign countries and end up flying to Australia receive adequate oversight outside Australia; otherwise an air operators certificate will not be issued. So this legislation will strengthen CASA’s ability to oversee foreign carriers coming to Australia, which I think is particularly important.

As I mentioned at the beginning of my speech, these changes are part of our national aviation strategy. We are looking very much at the local tourism industry and local businesses and towards the white paper. There have been a number of submissions made by tourism operators and other businesses in my region. We certainly want to maintain the competitiveness of Cairns as an international destination, but, sadly, following changes that took effect last December, we saw Qantas cut flights out of there. I will continue to
work with the minister’s office and with local industry to do all we can to continue to maintain Cairns as an internationally competitive airport for people to come to. We will be looking to work with the minister on some of these issues.

The other part of this legislation involves changes to the Australian Transport Safety Bureau and strengthening its independence. Creating it as a statutory authority will take it outside the department, ensuring that there is no conflict of interest so that it can properly investigate accidents when they occur and make sure that there is full transparency in investigations. This is particularly important because when accidents happen, tragically, people generally lose their lives. You can have a car accident and you may not lose your life, but generally when planes come out of the air, people often die, and this is tragic.

Following the Lockhart River crash, we saw the campaign of Shane Urquhart, whose daughter, Sally, tragically died in that crash. When you have a department or authority, like CASA, that is overseeing air transport safety in this country, it is particularly important that there is an independent statutory authority that is undertaking an investigation so that there clearly is independence. I know that Mr Urquhart has welcomed the changes that are coming with this legislation. He would obviously like to see more things happen and more support and funding into these organisations. The government is very serious about improving safety. It is a critical issue in my electorate, but it is also a critical issue for the nation. I congratulate the minister for the work that he is doing in this area. I thank CASA for their support and advice to me on this issue. I will continue to argue strongly and work hard for my local community. We desperately need to get West Wing up and flying in the Torres Strait so that we can return air services to those communities. But, fundamentally, those communities want to know that they can get in a plane safely, and that is what this legislation will do—it will improve and increase safety through changes to CASA and the Australian Transport Safety Bureau. I highly commend these bills to the House.

Ms LEY (Farrer) (10.44 am)—I appreciate the opportunity to speak on the Civil Aviation Amendment Bill 2009 and the Transport Safety Investigation Amendment Bill 2009. The Civil Aviation Amendment Bill 2009 will create a small, expert board of five members for CASA, Australia’s independent aviation safety regulator. The new board will include CASA’s director of aviation safety and provide high-level direction to the organisation’s regulatory and safety oversight role. The legislation also improves CASA’s ability to oversee foreign carriers flying into Australia, strengthens the provisions for preventing operators from continuing to operate services where CASA considers it unsafe for them to continue and closes a gap in the current legislation by introducing an additional offence of negligently carrying or consigning dangerous goods on an aircraft.

The Transport Safety Investigation Amendment Bill 2009 seeks to reinforce the independence of the ATSB by establishing it as a separate statutory agency with a full-time chief commissioner and two part-time commissioners. Under the proposed changes, the ATSB would have operational independence from the infrastructure department with respect to the exercise of its investigation powers and the administration of its resources. Clarifying the ATSB’s independence as the national safety investigation agency was a key recommendation of the 2007 Miller review. The legislation also gives the ATSB new powers to compel agencies and operators within the aviation industry to respond to its formal recommendations within
90 days, giving the public greater confidence that the lessons from past accidents will be acted upon in a timely manner.

I do not wish to speak about the changes to the ATSB. I have always found it to be an exceptional organisation, managing, as many do, on limited funds and producing world-class results in its output. It is certainly in demand for its expertise all around the world. I would like to confine my remarks on the Civil Aviation Amendment Bill to two things—firstly, the performance of CASA over the last five years and my passionate belief that unless there are changes very soon we will see an immediate decline in general aviation. The previous speaker spoke about general aviation, but he was actually referring to regular public transport services. I mean general aviation, the flying, training and light charter sector of Australia’s aviation, and I have serious concerns about its future. I would also like to raise an issue that was raised with me only yesterday and which I am currently exploring—that is, a submission that the Sydney Airports Corporation made to the government’s green paper about regional airline slots into Sydney Airport and some concerns that they may be the architects of those slots. The access and the costings may be changed to force or encourage regional airlines that service my electorate and many other regional areas, particularly in New South Wales, such as Rex, to land at Bankstown, which is something that has come up before. I do not see it as government policy, but it is being raised again and I think it needs to be addressed.

On the matter of CASA, prior to speaking on the bill today I contacted many people that I know in the aviation industry, an industry that I was involved in myself many, many years ago. I was disturbed and distressed to hear their reports. I know that if we look at CASA and its role we would have to say, ‘Well done for keeping Australia’s skies safe.’ I do not want to detract from that, because if CASA sees its role, and government sees its role, as primarily doing that then it has achieved that and achieved it well. But if you look at the performance of the organisation in terms of its operation, its process and its relationships, I hear that it is lacking in leadership and it has no accountability. The important thing about a board is that it will now be accountable to this board. People have described the last five years of CASA as a total disaster, with no clear objectives, no engagement with industry, and as a situation where general aviation now has almost no chance of survival. I think five years ago it had a limited chance of survival, but now—and I see this around me, too—in regional areas its chance of survival is pretty dismal.

I must say that I have heard reports that in the last four to five months CASA has made an attempt to re-engage with industry—I think this concerns particularly its testing and checking procedures—but the point is that if CASA treats a small general aviation operator in the same way that it treats Qantas it will price that operator out of existence. I know there are other issues. They concern the age of aeroplanes—we do have an ageing aircraft fleet—the cost for the average person to learn to fly and to get into GA, the cost of fuel, landing fees and charges at local airports. These expenses were not there in 1982, when I learnt to fly.

I believe that CASA has a role in mentoring and engaging with general aviation—and not just for general aviation’s stake, which is important to understand. The travelling public will think: ‘That’s good. People like to fly. It’s a great hobby or occupation and maybe it can lead to something more, but it’s sort of separate from what we’re doing here in the big airlines’—but it is not. And no more clearly was this demonstrated than the recent accident in the States where an ex-
traordinarily experienced pilot carried out a landing on a frozen river and everybody got out of the plane. I am in no way suggesting that every pilot that flies an airline around the world is going to have that level of experience, but it does indicate that, where that experience exists, the people on that aircraft can have confidence, and that the most important people in any aircraft are the pilot and the co-pilot. That is the role of general aviation—to train people so that, when they do get into those positions, they have sufficient experience of the real world in aviation to meet any contingency. Where you have a lack of expertise in pilots you make up for it with flight management systems, with almost automated buttons that you press to take off, land and taxi—it is not quite like that, but when I see modern aircraft I am amazed. You can, to a certain extent, make up for that lack of expertise.

But unless we have a strong general aviation sector that feeds pilots to the next level of regional airlines like Rex, feeds them to the next level of bigger domestic airlines, carriers like Qantas and Virgin, and then of course to international airlines, we will have pilots pulled very rapidly through the system and we will have the situation, as we did recently—and ironically the global financial crisis and the reduction in demand probably means that this effect is now being slowed—where the pilot had 3,000 hours flying time and the co-pilot had 1,500 hours. Yes, they have done the training. Yes, they have spent all that time in the simulator. Yes, they are very smart and they are very good people. But they do not have the depth of experience.

I believe that CASA have killed general aviation. They would probably say, ‘Well, it wasn’t our role to support it and it wasn’t our role to mentor it. Our role is keep the skies safe.’ Yes, that is their No. 1 role—but they could also have carried out these other objectives; it would only have enhanced the status of the organisation and the job that they have to do into the future. I do not seek to make these remarks in a political sense because I am talking about five years ago, but I am desperately concerned about the state of general aviation and its survival. Now people who would like to pursue a career in aviation are simply priced out of it—as are the flying schools; I heard of another one closing the other day. Its operator said to me, ‘I can’t work in a not-for-profit organisation any longer.’ I understand that. He said he would need to not only upgrade his 30-year-old aircraft but also face the costs of complying with CASA’s requirements, which would be extremely onerous.

I think I have mentioned in this place before other flying schools who have wanted simple things—for example, to put an aircraft on their AOC that they already had and that was well known to CASA. The cost of actually achieving that transfer of one line on a piece of paper is in the thousands of dollars. Renewing your instructor rating takes half a day—to have the person come down from CASA and do the testing and the checking—and costs $1,600. The costs are enormous. Again, CASA would say, ‘Well, it’s not our job to understand the costs of a small regional based general aviation operation in training and charter,’ but it needs to understand the effect that its actions have on those organisations. Those who are interested in aviation now are simply going to get into the recreational aviation type of flying, which are not VH registered aircraft. They are managed by a completely separate body and therefore do not link in closely to CASA. They are allowed to regulate themselves. That will be a fun, hobby type activity but I do not think it will lead easily into training pilots for the future; and that is the problem.

The other remarks I would like to make concern regional aviation slots into Sydney’s airport. I received an email yesterday from
the Broken Hill City Council. It read as follows:

You will be aware that Sydney Airport Corporation Limited (SACL), in its recent comments on the Federal Government’s Green Paper on aviation policy, made a strong submission that regional air services should be relocated to Bankstown and/or the current quarantined regional slots at Sydney airport should be released to the larger airlines.

Council is completely opposed to such a suggestion and submits that SACL have an obligation to continue to provide access to Sydney Airport for regional passengers as a condition of purchase of the original lease from the Government.

Council requests that you make urgent representations to the Minister for Transport and Regional Services to ensure that regional airline passengers retain dedicated access to Sydney airport and the regions remain “open for business” at this critical time for regional communities.

I note the minister at the table, so that is part 1 of my submission to the minister. This has been a longstanding issue between Sydney Airport Corporation and Regional Express. Going back to parliamentary debates in New South Wales between 2003 and 2004, the issue was raised quite often. A previous minister in this place, John Anderson, replied to concerns that were raised in September 2004 as follows:

We have a long standing policy of guaranteeing regional airline access to Sydney Airport which includes not only quarantined slots through the Sydney Airport Demand Management Act but also access to adequate terminal apron facilities. This policy is non-negotiable and will be enforced if necessary.

If that were still the government’s policy, I would take comfort. I call on the government to emphasise to regional commuters that that is still its policy.

I have reviewed the submission that Sydney Airport Corporation made in response to the government’s aviation green paper to see what they actually said. Certainly they made the following point:

Price controls have not been subject to review for a decade. They continue to operate to hold prices for regional users at artificially low levels, cause cross subsidies from other airport users and act as a disincentive for investment in regional facilities. The extent of the pricing distortion is evidenced by the fact that the cost of operating a regional aircraft through Sydney Airport is now significantly lower than at Bankstown Airport. For example, a Saab 340 aircraft carrying 20 passengers would incur landing and terminal charges at Bankstown Airport that were 31% higher than at Sydney Airport. Cost is always a factor but I honestly do not think any regional passengers want to land at Bankstown airport. The issue is not the cost to the aircraft of landing at Sydney versus landing at Bankstown. Many passengers simply would not travel if the aircraft landed at Bankstown. An upgrade would be required there. Obviously the runway length and pavement strength is sufficient but an upgrade would be required for terminal facilities, for security, for fire measures et cetera. That would be enormous. So what I am saying to Sydney Airport Corporation is: you may feel you are stuck with the regional ring-fence and you may not like it but it is something that, I believe, you are going to have to live with.

If we look at the number of regional passengers that are coming into Sydney, we see that it is not as big as the number of international passengers. The submission that SACL makes talks about the dollars that Australia receives notionally from international travellers versus regional travellers. Of course it is going to be a lot more from an aircraft that contains 200, 300 or 400 people. It makes the point that it is a major contributor to the Australian economy. For every 747 that arrives at Sydney airport $1.8 million is contributed to the Australian economy and every
A380 contributes $2.2 million. The submission says:
It is therefore in Australia’s national economic interest to encourage more international flights to Australia.

Maybe it is; but not at the expense of regional flights and not at the expense of access to Sydney for the citizens of Australia’s regional cities such as those in my electorate of Farrer. When one reads these type of submissions it is almost as if there are two worlds: the city world and the country world. I have never accepted that there is. There is a significant interlocking of those two groups and if we freeze out regional travellers from Sydney then we do so much more to exacerbate the city-country divide—and I do not think that is what anyone in this place would want to see happen.

The regional airlines flying in and out of Sydney airport at the moment include Air Link, which is a member of the Rex group, which flies from Sydney to Mudgee, Bathurst, Dubbo, Coonamble, Walgett, Lightning Ridge, Bourke and Cobar. Rex flies from Sydney to Albury, Ballina, Broken Hill, Dubbo, Grafton, Griffith, Lismore, Melbourne, Merimbula, Moruya, Narrandera, Leeton, Orange, Parkes, Taree and Wagga Wagga. It is an issue of enormous significance for us in western New South Wales that the government does not accept the views of SACL and increase the cost of landing or decrease the timeslots available or the access into Sydney airport or do anything to encourage regional airlines to relocate to Bankstown, with all of the problems that that would involve. It is extremely important that that does not happen. I am pleased that the minister was here to listen to the first part of what I said and hopefully he now has that on his radar screen.

For a community like Broken Hill, the airline is everything—it is for every reasonably remote community, but Broken Hill is quite a large town and it is only serviced by Rex. The flight in and out is a major part of the activity of the town, because if you miss the aircraft there is often not another one and the flights are often completely fully booked. When they run late you have all the ramifications that anyone who has a flight running late or who misses a flight has—it is tiresome and a nuisance et cetera. Multiply all that by more when you are in Broken Hill. If it happened to me in Albury, I would just jump in the car or drive to Melbourne or get the next flight or change from Rex to Qantas or Virgin et cetera. But in Broken Hill you cannot do that. Rex services the town and if you miss the flight you do not have any other options, because it takes hours to drive to anywhere where there is another one. You basically have to cancel what you were going to do. So it is important that the end result, after the white paper, is not that regional airlines have to fly into Bankstown or that services are reduced because demand is reduced. Remember, I do not believe that many passengers want to go to Bankstown. The public transport is not nearly as good as it is at Mascot. Anyway, why should regional Australians have a second-class service? Why should we not be able to fly into Mascot airport to do a day’s business in the city, just like anybody else? It is extremely important and I appreciate the opportunity to raise that in the context of this debate.

In summary, I return to the matter of CASA and its board. Clearly, from my previous remarks, I am in support of a board. I do not think ministerial accountability was the right way to go. I think that put too much pressure on the minister. There were good arguments for and against and many of them were made by the Leader of the Nationals in his earlier speech. My personal view has always been that accountability to a board makes an organisation like CASA be more
accountable, and we clearly need that when we look at its troubled history. The board needs to be skills based, and I note that it will be. It desperately needs to have people that have a depth of experience in both general and regular public transport aviation in this country. I know that you can have a good mix of skills on a board and sometimes there are skills that may not be aviation related, but where possible I really believe that we need to have the two together. Everyone who has experience in an industry thinks that they understand the industry and that people who have not worked in it do not. I know that. Sometimes it is useful to have a perspective from right outside an industry. But I do believe that CASA has suffered in the past by having a leadership that has not had the depth, breadth and strength of experience in aviation—not just the airlines. So I look forward to the appointments on that board and I look forward to a brighter future for CASA.

Mr BUTLER (Port Adelaide) (11.04 am)—I rise to support the Civil Aviation Amendment Bill 2009 and the Transport Safety Investigation Amendment Bill 2009, which are being debated together. These bills reflect the Rudd Labor’s government’s commitment to a strong and safe aviation industry. I enjoyed listening to the previous speaker’s analysis of this matter, particularly in relation to regional airlines’ access to Sydney airport. As someone who flies from capital city to capital city, I do find it frustrating to queue up at Mascot behind a couple of small prop jets with maybe 12 or 20 people in them while several jets with hundreds of people in them are delayed. As a capital city dweller or a city slicker I have railed against those regional jets holding up much bigger groups of passengers travelling from capital city to capital city or, indeed, from overseas. So it was interesting to hear that particular perspective even if it was not directly related to the contents of these bills.

There are a number of obvious reasons why this government is so committed to reform in this area to ensure that a strong and safe aviation industry continues to serve Australia’s interests over the next not only few years but couple of decades. It is a critical industry for our country, most obviously because we are an island economy. Airline links to the rest of the world are very critical for not only our lifestyle but our economic prosperity, especially in areas of particular interest to me such as tourism but also for freight. So it is important as an island that we have a strong, safe, vibrant aviation sector, and these bills go towards that end. As a large continent, it is also very important for internal domestic reasons that our aviation industry remains strong and safe. It is important in ways that smaller, more densely populated countries in continents with sophisticated rail and road networks do not really understand. The previous speaker spoke about the capacity to substitute an air trip for a road trip if the schedule does not suit. But in many parts of this continent, unlike much of travel within the US or Europe, particularly Great Britain, there is simply no alternative to air travel. So it is very important that Australians have confidence in a strong and safe aviation industry.

It is an industry which is a very large source of employment. They are secure and well-paid jobs, by and large, in the aviation industry, which employs around 50,000 Australians. It is an industry which, particularly in our region, the Asia-Pacific region, is experiencing very significant growth. In spite of the global recession and the downward pressure that the economic turmoil we are experiencing at the moment is placing on international air travel, particularly leisure travel and business travel, the Asia-Pacific region, particularly around China and India, but not exclusively, is experiencing very strong growth.
That poses a range of opportunities for Australia, including its tourism industry, but it also poses increased competition for our airlines and airlines from the region which fly to and from Australia. Increased competition in the sector always places if not pressure then at least the perception of pressure on things like maintenance, quality of service, security and safety standards. As I say, if there is not pressure then there is at least the perception of pressure and the need for increased public confidence that those very important aspects of aviation are not being sacrificed in order to deal with the increased competition which the aviation industry is facing in the Asia-Pacific.

The government are—as are all members of this House, I am sure—committed to setting a very strong platform for this industry over the coming 20 years and more. As with so many areas of reform undertaken by this government, we have set about a very detailed consultation process with the community to ensure we do that right. Firstly, in April 2008 the government issued an issues paper intended to stimulate debate within the community about the need for reform in this area. It was a paper that attracted over 290 submissions, indicating a very high level of interest in the community not only from big players in the aviation industry but also from ordinary members of the community—community groups impacted by the activities of airports and suchlike.

After consideration of that issues paper in December 2008, the government, or the minister particularly, issued a green paper which contains a number of proposals which will be the subject of ongoing discussion over coming months but also some proposals highlighted for early action which are the subject of these bills. As I just foreshadowed, there is intended to be ongoing discussion over the course of this year about a number of the issues raised in the green paper, with the government intending to issue a white paper later in 2009.

There has been very strong support from stakeholders in this industry, including the big players, for this very considered, consultative approach to reform of aviation. There has also been strong support for these bills. The first bill is the Civil Aviation Amendment Bill 2009. It largely deals with the governance and powers of CASA. The recommendations are largely drawn from a unanimous Senate Standing Committee on Rural and Regional Affairs and Transport report in September 2008 but also pick up a number of issues foreshadowed in the green paper that followed that Senate report a couple of months later.

There are four components to the bill. The first component, as the previous speaker and other speakers have indicated, reintroduces a board to the governance structure of CASA, a board that was abolished in 2003. After that abolition, the sole decision-making authority within CASA lay with the chief executive officer, who also holds the statutory office of Director of Aviation Safety. CASA is a hugely complex and self-evidently important organisation within Australia. It employs some 600 staff and has responsibility for some of the most critical elements of community safety that we know of.

The green paper describes the role of CASA much better than that I could. Just to highlight the breadth of responsibility that this chief executive officer has in a strategic sense as well as in a day-to-day management sense, the green paper says on page 52:

CASA oversees the activities of over 42,000 licensed industry personnel (including pilots, Licensed Aircraft Maintenance Engineers and Air Traffic Controllers), over 13,000 registered aircraft, more than 850 general aviation operators, more than 40 airline operators, over 700 maintenance organisations, more than 170 certified aerodromes, more than 130 registered aero-
dromes, and 26 air traffic control (ATC) facilities including major ATC centres in Brisbane and Melbourne.

CASA has a complicated dual role, being required to work constructively day-to-day with the industry it regulates, but also needing to take firm regulatory action against industry where necessary to ensure safety.

The Senate report I referred to earlier that reported in September 2008 heard overwhelming support from the industry for the reintroduction of a board structure into CASA. Certainly it is no reflection on the chief executive officer, who does a very outstanding job, but nevertheless all the key players that I have been able to research and which gave evidence to the Senate committee have indicated their support for a board structure. For example, going to that committee report at paragraph 2.99:

… Qantas submitted that the current governance structures are not delivering consistent policy direction and that the current responsibilities of the CEO are too broad.

They supported the concept of the reintroduction of the board structure. The Aircraft Owners and Pilots Association was also said to be supportive of this. Paragraph 2.101 said:

The committee heard evidence from a number of witnesses suggesting the re-establishment of the CASA board would have benefits for the governance of the organisation. AOPA told the committee that it considered the reintroduction of a board would provide a level of accountability for the CASA CEO and senior management.

The union for Qantas pilots, AIPA, also supported this approach. At paragraph 2.103 it says:

Captain Ian Woods from AIPA told the committee that, in his opinion, the re-establishment of a board would give CASA the ability to operate independently, with confidence, and in the public interest.

Lastly, but not least, the Australian Sport Aviation Confederation, ASAC, said in paragraph 2.104 that it also supported the reintroduction of the CASA board.

Although much of the green paper contains proposals for discussion leading up to the issuing of a white paper later this year, the green paper did foreshadow the intention of the government to act on that unanimous Senate committee recommendation before July 2009, which is how we find ourselves debating these bills today.

Within these bills, the government is proposing to introduce a five-member board. It is very clearly intended not to have members that represent sectional interests of the aviation industry but to have members with broad skills and experience relevant to the job. The job of the board will be to set the strategic direction of the organisation of CASA. The chief executive officer will properly be an ex-officio board member, responsible to the board for the performance of his or her duties and responsible to manage the day-to-day operations of the organisation that I outlined earlier from the green paper quote.

The legislation also deals with concerns within the industry that were highlighted in the issues paper and the discussions that followed that—concerns in the industry that the automatic stay provisions involved in safety investigations have become overly lax. The bill provides now that those automatic stay provisions will last for a maximum of only five days and that any extension of those provisions will only be able to be approved by the Administrative Appeals Tribunal.

The third component of the Civil Aviation Amendment Bill reflects the identification in the green paper of the need to tighten CASA's oversight of foreign operators. I talked in my introduction about the growth of competition within our region, which re-
flects—or is reflected by, depending on your perspective—a proliferation of new airlines within the region, including some low-cost and some more mainstream operators. From a tourism and consumer perspective, this is a good thing. Increased competition is driving down airline prices and, to quote an ad, ‘democratising air travel’ for many people within a region that is—not before time—finally becoming richer.

But the Australian community, Australian travellers and the Australian aviation industry need to know more about what these aviation operators have in their safety backgrounds. We need to know more than simply what those operators do while they happen to be in Australia, and this bill does that. The bill will now allow CASA to take account of a number of factors not currently within its purview: firstly, the conduct of those operators offshore, not just when they happen to be within the Australian jurisdiction; and, secondly, the level of safety oversight provided by the overseas equivalents of CASA within the home jurisdictions of the various airlines that now come to Australia.

The fourth and final component is that the bill closes a loophole in offences that are designed to protect the sector—and passengers, for that matter—from the carriage of dangerous goods. The act now contains an offence dealing with the carriage or the consignment of dangerous goods on aircraft. To close a loophole, this bill adds a further offence that deals with the negligent, as opposed to the wilful, carriage or consignment of dangerous goods on aircraft. It is self-evident that this is an important loophole to be closed.

The second bill is the Transport Safety Investigation Amendment Bill 2009. It is also directed at improving or increasing public confidence in the safety regulation of the aviation industry. In a nutshell, the bill delivers greater independence to the Australian Transport Safety Bureau, which is currently an independent statutory agency run by a chief commissioner and a number of part-time commissioners. The level of independence currently in the act has been regarded by most in the industry and by this government as insufficient. The Miller review in 2007 recommended greater independence, and this bill delivers that, as was foreshadowed in the green paper.

The bill removes the bureau from any direction from the government, except that the minister can direct a particular incident to be investigated. Independence in this area is a core element of public confidence in an investigation authority, and this bill improves and solidifies the public confidence in an already outstanding bureau. I add for completeness that the level of independence contained within this bill is an element of the Chicago Convention on Civil Aviation and so reflects our existing international obligations.

In summary, these bills together constitute a very significant advance in improving public confidence in our aviation regulation. There is more to come. The minister, and the government more generally, is still engaged in a detailed consultation process arising out of the matters raised in the green paper. As I indicated earlier, we will see a white paper issued later this year that no doubt will contain a number of other important recommendations for reform in this area. The government is committed to a vibrant, safe and sustainable aviation industry well into the future, and these bills go a long way towards delivering that objective. I commend them to the House.

Ms MARINO (Forrest) (11.21 am)—Safety and security are the most important issues for Australia’s aviation industry, and Australian travellers rightly expect the highest standard from regulators to trainers, from
air traffic controllers to pilots and from attendants right through to maintenance crews and security staff. The bills before the House, the Civil Aviation Amendment Bill 2009 and the Transport Safety Investigation Amendment Bill 2009, seek to improve governance of the Civil Aviation Safety Authority and establish the Australian Transport Safety Bureau as a statutory agency.

The Civil Aviation Amendment Bill 2009 will mainly amend the Civil Aviation Act 1988 to reintroduce a board to govern the Civil Aviation Safety Authority and make improvements to the aviation safety regulatory regime under the act. In December 2008 the government released the national aviation policy green paper, *Flight path to the future*. The paper was the result of an industry consultation process and will serve as the foundation of a white paper due in late 2009. The matters covered in *Flight path to the future* were wide-ranging in scope, including aviation safety issues, and I note that the government stated that it would strengthen safety issues as well as strengthen the Civil Aviation Safety Authority by its retention as an independent statutory agency with responsibility for aviation safety regulation.

The government intends to reinforce CASA’s governance arrangements. That includes establishing a small expert board to guide the organisation and to recommend enhancements to CASA’s approach to regulation and surveillance of airlines. It will also strengthen CASA’s regulatory powers to inspect and regulate the operation of international carriers to ensure safety standards are met. It will update the regulatory powers and enforcement provisions in the Civil Aviation Act 1988, ensuring the effective management of future safety risks as well as giving CASA the necessary powers to deal effectively with operations that do not meet safety standards.

The Civil Aviation Amendment Bill 2009 strengthens CASA’s capacity to access information on suspected safety deficiencies through self-reporting by operators, affirming the obligation on AOC holders to notify CASA immediately of any failures in safety compliance and ensuring CASA’s penalty provisions provide a balanced and effective range of responses to breaches. The government is seeking to implement these commitments through the bill. A further commitment by the government following the release of *Flight path to the future* is to strengthen the independence of the Australian Transport Safety Bureau as a safety investigation agency as part of a statutory agency within the infrastructure portfolio working under a commission structure. This commitment is provided through the associated bill, the Transport Safety Investigation Amendment Bill 2009.

Aspects of the Civil Aviation Amendment Bill 2009 dealing with the CASA governance have also been influenced by the inquiry of the Senate Standing Committee on Rural and Regional Affairs and Transport into the administration of the Civil Aviation Safety Authority and related matters. Recommendation I was that:

… the Australian Government strengthen CASA’s governance framework and administrative capability by:

- introducing a small board of up to five members to provide enhanced oversight and strategic direction for CASA; and
- undertaking a review of CASA’s funding arrangements to ensure CASA is equipped to deal with new regulatory challenges.

As I said previously, safety is the most critical issues to passengers and all others involved in the aviation industry. Recent incidents involving Qantas simply reinforced basic safety issues to both passengers and airlines. In fact, these incidents were reported in the January 2009 edition of the
European based *Flight International* magazine in its incidents and accidents listing. Under the category of ‘significant non-fatal incidents worldwide’ the actual events listed were the loss of electrical power in a Boeing 747 approaching Bangkok airport in January, the onboard explosive decompression over the Philippines in July and the unexpected drop in altitude for those aboard an Airbus A330 flying over north-west Australia in October 2008. These three incidents involved over a thousand people. Fortunately, all survived, but each incident reminded us why we cannot take air travel safety for granted.

The government has introduced these bills but conversely has apparently cut the number of armed air marshals by 35 to 40 per cent. These are the specially trained people who have secretly protected Australian passengers and aircraft with great effect since September 11. This was a $55-million-a-year program. I also understand that the government halted the terrorism awareness training program known as Operation Hawkeye, due to have been implemented at airports right around Australia in 2007. In fact, it was reported in the *Australian* on 24 February:

Airport staff, including front-counter ticketing officers, baggage handlers and cleaners, have not been given basic terrorism awareness training, despite it being a requirement under federal laws brought in after the September 11 attacks.

The article quoted counterterrorism expert Nick O’Brien, of Charles Sturt University’s centre for policing, as saying:

Considering al-Qa’ida is still interested in aviation as a target … there is nothing wrong with awareness training if it is being provided by the AFP or aviation authorities.

The expansion of aviation transport, especially into regional areas, enhancing tourism and regional economies, is extremely important. The Western Australian government has a new tourism campaign, launched recently, ‘Holiday at Home’. It has, by recent accounts, received overwhelming support. A recent survey indicated that Western Australians believe that, in the current economic circumstances, they should be holidaying at home instead of overseas. Many of those will be holidaying in our state and in my part of the state, rediscovering local world-class destinations and enjoying the convenience and value for money of holidaying at home while injecting much needed income into regional economies. It is not surprising, however, that total inbound visitor arrivals are estimated to drop by 4.2 per cent in 2009. Tourism operators and their employees in the industry will continue to be hard hit because the government has failed to support the industry during the global financial crisis.

The coalition, when in government, delivered additional support for the tourism industry to assist during times of global crisis. The support included the $79 million tourism recovery initiative, the $10 million SARS recovery package and a special $8 million funding boost for the former regional tourism program to help regional communities increase tourism sales. The Rudd government, in its first budget, introduced nearly $1 billion of new tourism taxes this year, including a 24 per cent increase in the passenger movement charge. This saw the charge increase from $38 to $47 and is an extra cost to airlines, agents, tourism operations and flying travellers. This has hit the aviation industry at a time when it is already struggling with rising costs and economic uncertainty. Should the government implement all 84 recommendations of the Beale report, that would impose an additional $1 billion in taxes on the tourism industry over the forward estimates, which is of even more concern. That would be $2 billion of new government tourism taxes in two years.

Tourism is a key economic driver for Western Australia, generating 80,000 jobs and injecting $7 billion into the economy,
with over $2 billion of this spent in regions like my own. With over 483,000 Australians employed in the sector, I believe the government should explain how the $2 billion of tourism taxes will help tourism operators keep their doors open and retain Australian jobs during this period. Regional tourism is hurting. In the south-west in my electorate during the Christmas holiday period, forward orders and bookings were down by a record 10 per cent. Over summer the Busselton, Dunsborough and Margaret River areas are traditionally packed with holiday-makers. These are very difficult times indeed for regional tourism. In the Augusta Margaret River Times on Friday, 23 January the CEO of the tourism association, Francine Burton, confirmed what operators feared most: a 10 per cent slide in visits during the peak January period. And visitors who did come were spending less.

Jobs, jobs and jobs in the tourism industry require visitor growth, staff training and infrastructure projects such as regional airports, rail and road upgrades, particularly the Bunbury Outer Ring Road, the Perth to Bunbury highway, a dual highway to Margaret River and the Perimeter Road. I commend the launch of the WA government’s marketing campaign aimed at keeping those tourism dollars in the state. It also targets travellers from the eastern side—this side—of Australia as well as Singapore, one of Australia’s largest tourism markets. The federal government’s first budget provided an eight per cent decrease in total tourism spending, including a $5.9 million funding cut for Tourism Australia, and the Australian Tourism Development Program was cut by nearly half, from $29.9 million to just $16 million. In addition to the increase in the passenger movement charges, passport fees jumped by four per cent and visa application fees rose by $25.

A regional airport is very important to my south-west. Currently there are no domestic scheduled services for the holidaying public at any of the airstrips in my electorate. Air movements are serviced by local charter aircraft and privately owned planes. A regional airport facility located in this area would indeed enhance tourism numbers to the region, both of interstate and overseas visitors. It is interesting to note that the 2007 statistics for general aviation in Western Australia, excluding major airlines and regional airlines, showed 1,384 active aircraft flew a total of 394,300 hours. They show 145,300 hours were spent on charter, 110,500 were spent on training, 81,700 were spent on undertaking aerial work involving surveying, photography, mustering and ambulance transport and 30,200 hours were spent on private business.

Population growth is increasingly strong in my south-west. It is one of the three fastest-growing regions in Australia, and major infrastructure works are needed for future economic growth in the region. As I have stated before in this House, the population of the shire of Busselton increased by over 7,000 people from 1996 to 2006, an increase of 43 per cent. Over the same period, the state population grew by only 15 per cent. The Busselton shire has a strategy to cater for an additional 11,000 to 12,000 people over the next 15 to 20 years. An expanded airport service will be a necessity to cater for the extra activity in the region. The shire has also identified that the Busselton airport needs to be upgraded and expanded to become a regional airport with domestic services to attract workers and tourists from Perth and interstate. Of course, any expansion would have to deal with avoidance areas, residential estates, sensitive rural activity and noise factors. Currently there are 25 aircraft housed at Busselton airport, and training aircraft regularly take off and land.
The Royal Flying Doctor Service conducts regular training and patient pick-ups out of Busselton. In fact, the Royal Flying Doctor Service in Western Australia is kept very busy throughout the whole state and needs to be strongly supported to continue providing invaluable services to remote and regional areas. In 2006-07 the RFDS travelled over five million kilometres, flew over 16,000 hours, transferred over 6,000 patients, conducted over 1,600 clinics and made over 24,000 telehealth calls. In my electorate in the 2007-08 year, the RFDS transferred 768 patients from south-west hospitals, including 493 from Bunbury, 104 from Busselton, 61 from Manjimup, 47 from Collie, 28 from Margaret River, 19 from Bridgetown and eight from Augusta. As a result, we need to have continued investment in regional aviation infrastructure to ensure these and future services are aligned with the needs of regional Australians.

The problems at the Perth domestic airport are an example of planning and expansion that have not kept pace with growth. As Geoffrey Thomas reported in the West Australian on Monday, 2 March:

Rapid passenger growth, congested air space and big demand from mining companies’ fly in, fly out workforces have combined to turn Perth Airport into Australia’s most disjointed and dysfunctional, with the worst record in the country for late departures … with only 64 per cent of flights leaving on time.

Thirty minute-plus delays are not uncommon.

Airservices Australia, the government operator of the air traffic control system, has completed a major review of airspace into the Perth Airport area in an effort to minimise delays. The 61 per cent growth in movements of large aircraft in the past five years has exceeded all expectations and is at the root of the problems at the airport. In 2007-08 the airport was bulging, handling 9.17 million passengers, which is a 73 per cent leap in just five years. That is four times more than the population of Western Australia.

I am also concerned that the green paper makes no mention of flying clubs and instead places its emphasis on training with universities. Beatrice Thomas reported in the West Australian on 18 February that the WA aero-club warned that flying clubs are under threat from the government’s proposed reforms aligning flight schools with universities and also that pilot training could be compromised by the move. The president of the aeroclub, Jack Gregor, said clubs already affected by the slump in the aviation industry would suffer if stripped of training income and believes that practical tuition is better served by flying clubs. It is very important that the government responds to stakeholders in the aviation industry to ensure that the local flight schools and aeroclubs continue their practical, hands-on training.

The green paper proposed a five-member board, as I said earlier. That board would appoint the CEO. However, I notice that, on 16 December, the minister announced a new CEO.

The green paper proposed a five-member board, as I said earlier. That board would appoint the CEO. However, I notice that, on 16 December, the minister announced a new CEO.

Flight path to the future examined CASA’s regulatory powers and industry interactions and considered options for voluntary and mandatory aviation safety reporting requirements, as well as increased penalties for regulatory breaches. The task force recommended that the current reform process be completed by 2011-12.

As has been said in this House previously, there is widespread support within industry for the new CASA board that will assist the organisation in managing growth and trends—trends such as low-cost carriers—as well as facilitating effective interaction between the regulator and industry. Continuous technology and other changes taking place in
the aviation sector will require governance arrangements that ensure CASA is equipped to monitor and drive the safety outcomes. The new board is expected to facilitate better relations across agencies with safety responsibilities as well as assist with the integration of the industry’s and other related stakeholders’ strategy input.

The bill also states that CASA is not intended to represent sectional interests but is intended as a governance board working for overall safety benefits for the Australian community. It will involve striking a balance between the competing needs of different industry sectors and operating at a strategic level supporting CASA’s role in regulation and safety oversight. It will not be involved in day-to-day activities.

The bill also strengthens and improves CASA’s enforcement powers across a number of areas, including that of negligence in carrying dangerous goods. It extends the period of enforceable voluntary undertakings to redress identified safety deficiencies from six months to one year. The bill contains a number of changes to CASA’s investigative powers and its search and seizure procedures to bring them into line with current Commonwealth criminal justice procedures and practices. It extends powers to allow CASA to use search and seizure powers under chapter 7 of the Criminal Code. Giving CASA the ability to exercise more effective oversight of foreign aircraft operations will significantly enhance CASA’s ability to impose requirements on holders of AOCs and other permits authorising the operation of foreign registered aircraft into and out of Australia. This will ensure the provision of more information about their ability and willingness to satisfy safety requirements.

I am pleased that the government has accepted the recommendation of Mr Russell Miller to clarify the ATSB’s independence as the national safety investigation agency—something that received strong support from industry. I strongly support this civil aviation amendment and transport legislation. However, I do call on the government to fund the air marshal program.

Mr PERRETT (Moreton) (11.40 am)—I rise to speak in support of the Civil Aviation Amendment Bill 2009 and the Transport Safety Investigation Amendment Bill 2009. Before I do so, I thought I would declare any possible conflict of interest for the benefit of the House. The first declaration is that I, too, have a general aviation airport in my electorate—Archerfield Airport—and have a long family history with that airport. In fact, I think my grandfather drove bulldozers there back in World War II when the American air force was based there. Also, I live in Moorooka and used to live in Tarragindi, and nearly every single plane that goes into Brisbane Airport coming from the south flies right over my electorate. In fact, when I used to live in Tarragindi, they seemed to fly right over my bedroom. Also, as a member of parliament, obviously, I get to inspect a lot of airports—mainly Brisbane and Canberra airports, but we do wander around the country a bit and see a lot of airports.

I turn now to the legislation before the House. I will firstly say that, although it is not perfect, Australia’s aviation safety record is the envy of the world. In Australia, aviation accidents and fatalities are extremely infrequent, and the Australian Transport Safety Bureau found that air travel is the safest travel option in Australia. As I said, we do have a very, very proud history. If we look at Qantas, the Queensland and Northern Territory Aerial Services, it has a proud record—a record known round the world, in fact. I take your mind back to the movie Rain Man—I am talking about the movie Rain Man, not the former environment minister, the member for Wentworth, and his cloud-
seeding experiment but the movie *Rain Man* that had Dustin Hoffman in it—where there was that famous exchange between Tom Cruise and Dustin Hoffman. Tom Cruise was playing the character Charlie, and Raymond was played by Dustin Hoffman. I will just quote that exchange, which was a very popular piece of footage on Qantas in-flight movies but which was not shown on any other airline’s in-flight movies. The Tom Cruise character, Charlie, says:

All airlines have crashed at one time or another. That doesn’t mean that they are not safe.

Raymond, the autistic brother, says:

Qantas. Qantas never crashed.

Charlie says:

Qantas?

Raymond says:

Yes, never crashed.

Charlie says:

Oh, that’s gonna do me a lot of good because Qantas doesn’t fly to Los Angeles out of Cincinnati, you have to get to Melbourne! Melbourne, Australia in order to get the plane that flies to Los Angeles! Do you hear me?

Then Raymond’s response is:

Canberra’s the capital. 16.2 million population.

And then Charlie lets go. That exchange illustrates the proud history of safety in Australian air transport. Not only does this safety record ensure that there is greater peace of mind for frequent flyers; it also helps boost confidence in related industries like tourism and freight, so that, when we do a pitch to the world, we are able to do so with a lot more substance.

But unfortunately we have not been without incident. Only last year, Qantas passenger aircraft were involved in three significant incidents. Maybe the Rain Man of today would not have that exchange. Thankfully, serious accidents were avoided and no-one was badly injured or killed. However, last year 38 people died as a result of air transport, general aviation and recreational aviation activities. Air safety is something we should never take for granted and something which should remain a top priority for industry and for government. No matter how good our aviation record is, Australia must strive to do even better. Government and industry must work together to ensure the Australian aviation industry remains one of the best and safest in the world.

The Rudd government released the national aviation policy green paper *Flight path to the future* in December last year. I know this paper involved a broad consultation process with industry, and they received a number of submissions from all around Australia. I especially noted some submissions from aviation interests in my electorate, particularly those people connected with the Archerfield Airport. I would like to particularly mention them: the president, Lindsay Snell, who has taken me for an inspection of Archerfield Airport in his helicopter; the executive officer, Ross Steele, who works tirelessly for the Archerfield Airport Chamber of Commerce; the vice-president, David McGrath; the secretary, Clement Grehan; and the treasurer, Des Harrison. All of these people are pilots connected with the Archerfield Airport in my electorate and they do fantastic work. Brisbane’s secondary airport has long been a magnet for aviation enthusiasts and continues to provide a base for pilot training, freight and weekend pilots such as the office holders that I mentioned.

The Civil Aviation Amendment Bill 2009 implements a key policy of the green paper: to strengthen Australia’s civil watchdog, the Civil Aviation Safety Authority, more popularly known as CASA. The bill gives CASA greater powers to enforce safety standards and improves the governance of CASA by establishing a CASA board. The board will provide strategic oversight and direction for
air safety and will ensure that CASA performs effectively. The five-member board will be appointed by the minister for terms not exceeding three years. However, the minister will still be limited from directing CASA on certain matters to ensure that decisions are made in the interests of air safety, not political interest. The board will also consider the future directions of air safety and the implications of new technologies and other changes in the industry as they come online.

As I said previously, this bill also strengthens CASA’s power to enforce air safety standards. For example, a new offence of the negligent carriage of dangerous goods will be created. This effectively closes a loophole to ensure that carriers take appropriate care when transporting dangerous goods on an aircraft. The bill also gives CASA greater powers relating to overseas based operators who are flying to Australia. Before allowing a flight to enter Australia, CASA will be able to take into account the conduct of the air operator and the level of safety oversight provided by civil aviation authorities in other countries. This measure will help build confidence that aircraft entering Australian skies comply with appropriate safety measures. These extra powers will also ensure that CASA can take reasonable steps to enforce air safety while not placing an unnecessary burden on the industry.

In addition to the increased powers and better governance for CASA, the government is also committed to boosting the independence of the Australian Transport Safety Bureau. The Transport Safety Investigation Amendment Bill will establish the Australian Transport Safety Bureau as an independent statutory authority from 1 July 2009. In his 2007 review, Russell Miller recommended that the government address the independence of the ATSB and clarify its role as the national safety investigation agency. These amendments will achieve this. The position of executive directors will be replaced by commissioners appointed by the minister. Apart from having matters referred for investigation, the Australian Transport Safety Bureau will be able to exercise its powers without any interference.

Travel is such a vital and important part of modern life, particularly in a nation like Australia that is such a large continent. As a Queenslander, coming from the most decentralised state, I am particularly passionate about air travel and transport in all forms. Whether we are travelling to work, to visit friends or just for fun, everybody has a right to expect that their journey will be a safe one. Unfortunately, this is not always the case. I accept, and I think we can all acknowledge, that sometimes accidents happen and sometimes people make mistakes, but it is our responsibility as a government to ensure that we do whatever we can to keep our roads, rails, skies and waterways safe. It is also our responsibility to ensure that mechanisms are in place to thoroughly investigate breaches of safety, that dodgy transport operators are held accountable and that measures are put in place to ensure that mistakes do not happen again. Any smart society knows that you learn from your mistakes rather than keep repeating them. These bills work together to improve transport safety for everyone. I thank the transport minister for his commitment to improving transport safety and his work in introducing these bills. I commend the bills to the House.

Mr KATTER (Kennedy) (11.50 am)—I rise to speak on the Civil Aviation Amendment Bill 2009 and the cognate bill and to vent my extreme anger with CASA, which I think is a disgraceful organisation that takes no responsibility for responsibilities it is supposed to be exercising. In the case of bananas, I hope we will prosecute the public servants responsible personally, because we
just cannot go on having government in Aus-
tralia like this.

Karumba is a little town of nearly a thou-
sand people who were completely cut off
during the floods, being some 15 kilometres
from the nearest land. The nearest town was
three hours away by a glorified dinghy; that
was the only way for nearly a thousand peo-
ple to get out of that town if they broke a leg
or had a heart attack, because there is no air-
port, because thanks to privatisation no-one
is looking after the airport and the airport has
fallen into disuse and cannot be used any-
more. So there is no way of getting in or out
except by helicopter. There are no helicop-
ters in the area that have CasEvac stretcher
facilities, so if people had a heart attack—as
you would be well aware, Mr Deputy
Speaker Washer—or a broken limb, there
was no way we could transport them out ex-
cept in a glorified dinghy, for a journey of
nearly three hours across raging, crocodile-
infested floodwaters up to Normanton.

After being venomously attacked in the
media, the state government—they must be
condemned—eventually put a helicopter
there, but the helicopter had no stretcher fa-
cility. After being venomously attacked
again, the government gave us a stretcher fa-
cility. But when the helicopter was put
there—and this was the second week of what
became two months of Karumba being cut
off in this way—it had no night-flying capac-
ity. There are very few choppers in Queen-
sland that do have night-flying capacity, and
this is not a problem. I use helicopters a lot
and the arguments over safety are absolutely,
totally spurious. If you ascend 50 or 100 feet
above Normanton, you can see Karumba.
You can see it during the day and you can
see it at night. Even though it is three hours
away by boat, because you have to follow
the river, it is only about 35 or 40 kilometres
as the crow flies. You can clearly see it, so
the arguments about deep holes and disorien-
tation and all of that rubbish are enormously
spurious.

In addition to that, the helicopter has an
instrument that tells you whether you are
horizontal, so if you have a GPS and an in-
strument that tells you whether you are hori-
zontal or not and if you can see the lights of
both towns then any argument that says that
the helicopter cannot be used at night is spu-
rious. I rang up three of the leading helicop-
ter operators in Queensland and asked them
about it. They said: ‘Why wouldn’t you be
allowed to do that? Sure, you need a night
rating’—and these people do not have night
rating—’but why would anyone refuse you
the right to do that?’ I said, ‘CASA is point-
blank refusing to give it.’ At this very mo-
time those people up there—a thousand
Australians—have been deprived of that
right and possibly of their life. If anyone dies
there, let there be no doubt I will be in Slater
& Gordon’s office so fast all you will see is a
blur of speed for me to get in there and sue
these people.

The clause says that in an emergency the
helicopter can be used. But who is to say it is
an emergency? All we wanted from CASA
was for them to say that there was an emer-
gency situation there. The chopper pilot, ac-
cording to CASA, was going to risk his life.
But he is now risking his life, according to
CASA, and his job because the onus and
burden of proof shifts to him to prove why
he should not be prosecuted. They made it
quite clear that they were not going to de-
clare an emergency situation at Karumba.

These people are drunk with power. Dick
Smith needs to be put back in charge. Dick
Smith used the phrase ‘affordable safety’. For
people sitting down here comfortably in
Canberra, it might be very nice to make it
impossible to have an aeroplane crash; that
would be very comfortable for them. My
grandad put a lot of money he could not af-
ford into a little company called Qantas because it might just have been a matter of life and death for us to have aeroplanes operating. They may not have been really safe but they were a hell of a lot better than having nothing. My father, a wonderful man, said that if ever on earth he had met a saint it was ‘Flynn of the Inland’—the Reverend Flynn—who instituted the Royal Flying Doctor Service. We do not know how many lives they saved, but they went out in little aircraft that in today’s terms would be very unsafe indeed. They risked their lives to save lives and they saved hundreds and hundreds of lives, and to my knowledge they never lost an aeroplane.

I will come back to my own family’s experience—and I do not have to go any further than my own family’s experience, living on the frontiers of Australia for four generations on the Katter side. My uncle—who I never, ever saw; he died before I was born—was injured in a football match, and there was a previous car accident. He was in very desperate straits and, because my grandfather was perspicacious enough to know that you could get an aeroplane to fly him to Brisbane, after some phoning around—this is back in the 1920s—they got an aeroplane. But by the time they got the Qantas aeroplane to come across from Longreach to Cloncurry it was really too late. By the time he arrived in Brisbane it was too late.

That is the difference with ‘affordable safety’: it is our decision if we wish to have a situation where it may not be safe. But we have no aeroplanes. At Ingham, we simply cannot get in or out because there are no light aircraft left in North Queensland. They have all been closed down because of the cost structures that have been imposed principally, they tell me, by CASA. The privatisation of the airports has created another huge problem for aviation affordability in Australia. There is no use us saying that the planes may not be safe, because there are no planes at all. If you break a leg on a cattle station, too bad for you; you just have to die. You may have something that might be a headache or it might also be an aneurism in the brain and you might be about to die.

The famous Saxby case, which down through the years got an awful lot of publicity, was just such a case—there was a kick in the head at the rodeo and a headache. You cannot justify sending a Royal Flying Doctor Service plane a thousand kilometres every time a person gets a headache. I defended the Royal Flying Doctor Service in that situation. But the fact of the matter was that the man had brain damage and died. If there had been a light aircraft in the vicinity, he would have been flown out by that light aircraft and he would be alive today. It was that sort of case. The doctor said, ‘If this man had been flown out when the owners of the station requested him to be flown out then that man would be alive today.’ I am saying that Dick Smith’s concept of affordable safety is where we should be at.

To demonstrate the towering hypocrisy of CASA, I can tell you that I sent two letters to them concerning an aviation company in North Queensland. To my knowledge, there was not one single thing done about that airline—not a single damn thing. I do not think I even got the courtesy of a telephone call from CASA. There was evidence there of a series of conduct that was not in line with what I would expect from an airline in terms of safety. So, for the only problem I had in that area, CASA was not there at all; they might as well have been on Mars.

The other case is the case of the helicopters. They tortured our mustering helicopters. They imposed all sorts of conditions that were almost impossible to meet. If they had got away with it at the time, it would have doubled the cost of mustering in the cattle
industry in Australia and achieved absolutely nothing in the way of safety. It concerned fatigue. I have lost some very close friends in chopper accidents, so I take a very keen interest in chopper accidents. Having had cattle all of my adult life, almost since I was a kid—just me, not my parents—obviously it is a matter that concerns me greatly. The mustering industry—not necessarily the cattle industry—is one of the major industries in the electorate that I represent.

Out of seven accidents—before this controversy with CASA arose, which I will come to in a moment—not a single one had the slightest, remotest element of fatigue associated with it. It just so happened that in all seven cases the bloke had had a very long and adequate night’s sleep—and there was no-one sharing his sleep, if you get my drift. There was no fatigue element, yet these people were going to go out and impose a regime that would have nearly doubled the cost of mustering cattle on the big runs in the areas I represent—not to achieve a single iota of extra safety. Worse still: they were acting out of complaints by one company against another company. So they acted at the behest of a big corporate company against an owner-operated company in North Queensland.

The point I am coming to is that I have written to CASA again and again. I have had personal meetings with them to plead with them to put electrical powerline sounders on helicopters, because five of those seven deaths were the result of helicopters running into powerlines. That is the gravest of dangers that continues for any helicopter operator. Whether he is a tourist operator or a parachute facilitator or a crop duster helicopter—whatever the hell he is—the greatest danger is powerlines. It is a very simple device. When you come close to a powerline, it starts shrieking and tells you: ‘Hey! Stop! Stop where you are. Don’t go any further, because you are about to run into a powerline.’

The cost of these units is $5,000. If you are paying a couple of hundred thousand dollars for a helicopter, $5,000 is not a lot of money one way or the other. Purchased in bulk—through a government contract, of course—I would say they would probably be under $3,000. But CASA has not done one single thing to put the sounders in. There will be friends of mine who will die in the next five or 10 years as a result of the irresponsibility of these people. These are the same people who said: ‘You can’t take the chopper into Karumba.’ I will tell you why: because they get a big buzz out of the power. They get a big buzz out of deciding who will live and who will die. It made them feel really powerful. It was the only reason that this occurred.

The remarks I have just made are unassailable. There is nothing in the regulations that requires an electricity transmission line sounder on helicopters—nothing at all. I have spoken to hundreds of mustering pilots over the years, and they all say: ‘Yeah, it would be a good idea, but I don’t do it, Bobby, because I drive very safely.’ These blokes all consider themselves bulletproof. They are blokes who are roughriders in rodeos and play rugby league football. The chopper pilots are a pretty good mob. They are my mob, and I know them all well. They are people who are of the very essence of the business that they are in. They love the sense of adventure and excitement—and, of course, they believe they are bulletproof. Take the example of safety belts in cars: all of the opinion polls that were taken before safety belts came in said people did not think they should be compulsory. But no-one put them in voluntarily; that had to be done by the government. It is a similar situation here.
So I would plead with the minister. I do not like the increased search and seizure provisions. These are people who have clearly demonstrated—in the case of Karumba—that they like throwing their weight around and having their power. People are terrified of them. Every single person involved in aviation in Australia is absolutely terrified of them—and quite rightly so. They literally have the power of life and death, and they have the power of taking your income away from you as well. We have reached a situation in North Queensland where we really have to ring up probably a week in advance now to get aeroplanes, because there are no aeroplanes left. We had five charter operators working out of Townsville, and now we have effectively one—that is all. Where we had maybe 20 charter planes there, we might now have two or three at the most.

People tell me—not necessarily people in Townsville—that CASA has imposed such heavy cost burdens upon this industry that they no longer can operate, and ‘If we charge what we have to charge to make a quid, there’d be no business out there; no-one would use us.’ That is the reason behind the ridiculously high charges, but they have to charge like that to meet the requirements. These people have no reason to tell me lies, and they did not say these things with any vindictiveness towards CASA—far from it. I said to them, ‘Costs have doubled over the last seven or 10 years’—or whatever it was; it might have been three years—and they said, ‘Mate, the costs of meeting the regulations these days have exploded; they’ve skyrocketed.’

People in the country, where I come from, will die if we do not have aeroplanes. It has become almost impossible to have aeroplanes. I would say that, when I was elected to parliament, we had 100 or maybe 200 aeroplanes in country North Queensland—if I could use that expression. I doubt whether we would have 15 or 20 now. Why have they gone? The price of an aeroplane has not increased all that much. The price of fuel most certainly has, but that is not a huge item in this case. And the wages for pilots have hardly moved much at all, unfortunately.

There are rules. Rules are made for the guidance of wise men and the obedience of fools, and every single person who has lived under a regime of rules will know that that is a very, very true thing to say. But this has a different dimension to it. When you know that people’s lives were placed at risk at Karumba due to something which cannot be described in any other way except pedantic arrogance, you know that that is a group that needs to be called into question. CASA are there to deliver safety for people. How conscious are these people of safety when a thousand human beings were left for three hours in tiny, glorified dinghies, in raging, crocodile-infested floodwaters, thanks to their decision—which not a single operator in Queensland thought was anything more than ridiculous?

When I rang people, they could not understand why I was ringing them. One person said, ‘How could it be dangerous? Are there storms around?’ I said, ‘No. If there are storms around that is a dangerous situation, but I’m not talking about storms; I am just talking about an ordinary, star-lit night.’ He said, ‘Well, why wouldn’t you do it?’ And I said, ‘Because they won’t give us a clearance. The bloke has to risk his job’, and—according to them—risk his life. We all know that there is no risk to life over and above what is the normal risk with a helicopter. We know that, but they are now told that they risk losing their job if they go in and rescue someone. I am sure that, if called upon, those young chopper pilots—decent, terrific people; exciting people to be with, actually, in every respect—would have gone in and risked their jobs. I do not think that
they would have been risking their lives, but I think that they most certainly would have been risking their jobs. That stress was put upon them by CASA. I see no reason to praise this organisation—none whatsoever—and I see every reason to condemn them. 

**Mr CHEESEMAN** (Corangamite) (12.10 pm)—Today I rise to speak on the Civil Aviation Amendment Bill 2009 and the Transport Safety Investigation Amendment Bill 2009, and I look forward to this opportunity. These bills are important in their detail, but the overall context is also important. The bills are also important for my electorate of Corangamite, in Geelong. I will get to the detail of the legislation in a minute, but first of all let us look at the context surrounding the bills. The bills show just how much attention we give our airline industry. They show that in Australia we are constantly trying to improve and refine our aviation industry. We are constantly trying to make our airline industry and air commuting safer. We are vigilant about improving regulation and governance arrangements in the industry—and so we should be.

Obviously, this is an industry where there are risks and where accidents can be catastrophic. I think if you sit back and look at this legislation in context for a minute, you will see that it says a lot about our whole approach to aviation. It says we have the very healthy attitude that we can always do better. We are constantly searching for excellence in the running of this industry. That is certainly what this government is about. I think if you look at the attitudes behind this legislation, you will see why Australia has one of the safest and most efficient aviation industries in the world. I want to put on the record that I am proud of the Australian aviation industry’s record, particularly on safety.

In the first instance, I will go to some of the detail of the Civil Aviation Amendment Bill 2009. This bill puts in place the government’s national aviation policy green paper commitment. This commitment was about establishing a Civil Aviation Safety Authority board and enhancing CASA’s ability to take critical additional actions around safety. The board that is proposed to be established will be a small expert board, responsible for CASA’s strategic oversight. We will have the best in the business on this board, with an appropriate mix of very high-level skills. It will support the Director of Aviation Safety in managing CASA. The director will retain responsibility for the normal day-to-day decision-making processes.

There are a number of things in this bill that will help CASA’s ability to take necessary safety action. These measures include creating an offence for the negligent carriage of dangerous goods; extending CASA’s powers to regulate foreign operators; amending the automatic stay provisions in relation to CASA’s power to prevent an unsafe operator from flying; and bringing CASA’s investigation powers into alignment with the Criminal Code.

This bill will further enhance CASA’s governance arrangements. The CASA board is not intended to represent the sectional interests of the aviation industry. It will be a high-level, very skilled and knowledgeable strategic body. It will not be directly involved in the day-to-day activities of the authority. Whilst to a certain extent these roles are undertaken today, this structure very much clarifies the situation. There will be very clear structural governance arrangements. The director will manage CASA under the board’s strategic guidance and will be responsible to the board.

Another important aspect of this bill is what is termed the ‘automatic stay provi-
sions’. In the past, I believe, CASA has been hamstrung by automatic stay provisions, which nullified CASA’s ability to suspend dodgy operators. Without naming names, in my electorate we have had at least one operator whom I believe has taken enormous risks, and I would go as far as saying that this operator defines the word ‘shonky’. Passengers, pilots and the public were all put at risk by this operator, who was expert in using legal loopholes to continue with very dubious operations. CASA had a lot of difficulty in dealing with this operator and in taking decisive action where necessary. Partly, this was due to the regulatory difficulties within the various acts. I think the new regulation will help CASA deal with these types of outfits.

Amendments in this bill are proposed to the automatic stay provisions. This will ensure that any extension beyond five days of a CASA decision to vary, suspend or cancel certain civil aviation authorisations is the result of an application to the Administrative Appeals Tribunal for a stay and the AAT’s determination on that application. The effect of this amendment will be to ensure important safety related implications of permitting a stay to continue beyond a five-day period only occur if a stay order from the AAT is sought. This would minimise any incentive, on the part of civil aviation authorisation holders or other affected persons, to unreasonably delay a determination of the matter on the merits by the AAT. I think that is an important step forward.

The other important aspect of this bill is regulatory oversight of foreign based operators. The bill strengthens CASA’s regulatory oversight of foreign based operators flying to Australia. It ensures CASA has the ability to satisfy itself that all operators flying into Australia are receiving adequate safety oversight outside Australia. That is a crucial power. This is obviously a difficult area and one which will need ongoing close monitoring to see whether these regulatory changes actually achieve what we have set out to achieve. The changes in this area allow CASA to take a broader range of issues into account when considering whether to allow a foreign operator to fly into Australia. They enable CASA to take greater account of the conduct of air operators in their home and in other jurisdictions as well as the level of safety oversight provided by civil aviation authorities in other countries. This is another important step forward.

The other major aspect of this bill is about carrying dangerous goods. The bill closes a loophole that controls the carriage of dangerous goods on board an aircraft. This is a major safety issue. The inclusion of an offence for the negligent carriage or consignment of these goods makes sure that any lack of care by carriers and consignors is adequately addressed.

Finally, when we are talking about the aviation industry and there is a politician from the Geelong region speaking on this issue in this chamber, one might expect some of the detail related to the establishment and development of Avalon airport within Geelong. I will get to how the detail of this bill relates to Avalon, but first I would like to, again, put on the public record the importance of Avalon. As you are probably aware, Mr Deputy Speaker Washer, the future development of Avalon airport, both for domestic aviation and potentially for international carriers, is critical to the future of my region.

It is critical for tourism operators, who are already one of the major drivers of our economy, particularly along the Great Ocean Road. If Avalon is opened up to international carriers, tourism will go to a whole new level in my region. Thousands more people will be employed in the tourism sector if Avalon goes international.
There is nothing more significant to tourism in my region than the future of Avalon. Avalon is also important to a range of other industries, particularly industries trading overseas and high-tech industries, because goods can be brought in or exported much faster, more efficiently and much more safely. Goods can be exported or imported on time. What happens to Avalon will have a big bearing on our region’s whole future. I think all ministers in this government are now aware of the importance of Avalon. This bill, I believe, is another little step in the future development of Avalon.

One of the key issues with the future development of Avalon is, of course, security. Avalon, if it is opened up to the world, will become another part of the Australian border. This bill, by degree, improves border security by providing better governance arrangements in the aviation industry. It makes the governance of the aviation industry more robust, safer and more secure. The bill also gives us greater control over foreign airline operators. This will surely also add to the confidence we can have in security. Of course, the activities we are dealing with are not just decisive in security; they will all play their part in giving us confidence in the overall system.

The Civil Aviation Amendment Bill shows this government’s commitment to aviation safety. In yet another important area of public policy we are taking decisive action to strengthen the nation’s safety agencies and their oversight of the aviation industry. Circumstances have clearly changed since the decision in 2003 to abolish the CASA board. Since then, a substantial amount of organisational reform has been undertaken in CASA, and the way that CASA interacts with the aviation industry has evolved. This legislation recognises that evolution. As I said, the bill is just another example of why Australia has the safest, and certainly one of the most efficient, airline industries in the world.

I will now make a few comments about the Transport Safety Investigation Amendment Bill 2009. The bill amends the Transport Safety Investigation Act 2003 to establish the Australian Transport Safety Bureau as a statutory agency within the meaning of the Public Service Act 1999. The agency will be established with a commission structure and will come into being on 1 July 2009.

The intent of this amendment is very simple. It is to strengthen the independence and clarify the role of the ATSB as the national safety investigation agency. It clarifies the relationship with CASA and puts in place arrangements to ensure independence in the investigation process. This change did not come out of any whim. It was the result of some careful consideration and, in particular, a review in 2007 by Mr Russell Miller AM. Mr Miller found that there was room for improvement and clarification in the relationship between the two agencies at a governance level.

This issue was also addressed in the national aviation policy green paper, released on 2 December 2008. It is crucial that, where accidents or incidents occur, investigations are independent of the parties involved in an accident, including transport regulators and government policymakers. It is a way of avoiding conflicts of interest and external interference so that the findings of any investigation are completely beyond question.

The amendment is also completely consistent with the Convention on International Civil Aviation, which states:

The amendment also has the effect of ensuring that the accident investigation authority shall have independence in the conduct of the investigation and have unrestricted authority over its conduct.

The ATSB will also have operational independence with respect to exercising its inves-
tigative powers and functional independence with respect to the administration of its resources.

The Transport Safety Investigation Amendment Bill 2009 again demonstrates this government’s commitment to aviation safety. It demonstrates Labor is committed to scrutinising and improving all areas of our aviation industry. Labor is taking decisive action to strengthen the nation’s safety agencies and their oversight of the aviation industry. I commend these bills to the House.

Mr ZAPPIA (Makin) (12.26 pm)—I rise to speak in support of the Civil Aviation Amendment Bill 2009 and the Transport Safety Investigation Amendment Bill 2009. These bills implement the government’s national aviation policy green paper commitment to establishing a Civil Aviation Safety Authority board and to enhancing CASA’s ability to take necessary safety action. With respect to that, I note that the primary functions of the board will be: deciding on the objectives, strategies and policies to be followed by CASA; ensuring CASA performs its functions efficiently and effectively; and ensuring CASA complies with directions given by the minister under section 12B.

Enhanced safety will be achieved through this legislation by implementing four specific actions. Firstly, an offence will be created for the negligent carriage of dangerous goods on board aircraft; secondly, CASA’s powers will be extended to regulate foreign operators; thirdly, the automatic stay provisions in relation to CASA’s power to prevent an unsafe operator from flying will be amended; and, fourthly, CASA’s investigative powers will be brought into alignment with the Criminal Code.

Whilst Australia’s aviation industry has a very good safety record, the government needs to maintain a watchful eye on the existing legislation relating to the aviation industry in Australia. It is an industry that employs roughly 55,000 people across the nation. Last year, according to the latest figures I was able to obtain, there were some 48.8 million passenger movements within Australia. There were also 23.5 million international passenger movements at airports in the major city and regional airports in Australia. That is a lot of people using aircraft services. Interestingly, last year 38 people died in aviation accidents in this country, and the year before the figure was 23. It might be coincidental that the number has increased and, when one looks at the number of people killed or injured in aircraft accidents compared to, perhaps, those killed in road accidents, the number is pretty low. But, for people who fly, there is always that concern. The loss of any life is huge, and if it can be avoided then so it should be.

Also interestingly, in the year 2003, there were 4,856 incidents reported that related to the aviation industry. In 2008, the figure was 7,833—a fairly substantial increase. Likewise, when it comes to serious incidents, in 2003 there were six reported and in 2008 there were 64. I acknowledge that that may well be a result of the better reporting procedures put in place in 2003. It does not necessarily imply that there was a dramatic increase in the number of incidents and serious incidents—it may well be that the reporting arrangements are much better and that, as a result, we are therefore able to better track what is happening. It may be that; but I do not know for certain, and I do not think that anyone else does either—it may also be the case that there has, in fact, been an increase in the number of incidents that have been investigated by the relevant authorities.

In recent times, hardly a week has gone by when we do not hear or read about an aircraft incident in some part of the world. Regrettably, when a serious accident does occur, the number of lives lost is often substantial.
Even more regrettable is that most of those accidents might have been avoided if additional safety precautions had been taken. Any action, therefore, that can be taken to ensure a greater level of safety for aviation passengers should be implemented. Aviation travel has become a necessary and frequently used mode of travel by commuters, and we are likely to see aviation passenger numbers increase in the years ahead. I heard the member for Port Adelaide make a reference to that in his address earlier on, and I believe he is absolutely right when he talks about the trends in the aviation industry worldwide.

Simultaneously, many of those carriers are likely to be foreign owned airlines, as the airline industry becomes more globalised and more competitive. While competition provides passengers with cheaper prices—and we have seen a substantial reduction in some airfares—it also inevitably leads to cost-cutting by the carriers. That cost-cutting can sometimes jeopardise the safety standards that are expected of the aviation industry. With the global financial recession, one can only expect that the aviation industry will also face additional financial pressures and, in turn, that those will lead to further cost-cutting. That cost-cutting may well lead to cost-cutting in areas relating to safety. For example, the screening of goods—and, in particular, dangerous goods—that are taken on board aircraft has not always been as thorough as it should have been. I suspect—and I do not have any particular evidence of this—that there would be many examples of products taken on board aircraft where, had the authorities been aware that those goods were being taken on board the aircraft, they would never have been allowed.

Under this bill, negligence by the carriers in allowing dangerous goods on board an aircraft will become an offence, thereby creating a greater level of responsibility by the carriers. In other words, in the future, negligence will no longer be a defence from prosecution. Importantly, under this bill, CASA’s powers will be extended to include foreign operators. This is a critical change the CASA’s authority, because, presently, there is little control over the maintenance and safety standards applied by foreign airlines—yet they fly into Australia and carry Australian passengers. We have absolutely no control, really, with respect to those airline services’ maintenance standards in the countries in which they are based. I note that this provision is consistent with actions taken in the European Union and in North America with respect to these issues. Of course, the ideal situation would be that uniform aircraft safety legislation would apply across the world. If that legislation was in place, there would be an obligation on all countries and on all governments to enforce the provisions of that legislation.

I also very much welcome the provisions in this bill which bring CASA’s investigative powers in line with the Criminal Code. Investigating the cause of aircraft incidents can be a very difficult task. Therefore, providing CASA with both the investigative tools required and appropriate penalties to impose where breaches are established can only improve compliance by the carriers and improve safety for passengers. I point out that that particular provision of the bill contains a number of changes to CASA’s investigative powers and search and seizure procedures to bring them into line with current Commonwealth criminal justice procedures and practices. It will also extend powers to allow CASA to use search and seizure powers under chapter 7 of the Criminal Code. I welcome the introduction of those provisions.

Parafield Airport is a general aviation airport located adjacent to the electorate of Makin, which I represent. It is located just north of the city of Adelaide and was established almost 80 years ago. I am very famil-
iar with the airport and with the safety concerns that have been raised with me by residents living in the area surrounding the airport over many years—because, prior to being a member of this place, I was the Mayor of the City of Salisbury, which has jurisdiction over the area in which Parafield Airport is located. Over the years, it would be fair to say that I have received numerous—probably hundreds—of representations from residents about aircraft safety issues relating to Parafield Airport. Those concerns arise because of two specific factors. Firstly, over the years, the residential development has encroached on land in very close proximity to the airport. While the airport was always there, and while the new homeowners were aware of the proximity of the airport to their homes, the fear of a mishap and of an aircraft crashing into a residential area is always there among some homeowners. Added to that is the fact that there has been a substantial level of commercial and industrial development on the airport land itself in recent years, bringing aircraft activities—particularly take-offs and landings—much closer to where people work or shop.

The second concern is that much of the airport activity—and I am referring to the flying activity at the airport—is related to a flying school, where, logically, many of the aircraft are being flown by trainee pilots. The safety record of the airport and of the training school is very, very good, and I believe that the safety concerns raised may not be warranted. But, whether they are warranted or not, they are nevertheless real in the minds of many of the residents who have raised them with me. Therefore, any additional action that we can take as a parliament to improve aviation safety will put their minds at ease and will certainly be welcomed by those residents. If those residents know that the provisions relating to airport safety have been strengthened, they will then at least have some peace of mind and will know that every possible precaution is being taken to ensure that a mishap does not occur and that their safety is not being placed at any risk.

In respect of flight safety and accidents, I refer to a comment I made when we were debating the Safe Work Australia Bill. One of the matters that I believe is sometimes overlooked is that many of the people who work in the airline industry—and I referred to some 55,000 earlier on—are obviously onboard these planes. Ensuring that we have the right regulations in place to ensure their utmost safety is also an issue of safe work practices. For them it is a work safety issue because they are employees and their livelihoods depend on working within the aviation industry, whether it is onboard the plane or at the airport itself, where many of the accidents occur. If for no other reason, there is certainly a good argument to ensure that we protect those who work within the industry and that we do whatever is possible to ensure their safety.

These amendments complement other legislative changes to aviation safety that have already been introduced by the Rudd government and bring additional peace of mind to aircraft passengers, to airline staff and to the broader community. I commend both of these bills to the House.

Mr ALBANESE (Grayndler—Minister for Infrastructure, Transport, Regional Development and Local Government) (12.40 pm)—in reply—The Civil Aviation Amendment Bill 2009 and the Transport Safety Investigation Amendment Bill 2009 will strengthen Australia’s aviation safety regime and honour a pledge I made when releasing the government’s aviation green paper late last year. I thank all members who participated in the debate for their input to this legislation.
The Civil Aviation Safety Authority will have its governance enhanced by the creation of an expert board to provide high-level direction of the organisation’s regulatory and safety oversight role. The Civil Aviation Amendment Bill will also make changes to improve CASA’s oversight of foreign carriers flying into Australia. The bill strengthens the provisions for preventing operators from continuing to operate services where CASA considers it unsafe for them to continue. Finally, it closes a gap in the current legislation by introducing an additional offence of negligently carrying or consigning dangerous goods on an aircraft.

I have noted the comments from the shadow minister for transport, who expressed some concern about the nature of appointments. Let me assure the shadow minister that the appointments to this board will be in accordance with the highest standards. We need to make sure that these appointments are not political. I was surprised, given the number of former staffers of National Party transport ministers that I run into in official positions, that the shadow minister made those comments. I am sure that those comments apply to people when they come up for re-appointment as well, given the shadow minister’s expression. Indeed, we need to make sure that right across the transport sector we have the best possible appointments to official positions, but there is nowhere where this is more important than in the Civil Aviation Safety Authority.

The Transport Safety Investigation Amendment Bill reinforces the ATSB’s independent status by establishing it as a separate statutory agency with a full-time chief commissioner and two part-time commissioners. It will also give the ATSB new powers to compel agencies and operators within the aviation industry to respond to its formal recommendations within 90 days.

The amendments in these two bills strengthen public confidence in the safety and reliability of air travel. I commend the bills to the House.

Question agreed to.
Bill read a second time.

Third Reading

Mr ALBANESE (Grayndler—Minister for Infrastructure, Transport, Regional Development and Local Government) (12.44 pm)—by leave—I move:
That this bill be now read a third time.
Question agreed to.
Bill read a third time.

TRANSPORT SAFETY INVESTIGATION AMENDMENT BILL 2009

Second Reading

Debate resumed from 12 February, on motion by Mr Albanese:
That this bill be now read a second time.
Question agreed to.
Bill read a second time.

Third Reading

Mr ALBANESE (Grayndler—Minister for Infrastructure, Transport, Regional Development and Local Government) (12.45 pm)—by leave—I move:
That this bill be now read a third time.
Question agreed to.
Bill read a third time.
Wednesday, 11 March 2009

HOUSE OF REPRESENTATIVES

FEDERAL FINANCIAL RELATIONS
BILL 2009

Cognate bill:

FEDERAL FINANCIAL RELATIONS
(CONSEQUENTIAL AMENDMENTS
AND TRANSITIONAL PROVISIONS)
BILL 2009

Second Reading

Debate resumed from 12 February, on motion by Mr Swan:

That this bill be now read a second time.

Mr ABBOTT (Warringah) (12.46 pm)—This is very important legislation and it is quite appropriate that it be given plenty of scrutiny by this House. I know that it is very important to the government. The government would not have brought this forward without very strong reasons which seem good to the government, but the opposition has a wide range of questions and issues which it thinks need to be taken into account before this Federal Financial Relations Bill 2009 and cognate bill are finally dealt with. Australia is obviously in difficult financial circumstances right now, and these bills are part of a range of legislation which the government has put before the House to try to deal with those circumstances. The government is to be commended for the seriousness with which it has taken the current financial circumstances, but it is to be condemned for the fact that so much of the response is about spending money rather than undertaking continued long-term reform that will strengthen the economic base of the country.

It was the British Labour Prime Minister James Callaghan who said, back in the late seventies, that you cannot spend your way out of a recession. What you can do, though—possibly, not certainly—is reform your way out of a recession. That is the problem that this government has. It has turned out to be much better at spending money—money which has been accumulated by the careful husbandry of former Prime Minister John Howard and the member for Higgins, Peter Costello. It has turned out to be much, much better at spending that money than actually doing the hard yards of reform—reform which the former government never shirked. So far, I regret to say, this is a government which has not taken any hard decisions. It is not a tough decision to spend money that someone else has accumulated. That is, in fact, a very easy decision because there is absolutely no-one who will ever object to government money being spent on them or their particular cause. So that, in a nutshell, is why this legislation deserves the important scrutiny of this chamber. That is why a significant number of frontbenchers from the opposition will be forensically analysing the legislation in the course of this debate. I have had great pleasure in trying to at least contextualise the position of the opposition in the debate that we now intend to proceed with.

Mr CRAIG THOMSON (Dobell) (12.49 pm)—It is a little bit of a shame—despite the valiant attempts of the contribution we have just seen—that the shadow minister could not make it down here to actually outline what the opposition’s position is in relation to this legislation. But it is not surprising, really, that the opposition is not quite sure where they are in relating to the economic crisis that is engulfing Australia and the rest of the world. They are not quite sure where they are in responding to Work Choices, and they are even all over the place on the question of who should actually be their leader. So it is not surprising that we have had the kind of contribution that we have just seen there, one that has had to be done on the run and one where the shadow minister himself
could not make it down to talk to this particular legislation.

The Federal Financial Relations Bill 2009 and cognate bill are important pieces of legislation, and they mark a stark contrast between the approach to government adopted by the Rudd government and that of the previous government. This approach is about working and cooperating with the states to get better outcomes for all Australians. It is not about trying to stand over the states. It is not about trying to have money conditional on them adopting a particular philosophical approach—which we saw all too often under the previous government. This is about sitting down, cooperating and coming up with clear objectives and clear ideas that are going to help all Australians in a wide range of areas. It is about delivering on the important promise that we made, going into the last election, that we would look to end the blame game with the states. This legislation is a terrific example of the concrete steps that this government has taken to do that by sitting down and cooperating, by clearly defining roles and responsibilities, and by making sure that there are fair and sustainable financial arrangements between the states and the Commonwealth.

With this bill there is a focus by all the parties in these financial relations—the federal government and the state and territory governments—on long-term development and enhancement of government service delivery. We will see enhanced public accountability through simpler, standardised and more transparent performance reporting by all jurisdictions. There will be a stronger effort towards the achievement of outcomes, efficient service delivery and timely public reporting. These bills will bring other positive aspects as well: reduced administrative and compliance overheads; stronger incentives to implement economic and social reforms; ongoing provisions of the GST payments to the states and territories, equivalent to revenue received from the GST; and the equalisation of the fiscal capacities between states and territories. The national specific purpose payments will be spent in the key service delivery sectors. Of course, when we are doing this, we are talking about schools, early childhood, health and disabilities, vocational education and housing.

In my electorate of Dobell on the Central Coast, we enjoy a great lifestyle. It is probably one of the country’s best, with some beautiful beaches and coastline. We have large areas of natural and pristine national parks, and we are very close to Australia’s biggest city. But like many growing areas, we are still in need of better services; we still have some way to go to achieving those. This bill is about trying to coordinate and provide better services in those key areas of schools, early childhood, health, disabilities, vocational education and housing. In Dobell our schools need upgrading. Early childhood facilities need to be expanded. Health services are in higher demand. In fact, Wyong Hospital has the fifth busiest emergency department in New South Wales, and Gosford Hospital has the seventh busiest. So we have very busy health facilities and a growing population. At the last election the Rudd government committed to establishing a super GP clinic in my electorate. I know, from talking to constituents, that they are all eagerly awaiting the announcement of the successful tenderer for that, and we are expecting that to happen any day now. Such a facility has been earmarked for the area where the demand for health services is highest. In this case it is in the fast-growing suburbs of the Wyong shire in the northern part of the Central Coast. Hospitals and their busy emergency departments are getting busier and, with an ageing population, these health facilities are coming under increasing pressure because of what is still a low per capita
number of doctors compared to many areas of New South Wales.

We have important issues relating to water infrastructure that need to be addressed. In the last election the Rudd government promised to construct a pipeline between the Mardi Dam on the coast and the largest storage dam, the Mangrove Creek Dam, in the mountains behind the Central Coast. This sort of infrastructure is vital for the Central Coast. We have experienced the full effects of the drought. In fact, we were down to less than 13 per cent of our water supply. Even with a heavier than usual period of rain in the last 12 months, our dam capacities are still at only 31 per cent. The Rudd government is working with the local council on this issue to make sure that solutions are worked out cooperatively, that they provide outcomes that benefit everyone on the Central Coast and that they help to secure the water supply for all the citizens there.

The Council of Australian Governments has developed a new integrated approach to improving health outcomes for all Australians and improving the sustainability of the Australian health system. The agreement identifies the long-term objectives of the Commonwealth, state and territory governments. Those objectives are: prevention so that Australians are born and remain healthy; primary and community health so that Australians receive appropriate high-quality and affordable primary and community health services; hospital and related care so that Australians receive appropriate high-quality and affordable hospital and hospital related care; aged care so that older Australians receive appropriate high-quality and affordable health and aged care services; patient experience so that Australians have a positive health and aged care experience which takes account of individual circumstances and care needs; social inclusion and Indigenous health so that Australia’s health system promotes social inclusion and reduces social disadvantage, especially for Indigenous Australians; and sustainability so that Australians have a sustainable health system. These are important and very worthy objectives that, by sitting down and working together, the federal and state governments have been able to reach agreement on. Part of this bill is about making sure that these sorts of important long-term goals, which are so vital to ensuring that our health system functions properly, are enacted and put into place and that we have both those levels of government working together for a common outcome rather than working in silos, with the public losing as a result.

In the area of disabilities, we have made many improvements but there is still a long way to go. Recently in this place I spoke about our local disability groups and how they regularly give accounts of the struggles faced by many people with disabilities and their carers in my community. Transport is a major problem for people with disabilities. Finding a job is still a major challenge in many ways for people with disabilities. The Parliamentary Secretary for Disabilities and Children’s Services spoke to a number of groups on the Central Coast recently and told them how important it is to fight for fairness and equity for people with disabilities, at both a local and neighbourhood level. This fight is ongoing, and we intend to persevere. But the smooth delivery of funding to the states and territories in this area on an ongoing basis will help make that fight easier. That is partly what these bills will do.

These bills help provide the appropriation for the Commonwealth to make an ongoing financial contribution in the following vital areas—that is, health care, schools, skills and workforce development, disability services and affordable housing. In my electorate on the Central Coast, we have 46 schools in total, 38 of them government schools. Can I
say there has been an overwhelming positive response from the school community about the Rudd government’s stimulus package, which will go a long way to improving much-needed educational infrastructure on the Central Coast. All of these schools will be able to upgrade their facilities and in doing so will create local economic stimulus, giving tradespeople much-needed work, not to mention improving the school facilities for teachers, students, P&C groups and other organisations that use them.

I have said before in this place that, if you were designing a stimulus package for my electorate, it would be exactly the stimulus package that the government announced earlier this year. In my electorate of Dobell, one of the key areas that the stimulus package has a major effect on is retail, and employment in the retail sector is larger than in any other sector. We have a disproportionately high number of people employed in retail, so clearly that is something that is directly affected by the stimulus package. But the other interesting thing about my electorate is that we also have a disproportionately high number of tradesmen and tradeswomen, who both work in the electorate and commute to Sydney. Providing this kind of stimulus package, which addresses the infrastructure requirements of schools and makes sure that the local tradespeople have the opportunity to work on the 46 schools in my electorate, is absolutely vital for the seat of Dobell. The seat of Dobell has traditionally been affected by unemployment disproportionately, by more than the national average. In fact, youth unemployment has gone close to 20 per cent in my electorate, and the unemployment rate is already in the area of seven per cent, which is much higher than the national average. It is vital that areas like this, which are more susceptible to economic downturns, are addressed properly and squarely by the stimulus package, and that is exactly what the stimulus package does for my electorate. I have had nothing but people saying to me, ‘Thank God the federal government has done something.’

What we have done in terms of the stimulus package in this particular bill and the way in which we are cooperating with the states stands in such stark contrast to those sitting opposite. Those sitting opposite find it very hard to come up with a coherent position because they are so wracked with division. At the moment so much of their energy is being occupied by negotiating who is going to be leader and who will be on the rival frontbenches that they have completely forgotten their obligation to the Australian public in looking at and addressing the financial crisis that we find ourselves embroiled in because of what is happening overseas. So it does not come as any surprise that there is such a stark difference between the government benches and the opposition benches in this particular issue.

And what do we get from the opposition in relation to any of the positive steps that this government puts up to stimulate jobs, to make sure the economy is cushioned as best we possibly can from the global financial crisis? At the moment, what we get is the Turnbull threestep. We have all heard it. It starts off with: ‘We support the government’s position.’ They then raise some doubts about the government’s position as the backroom dealing on who is going to be leader hots up in the Liberal Party room, and then they get to the final position of objecting to or opposing the government’s legislation. This opposition has not supported substantially, for any length of time, for anytime more than a few days, any of the positive initiatives that have been put up by this government, and in my electorate people are saying, ‘Which of our schools is the Leader of the Opposition saying won’t be upgraded? Which of our people who need the economic stimulus are going to
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miss out? Is it going to be pensioners who will miss out? Who is going to be missing out if the opposition have their way? They are very disturbed at the approach that is being taken by the opposition, who are spending too much time navel gazing and worrying about who sits where on their front bench rather than dealing with the issues that confront the economy and the world generally.

This government, though, in stark contrast, is about providing solutions by both short-term stimulus and long-term structural changes. This particular bill goes to both of those issues. Most particularly, though, this bill is important because it provides a dramatic change in approach from the previous government. Previously, the former Howard government’s engagement with the states was minimal. They took a position of dealing with the state and territory governments which said: ‘We have a proposition. Take it or leave it. There is no room for discussion. There is no room for compromise. If you have different objectives, that is just tough. This is the way that we are going to operate.’ How can we get the best outcomes for all Australians if we have two levels of government that do not share a common view as to the outcomes that they want to seek in service delivery? It has been absolutely vital for us to sit down and reach agreement with the states and territories on a whole series of issues of service delivery. It was vital because not only does it put resources into the areas where they are required but it makes sure that both levels of government are working to a common purpose. If that is not to be the case, then clearly resources are going to be wasted. Outcomes that may be sought by the Commonwealth may well not be able to be achieved if different outcomes are sought by the state and territory governments. This cooperative approach with the state and territory governments is so important to making sure that we get better delivery of those vital services.

The National Affordable Housing Agreement provides the framework for the parties to work together to improve housing affordability and homelessness outcomes for Australians. Parties to this agreement are committed to: providing direction on a range of measures including social housing assistance to people in the private rental market, support and accommodation for people who are homeless or at risk of homelessness, and home purchase advice; working towards improving coordination across housing related programs to make better use of existing stock and underutilised government assets, and achieve better integration between housing and human services, including health and disability services; and, of course, the very important goal of reducing the rate of homelessness. This agreement is ongoing and may be amended as necessary by the agreement of the Council of Australian Governments.

This is a very worthy goal to have. It is one that is backed up in this bill by financial commitment. It is one that has been backed up by the government’s stimulus package in providing public housing and it is one that I would think all members of this place would want to support—making sure that people who are sleeping rough have some chance of having a roof over their head is absolutely vital. In any society that describes itself as a civilised society these kinds of initiatives need to be at the top of our agenda. But this is more important than that, because not only does it help achieve these morally important issues for our culture and our country but it also provides that stimulus in terms of providing work in the building sector that is so vital to making sure that we are cushioned from the worst effects of the global financial crisis.
Again, to further emphasise the difference in approach, this is something that is agreed between the states and the Commonwealth. This is not something that is imposed without discussion; this is something that has been negotiated so that we have a common set of values, a common set of aims and a common set of goals. That is the only way that we are going to be able to achieve change in relation to these important issues: by making sure that in terms of service delivery across these vital areas we sit down and cooperate with the states and territories and we reach agreement. By reaching agreement we have common goals and outcomes and we can then make sure that they are adequately financed. I commend the bills to the House.

Mr MORRISON (Cook) (1.09 pm)—The Federal Financial Relations Bill 2009 and the Federal Financial Relations (Consequential Amendments and Transitional Provisions) Bill 2009 provide a set of new arrangements for organising Commonwealth payments to the states and territories. They do that in principally three areas: general revenue assistance, which includes most importantly the GST payments; the national specific purpose payments, which replace the Commonwealth-state agreements on programs such as housing; and national partnership payments, which I interpret as being a scaled-down version of the former national competition payments. Like many government bills which come before the House, they pretend to great reform and revolution, but on closer inspection they amount to little more than bureaucracy creep. But this is typical of this government because their popularity stems from never having to make a hard decision since they have occupied the treasury benches for just over a year now. They have never had to make a hard decision because all of the decisions that have been taken have largely been about doing popular things such as throwing money around. The hard decisions come when you have to make tough decisions on these issues and do unpopular things, but we are yet to see this government do one unpopular thing.

In our last budget in government, in 2007-08, the coalition allocated almost $42 billion for the states in the form of the GST. More significantly, this involved a windfall of $3.2 billion that would never have been received without that tax reform. I make mention of that because it was a hard decision, when it comes to federal-state financial relations, to introduce a GST—to introduce a major and radical overhaul of our tax system that previous governments had failed to do and did not have the stomach to do. That being in place enabled money to flow to the states and territories with a growth tax, something they had been after for many years, like never before. The fact that these revenues have been, frankly, squandered by the states since the GST was introduced is another story. The good voters of Queensland will have the opportunity to cast their opinion on that in a very short period of time.

If you believe the Treasurer when he introduced these bills, you would think that the reason for the manifest failure of the states in their financial management had nothing to do with their incompetence but rather had to do with the way the payments were being made—there was some administrative problem that needed to be overcome to ensure that states actually exercised some sort of financial responsibility. The Labor Party will blame anyone, and anything and everything, to avoid taking any accountability for their own financial recklessness; they will even blame blame itself. When you cannot blame anything else, why not blame blame. Hence we had the ‘blame game’. This became the great rhetoric of the government as to the reason why hospitals were falling over and schools could not be funded. It was not the
fault of the state governments; it was the fact that people used to blame one another. Of course, without blame there is no accountability; and that is why the government fears blame so much.

The GST shows that you can lead Labor to the waters of economic responsibility but you cannot ever make them drink. Labor may be changing the colour of the envelopes in which the cheques are going to be sent to the states under these changes, which is fine, but they can hardly claim this as any great reform. Perhaps when coming to these measures they should have taken up one reform from their Labor colleagues in New South Wales and Victoria. I used to hear them constantly talking about removing the sunshine subsidy of GST payments to Queensland and other states. Strangely enough, when Labor came to power—after hearing them all talk about it; it did not matter which premier it was in New South Wales or Victoria, they would all make the same criticism and call on the coalition in state parliaments and in federal parliament to overcome this terrible injustice—at a federal level they fell silent. This bill does not address the sunshine subsidy problem that was highlighted by previous Labor premiers. In paragraph 1.10 of the explanatory memorandum it says quite clearly:

The Commonwealth will distribute GST payments among the States in accordance with the principle of horizontal fiscal equalisation as expressed in GST revenue sharing relativities. So there has been no change. Perhaps this is because in Labor’s new system of collusive federalism, as I like to call it, the Prime Minister is happy to simply wave away the obligations of states to cut taxes, in particular, and renege on their GST undertakings—which were made some years ago in the introduction of the GST. We saw that recently when the Prime Minister sat down with the state treasurers and said, ‘You know all of those business taxes that you said you were going to cut as a result of getting this GST money, well, you just don’t have to do it now.’ We are in an economic downturn. Of course, it would be better for business to be paying less tax rather than more tax. But instead of taking the hard decision of making Labor mates in the states cough up on their commitment of cutting taxes, they simply waved it away. One Friday afternoon they just waved it away and said ‘not a problem’. It is not a very hard decision to let your Labor mates in the states off the hook of having to reform taxes.

The second area of this bill relates to specific purpose payments. I mentioned before the former Commonwealth-state-territory funding agreements, which covered a range of areas including health, schools, disability services and, in my area of shadow portfolio responsibility, housing. This bill provides for $1.2 billion to be spent in 2009-10 under the National Affordable Housing Agreement recently completed by the Commonwealth, states and territories, succeeding the previous agreement for Commonwealth-state housing between 2003 and 2008. The annual funding provided in this bill for the new Commonwealth-state agreement is in effect an additional $50 million in real terms compared to the last year of the previous agreement. So it is not a very significant change. The new agreement incorporates the Supported Accommodation Assistance Program, which was previously subject to a separate agreement with the states and which focused on providing crisis accommodation and support to people who were homeless or at risk of homelessness through 1,300 provider organisations, largely not-for-profit and charitable organisations, which I am sure we in this place would all agree do a tremendous and very worthy job.

The new agreement must address some serious issues in the management of the public
housing stock by its state and territory agencies. During the period of the previous agreement around $4 billion over five years was spent in real terms on the construction of new public housing dwellings. Despite that $4 billion investment, the total number of dwellings actually declined by over 10,000. In fact, there were 10,146 fewer dwellings as a result of an investment of over $4 billion in expenditure of new money on new construction. It is therefore of concern that in this agreement—the NAHA, as it has colloquially been known—the states have still been left to run their own show in terms of how the moneys under this agreement are to be deployed.

I think it is a legitimate criticism that the coalition’s previous agreement failed to spoonfeed the states and territories on how they should manage their budgets. In hindsight, billions of dollars were provided to states and territories for these initiatives and the dwelling stock was allowed to deplete. That is because there were no specific requirements in the agreement to allocate funds between capital costs and maintenance and operating costs. The social housing sector made the point to the government that this sort of discipline should have been included in the new agreement—and, frankly, I think it should have, but it has not been. So as a consequence we are going to continue to write cheques to the states, providing them with no real guidelines on how they have to manage their stock. As a result, I think we can expect the states to continue their form.

Of particular concern is that under the former Supported Accommodation Assistance Program there was a requirement for matched payments from the states. Under the new National Affordable Housing Agreement there is no such requirement for matched payments from the states. So again we are writing cheques to the states and territories in this new era of collusive federalism and, frankly, not asking them to stump up in return in the same way, particularly in the area of homelessness, as we did previously for the Supported Accommodation Assistance Program.

Public housing accounts for around five per cent of households in Australia, which is less than three per cent of the residential construction industry. I make that point because I think it is important that we understand what is emerging as a key difference between the Labor government and those on this side of the House in terms of public housing and our housing policies more generally. The coalition is committed to providing people and families with a pathway to become self-supporting in private accommodation. That is our goal. Our goal is to see people be able to take responsibility for their own housing needs in the private sector market, which, frankly, 95 per cent of the population currently does. We need housing policies that address the housing needs of all Australians, not just those who unfortunately and for a whole range of reasons have to rely on the state system for their housing needs. We need housing policies that address everyone’s needs and put a roof over everyone’s heads. In the majority of cases this means ensuring that people are simply able to hold their own in the private housing market. It is of significant interest that, despite the fact that the number of dwellings declined by more than 20,000 during the period 2003-08, the number of people on public housing waiting lists across Australia in that period, most of which was under the coalition government, declined by more than 30,000. So we had a contraction of stock yet we also had a contraction in the number of people who were waiting for public housing.

The lesson in these figures is this: the best way to put Australians in homes, especially in their own homes, is to give them a job. Over two million jobs were created under the
coalition government. The best way to keep them in their homes is to give them sustainable increases in their wages. Over the term of the coalition government we had a more than 20 per cent increase in real wages compared to a fall in real wages under the former Labor government. So you give them jobs; you give them wages that grow in real terms; you increase their wealth, which rose to the highest level on record under the former government; and you enable them to step up and take responsibility for their own housing needs wherever possible.

Our objective should be to have fewer clients in public housing, not more. Our objective should be to ensure that people can escape the clutches of social and public housing and be self-sustaining in the private market. We want to see fewer clients not more, just like we want to see Australians have jobs not redundancy payments, which is the focus of another debate in this place here at the present time. There will be those for whom social housing will be a permanent requirement, and no-one in this place doubts that. We owe it to those Australians to ensure they are not competing for services with those who can take control of their own housing future. Our objective must be to ensure that the experience of social housing is a temporary one, an opportunity to regain some stability in their lives, rebuild their confidence and move on.

The final area that this bill covers is the area of partnership payments, and there are quite a few that address the housing sector. There are four such agreements. They deal with social housing, homelessness, Indigenous housing and the government’s $6.4 billion public housing cash splash. Social housing and homeless agreements were both supported by the coalition when they were introduced—there were no questions, they were absolutely supported—along with the $150 million Place to Call Home initiative. They were all worthy initiatives. The social housing program provides capital funding of up to $400 million over two years to build new, affordable housing. The partnership on homelessness provides $318 million over four years from the Commonwealth. Again, this was welcomed by the coalition when it was announced in November and then curiously reannounced just before Christmas.

The third partnership agreement is for remote Indigenous housing, providing almost $2 billion over 10 years or $835 million over five years. Again, this agreement was supported by the coalition. The proposal was first announced in November 2008 and in this place just a few weeks ago when the Prime Minister addressed the House on the status of the Closing the Gap initiative. It involves building 4,200 new houses and upgrading a further 4,800 other houses to tackle overcrowding in remote Indigenous communities. This is a very worthwhile initiative.

However, according to COAG, the agreement provided for under this bill was to have been completed by 1 January this year. So it was disappointing that eight weeks after that time that agreement still had not been signed. When you look at the agreement you will see that all of the states and territories signed up in December. The only one not to have signed up for that agreement was the Prime Minister, whose signature was dated February—and I understand it was towards the end of February. So for around eight weeks this agreement sat on his desk. This agreement has now been completed; however, it highlights again why Australians are increasingly sceptical of the torrent of announcements and sentiment from the Rudd government. It is because time after time they fail to meet their own benchmarks and timetables for delivery.

This comes on top of the fact that a few weeks ago the Northern Territory govern-
ment claimed they had barely broken ground on the 750 houses they were responsible for delivering with the federal government as part of the Northern Territory intervention. While the Rudd government now claims to have built 80 of these houses—we are not quite sure where they are, for what purpose they were built or if they were even for Indigenous people at all—that is pretty poor progress, even if you accept it at face value. Of 750 houses promised in September 2007, at their best guess 80 have been built. If the government could only build, on their own figures, 80 houses in remote areas in the 16 months since the election, I do not know how we can believe they will now build 20,000 public housing dwellings across Australia in the less than two years they have allocated to spend the $6 billion on new public housing. Too often the Rudd rhetoric is not matching the Rudd reality. Whether it is jobs, funding or houses, once Labor—or local government, for that matter—have made the big announcement, they seem to think the job is done. What the Australian people want of this government is not to make hairy-chested announcements and big populist gestures but to actually get on and do the things they claim to be doing.

In total the coalition has now supported almost $3.5 billion in social housing initiatives announced by the government since they were elected in November 2007. That is a lot of money. It is a serious amount of money and it is going to address a very serious problem which the coalition shares the government’s concern regarding. That does not include the $1.2 billion also annually provided under the affordable housing agreement. Labor then tried to accuse the opposition of not having any interest in addressing social housing needs in this country because we chose to draw the line at spending a further $6.4 billion on public housing which will not be delivered in that time frame and which will not provide an economic stimulus. We draw the line and we say no. This package fails to stimulate additional investment, it fails to address the very real needs in the private housing market and it is incapable of delivery by the states. I would not trust the Premier of New South Wales to take out the bins, let alone build 9,000 new houses in about 18 months. He is simply not capable of it and neither is his government. I think gambling billions of dollars of taxpayer debt on the ability of states to deliver this program is reckless and irresponsible.

The package focuses only on public housing and ignores private housing needs. In doing this, the government have overcapitalised their stimulus by failing to leverage additional investment in residential construction, beyond direct public expenditure, and thereby maximise the potential boost expected from a proper stimulus measure. $6 billion would pay for more than 280,000 new home construction grants. That is twice the number of annual housing starts each year. Today’s housing finance figures released just a few hours ago show that loans for new housing construction increased again by 2½ per cent in January, following a much larger 9.9 per cent increase in December. However, the number of commitments in January are still fewer than a year ago. In addition, the proportion of first home buyers taking on housing finance commitments rose again to 26.5 per cent in the latest figures in January, the highest on record, eclipsing even July 2001 after the initial grants were introduced by the coalition government.

Today’s figures highlight the need for the federal government to increase their focus on stimulating construction in the private housing market, where more than 95 per cent of Australians live and more than 95 per cent of housing construction workers have a job and are at risk of losing them. On 30 June, the government’s first home owners grant will
expire. The program has so far produced some good results. I am happy to concede and applaud that. It has the potential to do even better if the scheme is modified to provide a greater emphasis on building new homes rather than buying just existing dwellings, which accounts for around 90-plus per cent of the funds that are being spent on that initiative. Under Labor’s plan, this can only be achieved by driving Australia even further into deficit and debt. Their failure to set aside funds as part of the $6 billion cash splash on the public housing program was reckless and irresponsible because it failed to provide for the extension of these grants which actually can make a difference to private housing. Australia cannot afford for Labor to allow their social agenda on public housing to override their economic responsibility to do what is right for the Australian economy. It is time to get some balance back into their housing program policies and acknowledge the urgent needs in our private housing sector.

Finally, I would say this: when this package was put together and we went through Senate estimates, the government had no idea how much it would cost or how long it would take; they simply rang the state governments and said, ‘Do you think you can deliver this?’ and the response was Obamaesque with a ‘Yes, we can’. They cannot deliver in less than two years what they could not deliver in eight years of spending on these programs. So we rightly highlight that the stimulus package for public sector housing will be unable to be delivered by the states and as a result should be directed towards private housing. (Time expired)

Mr BUTLER (Port Adelaide) (1.30 pm)—I guess that, given the previous government’s record on federal financial relations, it is no wonder that contributions would seek to focus on justifying why the opposition voted against the biggest stimulus to social housing since the Second World War rather than dealing with the details of the Federal Financial Relations Bill 2009 and the Federal Financial Relations (Consequential Amendments and Transitional Provisions) Bill 2009, which involve the most significant overhaul of federal financial relations—the financial architecture of our Federation—since the Whitlam government.

This government is utterly committed to ending the blame game in the federal system and stopping the buck passing that has dogged our state and federal government relations for far too long. This government—and also while in opposition before the election—is very clear in its view that the federal financial architecture is fundamentally broken. These bills seek to take the first steps in fixing that architecture.

Exhibit A in that breaking down of the federal financial architecture is the constant accretion of section 96 payments, or specific purpose payments, that have become so numerous, so varied in their forms and so detailed as to be completely incomprehensible to most commentators and observers. There was, it is to be noted, some reform to our federal financial architecture with the ANTS—A New Tax System—that surrounded the GST, but there was no serious attempt at all during that process to grapple with the broken specific purpose payment system. These bills implement an agreement by COAG in March 2008 and subsequently in November 2008 to undertake that very important reform.

The Rudd Labor government came to government having talked about these issues for a considerable period of time before the November 2007 election and with very clear expectations from the public that reform would be undertaken. We have delivered that quickly—in March 2008, within only weeks
of being elected, the Prime Minister delivered an agreement at COAG that fundamentally overhauled federal financial relations in this country. These bills implement that agreement in very large part. The first element of that March 2008 agreement was to rationalise—long overdue—the specific purpose payment system, firstly with the objective of combining agreements to a smaller, more comprehensible range of agreements; secondly, to institute much clearer demarcations of responsibilities between the different tiers of government; and, thirdly—and perhaps most importantly—to focus on performance and outputs from those agreements, rather than the tendency within SPP agreements to focus on inputs, particularly from state governments, and with those performance benchmarks to be assessed by the independent COAG Reform Council.

The second element of the landmark March 2008 agreement was to introduce national partnership payments—payments intended to reward incentive and reform undertaken by state governments. It is very important to note, particularly given the contribution about these issues of the previous speaker, the shadow minister for housing, that this type of payment is not subject to the principle of horizontal fiscal equalisation or, as the shadow minister—notably from New South Wales—described it, the ‘sunshine subsidy’. Horizontal fiscal equalisation is a principle to which the Labor Party unashamedly adheres. It is a principle that redistributes money among parts of the Federation according to the capacity to raise revenue and the need to spend money. Under horizontal fiscal equalisation, the Commonwealth Grants Commission takes account of differences between states in revenue raising capacity and their different spending needs and readjusts grants accordingly.

It is beyond comprehension, other than for base political purposes, to understand why a member of this federal House would have a problem with that principle as a general proposition, with only this exception: that COAG agrees, and the Prime Minister and the government very much agree, that reform-based incentive payments such as are included within the national partnership payments should reward states that are first movers in reform. In the area of national partnership payments, states are treated on the merit of their contribution to reform or to a particular program. This is an important exception to the principle of horizontal fiscal equalisation which, given the previous speaker’s contribution, I want to reiterate as a fundamental platform of Labor government.

The third element to the COAG agreement in March 2008 was that COAG retain the general revenue sharing framework adopted in 2001 after the introduction of the GST. Firstly, there would be no conditions placed by the federal government on states about how they spent that money and secondly—again—the principle of horizontal fiscal equalisation would apply to the distribution of those funds. Essentially, the Rudd Labor government adopted the system in relation to the distribution of GST money introduced by the former Treasurer, the member for Higgins.

Since that landmark agreement in March last year, very significant work has been undertaken at the COAG level between the Prime Minister and premiers, between other ministers and between officials of the different tiers of government, particularly on the reform of the specific purpose payment system. These bills implement that framework adopted at the March 2008 meeting, adding detail which has been worked on over the subsequent months and agreed at the COAG meeting on 29 November last year. This is the most significant overhaul of specific purpose payments since the provision in the
Constitution section 96 began to be used broadly in the early 1970s under the Whitlam government.

Under the November 2008 agreement and these bills there will now only be five specific purpose payments: firstly, for health care; secondly, for schools; thirdly, for skills and workforce development; fourthly, for disabilities; and, fifthly, for affordable housing. Each of those five specific purpose payments will be subject to a separate national agreement between the federal agreement and each of the state and territory governments. Each agreement, for the first time, clarifies very specifically the roles and responsibilities of each tier of government.

In my previous life I dealt on a number of occasions with the specific purpose payment systems governing home and community care, or HACC, and other areas of disabilities. Frankly, it was a minefield, not only in working out quite what the moneys were intended to do but in working out what the responsibility was, in my case, of the South Australian government and what the responsibility was of the Commonwealth government. Commentators, stakeholders and governments have for years complained about the indecipherability of specific purposes payments as they have existed until now. This legislation and the agreements made at COAG in November 2008 make a fundamental reform to that system. Each of the five SPP agreements importantly include performance benchmarks and outcomes. Those, as I said earlier, will be assessed by the COAG Reform Council and, for the first time, will be published annually in a very significant advance in the transparency of government in this country.

The fourth significant reform to the system of specific purpose payments is the removal of very detailed conditions previously imposed by the Commonwealth governments on states. These were more usually related to state inputs rather than to more meaningful outcomes or performance benchmarks that might actually impact on Australians. Now the states will choose how to spend the money, provided that the money is spent in their particular areas, such as health care or disabilities as the case may be. But they need to spend that money bearing in mind the benchmarks that will be assessed on an annual basis—and the assessment will be published—by the COAG Reform Council.

The other significant reform contained in this legislation is the introduction of national partnership payments. The November 2008 COAG meeting agreed on a number of payment systems, and, importantly, given the debate in this place this week, at the COAG of 5 February 2009 the Nation Building and Jobs Plan was also the subject of a separate national partnership payment agreement. As I indicated earlier in my contribution, these payments are not subject to the redistributive principles of horizontal fiscal equalisation. These payments reward states who work hard. The claim has been made by a number of states—particularly the bigger states, such as Victoria—for many years that reform based payments should not be subject to horizontal fiscal equalisation. Our government has heeded those calls in this part of the legislation.

These payments will be the centrepiece of a new wave of microeconomic reform in areas which for too long have been neglected by the federal government. Earlier this week I was very pleased to see the announcement by the Parliamentary Secretary for Early Childhood Education and Child Care, Maxine McKew, of the national partnership payments for early childhood education. Under that agreement $955 million will go to states between now and 2013 to implement one of the centrepiece promises that the Labor Party made before the last election—
namely, that the Commonwealth had a place in ensuring that all four-year-olds in Australia had 15 hours a week of preschool education in the year leading up to school, wherever they lived.

I come from South Australia, a state that has taken preschool education very seriously in any event, but I know that there are many states in the Federation that have under-funded particularly four-year-old education but also perhaps the area of nought- to five-year-olds in their state generally. For too long the Commonwealth has sat on its hands and done nothing while there has been such a variable contribution to the education of our four-year-olds. We know from recent research that those five years are the most important years in the development of a human being’s brain. This is just one example of many national partnership payment agreements that have been the subject of debate and ultimately agreement at the COAG level which will deliver very significant reform to our country.

Finally, the Federal Financial Relations Bill 2009 deals with appropriations. It is an appropriation bill, and it appropriates an extra $6 billion or so over the next five years for the national specific purpose payment agreements that I referred to for things like fixing up our hospitals and delivering extra services to those Australians with disability. How those opposite, after the Howard government stripped money year after year from our national health system, can complain about our attempts, transparently put before the people before the November 2007 election, beggars belief. This is the government’s implementation of a very clear commitment to the people before November 2007—that we would fix the hospital system, that we would make life better for those with disability in Australia and that we would deliver a proper system of child care and preschool education to Australian children.

In conclusion, this is a very significant reform of our federal financial architecture. It significantly improves the transparency of payments between the Commonwealth and the states and territories. This will be a very good thing for where people complain—and, in many cases, rightly complain—about the service delivery undertaken by state governments. For the first time, those state governments will be accountable against performance assessments by the COAG Reform Council that will be published and available to all Australians. These payments, particularly the national partnership payments, set the foundation for a new wave of microeconomic reform and a new wave of quality service delivery for Australians. I commend COAG for the work that they did between March 2008 and November 2008 in putting together a very significant overhaul of their financial relations, and I commend the legislation to the House.

Mrs MOYLAN (Pearce) (1.44 pm)—I am very pleased as a Western Australian to have the opportunity to speak on the Federal Financial Relations Bill 2009 and the Federal Financial Relations (Consequential Amendments and Transitional Provisions) Bill 2009.

I want to make it very clear that I am committed to a federal system. I recognise that all is not perfect in this system of government and that it is a bit of a movable feast because we are changing as a nation. Like democracy, our system of government is not perfect, but it is probably the best that we can offer in terms of robust debate and robust competition in delivering the very best services to people. That is one of the great benefits of a federal system. We live in a very vast continent. Each of our states has its own geography, and life for citizens in the states varies quite markedly. That is why I believe that the state governments are the best people to de-
termine the priorities that will govern their states.

We have in the public gallery people from probably all over Australia. I do not think that they would be well served by having government administered centrally. Indeed, that is not what this legislation seeks to do. It seeks to have a new cooperation in terms of how we manage this great country of ours. The problem is: many Australians see any reform process with a degree of cynicism because we have heard it all before—that is, the federal government announcing that they are going to manage something because it is not working as well as it should be. While this legislation does seek to have new cooperation between the state and federal governments, I think it is still highly prescriptive. It is the federal government calling the shots and saying to the states: we will hand over buckets of money to you but you will do certain things.

I hope that we will continue to robustly debate these matters in this place, because it is through the fires of robust debate that we come to good policy positions. We should never be afraid of that process, no matter how difficult it may get sometimes. I know sometimes the public see this as a very combative exercise, but it is from the fires of robust debate that we come forward with the very best options for governing Australia in the 21st century.

The government have described this legislation as a new direction with modern federalism. The reform manifesto is filled with the discourse of a new era of cooperation. Indeed, it would seem that our Prime Minister has been extolling the virtues of such collaboration between federal and state governments for many years. Behind the rhetoric of cooperation, the reality is clear: state and federal governments are no longer peers. When the drafters of our Constitution began to imagine the shape of Australia’s Federation, they pictured something vastly different from what we are operating under today. They pictured strong states that could hold their own against the federal government. They created distinct areas of responsibility. If they ever imagined that there would be a vertical fiscal imbalance, I am quite sure they never would have imagined it would be as pronounced as it is today.

When we talk about modern federalism, we are essentially discussing the funding arrangements between the levels of government. Since the federal monopolisation of income tax, state governments have been reliant on federal grants to fulfil their constitutional responsibilities. The resulting vertical fiscal imbalance has gradually given the federal government increased power in areas that once were the exclusive domain of the states and territories. I sometimes think that we in this place set the states up to fail in that duty. We sometimes forget that the states have a vested interest in delivering best practice to their constituency because their ultimate report card is when they go to the electorate and seek re-election.

The essence of this legislation is that it will reform the system of funding to the states and territories. There will be three tiers of funding. Firstly, the federal government will distribute collected GST revenues to the states by general revenue assistance in accordance with the principles of horizontal fiscal equalisation. Secondly, all existing tied grants or specific purpose payments will be summarised as payments for key human sector services such as health care and schools. Thirdly, new national partnership payments will be made to those states that reach the incentive targets of service delivery and adopt social and economic reform as laid out by the federal government. So what we have is a bit of a pea and thimble trick: nothing is changing in essence.
It is encouraging to see the government continuing the work of those who went before them and engaging in constant renewal of our federal system. The introduction, indeed, of the GST under the Howard government provided funding for the states, which has been a very significant move forward. It has gone some way to restoring some balance in terms of fiscal relations between the levels of government in Australia in recent times. Any attempts that are made to make the system more efficient will be welcomed. There is no doubt about that. I think everyone will welcome that. But, by setting goals that virtually say one size fits all, we are removing from the states the capacity to be innovative and creative about how they solve the many service delivery challenges that they are confronted with today—and probably more so at the moment, with the global financial troubles that beset us.

Again, it is a welcome move to see the existing system of tied grants which had been implemented gradually over time in accordance with various developments now being modernised. It is also pleasing to see that the state and territory governments who received this money will have some flexibility in how they spend the money. As I said, it is flexibility that will enable innovation to flourish and provide an opportunity for governments to learn from the successes and failures of others as they try to find the best way forward to deliver to their constituencies. However, it would seem that while this bill gives budget flexibility with one hand it is also taking it away with the other. As I said, it is the old pea and thimble trick; it does not really fool anyone. The sometimes coercive nature of specific purpose payments will potentially be replaced by the national partnership payment, and you have to look at that and say, ‘Is it really that much different to what we’ve been doing?’

The key aspects of the bill that I have concerns about relate to the requirement that specific purpose payments are subject to reporting requirements and the national partnership payments require that the state adopt ‘new projects of national importance’ and meet national benchmarks. So I suppose it depends on how these new projects of national importance are determined. Are they determined by the federal government, the state government or in partnership? If it is a true partnership, that has to be a positive move, but I have a great concern about policies that are developed in this place, on a one-size-fits-all basis, for a continent that is so vast and whose peoples are so diverse. I think it does remove that capacity to be innovative.

These measures do demonstrate a number of disturbing trends in the view of the government toward federalism. Firstly, it makes evident the federal Labor government’s newfound understanding of the depth of incompetence of their state Labor counterparts. Secondly, it reveals the desire of the federal government to assume a custodial power over the states. By making the states accountable to big brother federal government, it will no longer be the role of the state voters to hold their elected state representatives to account.

But dictating how the states spend is not what cooperative federalism should be about. Perhaps, as the government tend to do, they have forgotten where the money comes from. It is the taxpayers’ money, and they are distributing money that is not their own but the money of all Australian taxpayers. It is therefore only proper that the taxpayers are the monitors of how that money is spent, and that means giving the states maximum capacity to determine their own policy direction and for the voters to monitor that to see whether the states are delivering what the citizens want. At the end of the generally
four-year terms for the states the ultimate sanction is that a party loses government if they have not done the right thing.

The old argument of duplication of services is not necessarily one that cannot be better managed. If there is duplication of services, I think we will find it is because the federal government have taken over or encroached more and more on the areas of the state governments. There is one way to fix that, and that is to go back to the drawing board and to more clearly delineate the responsibilities of state and federal governments. I do not think that it would be too difficult to come to an agreement about just where the demarcation lines are, but it does need to be addressed because things have moved on since the Federation was first established.

Back in 2005 the current Prime Minister gave a speech entitled ‘The case for cooperative federalism’. I have to say that, apart from some of the laughable ideological diatribe that was expressed in that speech, a few important things were said. Some of the more credible things that came from the then shadow minister for foreign affairs, trade and international security were when he said:

The challenge for a future Labor government will be to rebuild the Federation. And it is my argument that the Federation can be rebuilt based on the principles of co-operative (rather than coercive) Federalism.

He went on to say that there needed to be a ‘culture of political cooperation and collaboration as opposed to confrontation and coercion’.

What is important about these statements is that they again truly highlight the level of inconsistency between what the government says it will do and what it actually does. One needs only to look at health care or education to see that this government is much more comfortable with coercion than with cooperation. While the Prime Minister came into office promising to end the blame game, he threatened the states that if they could not agree on a national reform plan for public hospitals the federal government would seize control. This does not sound like mutual collaboration to me.

This government also came to power promising an education revolution. What they did not mention was that, whilst the Bastille they will be storming is that of state control, the federal government’s stimulus package will further demote the responsibility of states. Money will be dished out to schools, with the Deputy Prime Minister having the exclusive rights to any credit for work done. This is despite the important role that states and territories have in administering education and despite the fact that the money used to fund this does not yet exist and, if it did, it would not belong to the federal government anyway. As I said, this is money contributed by all Australian taxpayers. Just last week we heard that the federal government would expand their control over vocational studies. What will the next coercive tactic be to bring the states on board with federal policy? For many people the precise problem with federalism is that there is no clear demarcation as to responsibility.

During the aforementioned speech from 2005, the Prime Minister quoted former Queensland Premier Wayne Goss saying:

It is unacceptable from the point of view of the consumers of government services that we should let confusion reign as to which level of government is responsible for particular government programs.

The design of the national partnership payments is likely to further complicate this issue. How can a member of the public hold government accountable when it is not even clear who a policy belongs to?
The SPEAKER—Order! It being 2 pm, the debate is interrupted in accordance with standing order 97. The debate may be resumed at a later hour and the member for Pearce will have leave to continue speaking when the debate is resumed.

QUESTIONS WITHOUT NOTICE

Economy

Mr Turnbull (2.00 pm)—My question is addressed to the Prime Minister. I refer the Prime Minister to the fact that Australians mostly ignored his call on them to spend, spend, spend his December cash splash of 10 billion borrowed dollars. What does he say about this month’s 13 billion borrowed dollar cash splash? Should Australians worried about losing their jobs and confused about government policy spend, spend, spend or save against the risk of a Rudd recession?

Mr Rudd—It must have been a rough time indeed yesterday in the Liberal Party party room. The Leader of the Opposition raises a question which goes to the link between the government’s economic stimulus strategy on the one hand and employment and jobs on the other. The question, in particular, that he raises is the extent to which our provision of payments to pensioners and to carers and our provision of support to first home buyers have a material effect on the economy and jobs. Obviously the Leader of the Opposition, in his search for evidence, has not gone to today’s housing finance data, produced by the Australian Bureau of Statistics. Let me read this to him, because it goes directly to a key element of the economic stimulus strategy which he raises in his question and which was supported by him then and opposed by him subsequently. What we see today from this data is that the ABS shows that the proportion of first home buyers seeking finance approvals has jumped to 26.5 per cent. This is the highest proportion since the series began in 1991. Let me quote Joshua Williams, the economist of TD Securities, who says:

The increase in housing finance numbers in January for owner-occupiers was the fourth consecutive monthly increase and suggests that the cumulative falls in mortgage interest rates and increase to the first home owners grant have been successful in luring more potential buyers out of the woodwork.

I would also draw the Leader of the Opposition’s attention to the following: the number of owner-occupied housing finance commitments increased by 3.5 per cent in January after increasing by 6.7 per cent in December.

Mr Turnbull—Mr Speaker, I rise on a point of order. Would you draw the Prime Minister’s attention to the question and ask him to provide a relevant answer.

The SPEAKER—Order! The Prime Minister is responding to the question.

Mr Rudd—The Leader of the Opposition asked a question about the impact of the Economic Security Strategy which we launched last October, and he asked for the evidentiary link between it on the one hand and employment on the other. That is precisely what the Leader of the Opposition had contained within his question. I provided an answer which he is uncomfortable with, as it is based on fact.

Mr Turnbull—Mr Speaker, I rise on a point of order. The Prime Minister obviously was not listening to the question. The question was: should Australians spend, spend, spend or save against the risk of a Rudd recession? That is the question.

The SPEAKER—Order! The Leader of the Opposition will resume his seat. The Leader of the Opposition will acknowledge that there was a long preamble before that last part of his question.

Mr Rudd—The package which the Leader of the Opposition is attacking was a
threefold increase in the first home owners grant, which was part of the package introduced by the government in October called the economic stimulus strategy. That is the package which the Leader of the Opposition has attacked repeatedly in the House.

*Mr Turnbull interjecting—*

*Mr Rudd—* Oh, he now makes a distinction for that aspect of the economic stimulus strategy which he, having supported it, then opposed but is back to supporting. So is the Leader of the Opposition now saying he supports the trebling of the first home owners grant? Is that what the Leader of the Opposition is saying?

*Mr Turnbull interjecting—*

*Mr Rudd—* I think the Leader of the Opposition—

The Speaker—Order! The Leader of the Opposition will ignore that.

*Mr Turnbull—* Mr Speaker, on a point of order: the Prime Minister, playing as usual to the cameras, asks these rhetorical questions and then, when I seek to answer them, objects. He cannot have it both ways.

The Speaker—Order! The Leader of the Opposition will resume his seat. There is no provision for the Leader of the Opposition to respond.

*Mr Rudd—* So the spending therefore undertaken by first home buyers in terms of their decision to take the threefold increase in the first home owners grant and go out there and spend their money on a new house is demonstrated in the figures which have been released today through the Australian Bureau of Statistics. Therefore we have the number of owner-occupied housing finance commitments increased by 3.5 per cent in January. The value of housing finance commitments increased by 0.7 per cent in January. The value of owner-occupied housing finance increased by 2.3 per cent. The proportion of first home buyers seeking approvals jumped to 26.5 per cent. Owner-occupied commitments for the construction of new homes rose 2.5 per cent in January, following a 10.4 per cent increase in December. I would draw the Leader of the Opposition’s attention to these core facts. He attacks the economic stimulus strategy launched by the government. A core component of that strategy dealt with the direct cash support to first home buyers to encourage them to go out and buy a new home. The data today demonstrates that is what they have been doing. The reason he doth protest so much is that he knows the data undermines his entire argument.

**Economy**

*Mr Raguse (2.06 pm)—* My question is to the Prime Minister. Will the Prime Minister update the House on recent updates to the global economic outlook and the implications for Australia’s response to the global recession?

*Mr Rudd—* I would draw the attention of members of the House to a statement overnight from the director of the International Monetary Fund, Dominique Strauss-Kahn, which reported the sobering news that the IMF is further revising down its global growth forecast for 2009. Mr Strauss-Kahn has said that growth in 2009 is now predicted to be less than zero for the first time in the IMF’s history. He said:

The IMF expects global growth to slow below zero this year, the worst performance in most of our lifetimes.

He goes on to note that the global financial crisis might now be called the great recession. This sobering report from the director of the IMF follows the report in the last 24 to 48 hours of the head of the World Bank and the World Bank itself also predicting that global economic growth in 2009 would, in fact, go below zero.
These two sobering reports on the state of the global economy remind us of the dimensions of the challenge with which Australia is presented by the global economic recession. Again, it is like a global economic cyclone approaching this country. It started in America. It has come through Europe and it is now affecting all economies around the world—a synchronised global economic downturn with all countries and all sectors within those economies being hit at the same time.

Those opposite may argue that it is within the power of any single national government to prevent a cyclone from crossing your shores. You cannot give that undertaking. What you can do, however, is take prudent action to reduce the damage, to reduce the impact of that cyclone on Australia. That is what we have done through the government’s economic stimulus strategy. The alternative, argued by those opposite, is to do nothing and therefore expose all Australian families to the full force of the storm. That is the difference. We say we can cushion the impact of the storm. Those opposite say: ‘You’re on your own. Look after yourselves. Look after your own circumstances. You’re on your own.’ In fact it entirely underlines their philosophy in industrial relations as well: go out there and fend for yourself. It is the law of the jungle.

The government’s Economic Security Strategy hinges on three core components. First is the stabilisation of financial markets, the cornerstone of which is the provision of a government guarantee for all Australian deposit holders for the first time in Australia’s history not just as a necessary ingredient for stability in financial markets but, on top of that, as a necessary ingredient for confidence in the economy as well. Then there is short-term stimulus, which has been the subject of questions already by the Leader of the Opposition—providing payments to families, payments to pensioners, payments to carers, payments to veterans, payments to farmers, payments in order to provide support to Australians who are under stress and challenge because of the impact of the global economic recession; but at the same time providing support to employment in the Australian economy in the consumption sector of the economy, in retail, which employs 1½ million Australians. Thirdly, there is long-term stimulus as well: Investing in our Schools, the biggest school modernisation program in Australia’s history; investing in 20,000 new units of social housing; and investing in energy efficiency to ensure over time that we have ceiling insulation in every single Australian owner-occupied home right across the country, bringing down greenhouse gas emissions but also stimulating the local economy. Together with investments in roads, rail and ports, this is long-term infrastructure which comes off the back of necessary stimulus also in the short term.

As part of the its economic stimulus strategy, the government today will start making the payments of $950 back-to-school bonuses and $900 single-income family bonuses to help support families through the global economic recession and at the same time support jobs in the Australian retail sector, a sector which employs 1½ million Australians. I note that a report today by Access Economics notes that 53c in the dollar of the stimulus will be outlayed in 2009, with 74 cents to be outlayed by mid-2010. Access goes on to say:

Australia’s stimulus may be a smaller share of our national income than the United States equivalent but it has the potential to do more in the short term.

Access goes on to say:

History may mark the first week of February in 2009 as an important building block in Australia’s eventual economic recovery. Tuesday, February 3 saw a big interest rate cut from the Reserve Bank and an even bigger stimulus package
from the federal government. Both these measures will lift the spending power of households through 2009 providing important support for retailers against the tide of rising unemployment and consumer caution.

Those are comments from Access Economics in their report today.

It is not just institutions like Access which have spoken in support of the government’s economic stimulus strategy. We also have statements from other organisations, including the National Farmers Federation. The National Farmers Federation stated:

The government’s $950 tax-free bonus for all drought affected farmers—reaching some 21,500 farmers in need—will be a much-needed fillip to families and regional economies.

Mr Anthony Smith—Mr Speaker, I rise on a point of order on relevance. The Prime Minister should answer the question concisely. He has been going for six minutes.

The SPEAKER—The member for Casey will resume his seat. The question was in order and the Prime Minister is responding to the question.

Mr Rudd—What I have been referring to is the state of the global economic recession; its impact on Australia; the alternative strategies, such as ‘do nothing’, recommended by those opposite; our economic stimulus strategy and the elements of it, together with the new measure which is being delivered today; and those which support that approach. What surprises me most on the part of those opposite—and I see the Minister for Agriculture, Fisheries and Forestry nodding in this direction—is: how could the National Party stand in this place and vote against a $950 payment to drought affected farmers? How could the members of the National Party up there—

Mr Neville interjecting—

Mr Rudd—How could you, Paul, vote against a $950 payment to drought affected farmers? What has happened to the National Party of old standing up for people in the bush and standing up for those who are droughted—except in this case, because the politics of this overall debate do not suit them. Once again they have tapped the mat, yielded to the Liberal Party and said, ‘No, we are going to stand opposed to a payment to 21½ thousand drought affected farmers.’

Well, we on this side of the House say to you over there in cocky corner, ‘Shame, shame, shame.’

If you go to the other elements of the government’s strategy, it is not just short-term economic stimulus—

Mr Anthony Smith interjecting—

The SPEAKER—Order! The member for Casey does not have the call.

Mr Rudd—The nation-building plan which the government has announced, and the economic stimulus strategy which the government is implementing, are each designed to provide support for jobs and to build long-term infrastructure. In the Nation Building and Jobs Plan, for every dollar of short-term stimulus that we provide by way of payments to—

Mr Pyne—Mr Speaker, I rise on a point of order. The point of order is on relevance. The Deputy Prime Minister, the Treasurer and, in fact, the member for Fremantle have all made submissions in the past about questions being no longer than four minutes. The Prime Minister is now approaching double that time. It is provocative to the opposition. How can we be expected to listen to this toxic bore throughout question time? You need to take action.
Mr Rudd—Mr Speaker, I rise on a point of order. Without wishing to press a point, we now have the Prime Minister talking about matters about which he knows absolutely nothing, instead of on a question of our economy. It is now nine minutes—

Mr Pyne—Mr Speaker, I rise on a point of order. The member for Sturt does not assist his case.

Mr Rudd—I have particularly appreciated the member for Sturt’s interjection, because I think we all know what happened in the Liberal Party party room yesterday because we all read this morning’s papers. And we heard a number of them at the doors as well, but I am sure these will become subjects for debate by the end of the day.

Mr Costello interjecting—

Mr Rudd—Yes, well, it was an interesting exchange, I understand, in the Liberal Party party room in terms of whose idea their most recent—

Mr Pyne—Mr Speaker, I rise on a point of order. The member for Higgins is interjecting again. Come on down the front, Pete, because I gather that is where you were yesterday in the party room. Come on down the front—in that seat or that one, I am not sure—

Opposition members interjecting—

Mr Rudd—That bonus, that is reaching some 21½ thousand farmers in need, and which those opposite say is boring, will be a much-needed fillip to families and the regional economy. I do not think that drought affected farmers would find it that way. The reason those opposite find it so provocative is that every significant peak industry organisation in Australia is getting behind what the government is trying to do to provide extra stimulus to the economy.

Mr Costello interjecting—

Mr Rudd—The member for Higgins is interjecting again. Come on down the front, Pete, because I gather that is where you were yesterday in the party room. Come on down the front—in that seat or that one, I am not sure—

Opposition members interjecting—

Mr Rudd—Mr Speaker, I rise on a point of order. Without wishing to press a point, we now have the Prime Minister talking about matters about which he knows absolutely nothing, instead of on a question of our economy. It is now nine minutes—

The Speaker—Order! The member for Sturt does not assist his case.

Mr Rudd—I have particularly appreciated the member for Sturt’s interjection, because I think we all know what happened in the Liberal Party party room yesterday because we all read this morning’s papers. And we heard a number of them at the doors as well, but I am sure these will become subjects for debate by the end of the day.

Mr Costello interjecting—

The Speaker—The Prime Minister will return to the question.

Mr Rudd—The government’s economic security strategy deals with short-term stimulus by way of payments to Australians who need support in order to boost employment in the retail sector, as well as investment in infrastructure and investment in housing in order to provide long-term support for our economy. Our overall approach to this is a clear-cut strategy for the future, and I would say to those opposite that it is about time that their approach to the global financial crisis was to engage in a serious economic strategy for the future rather than, as they are currently engaged in, a political strategy with one objective: to take as much political advantage as they can out of the economic crisis. Those opposite should get serious in contributing a positive idea for the debate. The nation expects it of you.

Employment

Mr Turnbull—My question is to the Prime Minister. I refer the Prime Minister to the guarantee given today by his Minister for Infrastructure, Transport, Regional Development and Local Government that neither the government’s industrial relations changes nor its bungled emissions trading scheme will cost a single Australian job. Does the Prime Minister agree? Will the Prime Minister now offer the same guarantee that not a single Australian job will be lost because of these policies?
Mr Robert—How about your policies?
The SPEAKER—Order! The member for Fadden is warned.

Mr Rudd—I thank the Leader of the Opposition for his question, because what I can guarantee to him is that Australians will not have redundancy payments stripped away from them. That is because we intend to produce fair industrial relations laws. The government’s projections of unemployment are in the economic outlook.

Mr Turnbull—I rise on a point of order, on relevance. The question was about jobs, not redundancy payments.

The SPEAKER—Order! The Leader of the Opposition will resume his seat. The Prime Minister is responding to the question.

Mr Rudd—Anyone who is concerned about unemployment in this country today is concerned about redundancy payments. What is the difference? We on this side of the House stand up for their rights to redundancy payments. Those who supported WorkChoices want to strip them away. The government’s position on future unemployment projections is contained in the government’s economic outlook, published in February.

DISTINGUISHED VISITORS

The Speaker (2.21 pm)—I inform the House that we have present in the gallery this afternoon members of a parliamentary delegation from Uganda led by the Speaker of the Parliament of Uganda, the Rt Hon. Edward K Ssekandi. On behalf of the House, I extend a very warm welcome to our visitors.

Honourable members—Hear, hear!

QUESTIONS WITHOUT NOTICE

Economy

Mr Bidgood (2.21 pm)—My question is to the Treasurer. Will the Treasurer outline for the House the economic rationale for the stimulus payments that will begin flowing tomorrow, and how they fit into the government’s comprehensive economic strategy?

Mr Swan—I thank the member for Dawson for his question because he is certainly very interested in these stimulus payments that are flowing through to families in his electorate, where many people will deeply appreciate the additional assistance that they are going to receive.

Families around Australia will begin receiving bonuses of up to $950 as part of our Nation Building and Jobs Plan. Over 1.2 million families across Australia receiving Family Tax Benefit Part A will begin receiving a back-to-school bonus of $950 for each eligible school-age child. That will certainly be very welcome by very many parents in this country, including those in the electorate of Dawson. This will assist something like 2.8 million school-age children with the costs of the 2009 academic year. And from today, over one million families who rely on one main income earner will also begin to receive the single-income family bonus of $900. All families eligible for Family Tax Benefit Part B when we announced the Nation Building and Jobs Plan will receive this bonus. The remaining Centrelink bonuses to eligible farmers and students, which the Prime Minister was talking about before, will begin to be paid on 24 March. And, of course, we have a tax bonus for 8.7 million working Australians, who will be paid from early April.

These bonuses are a key part of our efforts to support jobs by strengthening demand in the economy so that companies can afford to keep on and employ workers because there is sufficient demand in the economy. These payments are not a substitute for other direct government investments. Something like well over two-thirds of our Nation Building and Jobs Plan constitutes investments in
schools, roads and houses. But these payments are very important; they are our best way to support jobs and growth until these investments kick in later this year to further stimulate demand in our economy, given what is occurring in the international economy—that sharp contraction of demand. So we have a two-stage process: payments to families to boost demand right now, and investment which flows through the economy to leave a lasting benefit for the nation.

This approach has been endorsed today by Access Economics, who have had this to say:

These measures will lift the spending power of households through 2009, providing important support for retailers against the tide of rising unemployment and consumer caution.

It is the case that businesses are doing it tough and, without these payments, things would of course be even tougher. Of course, that is why the business community is supporting these payments so strongly. You had Greg Smith, the Managing Director of Clive Peeters, say this in February in relation to the Economic Security Strategy:

It was quite phenomenal, really. Our suppliers expected it to be an average Christmas but sales were so strong that it left the industry short of supply.

This is boosting demand. You can see that in the consumer confidence figures today, you can see it in the retail sales figures in December and you can see it again in January. But this is a very important point: our main priority remains direct investment, which is why, for every dollar in cash payments, we are investing more than $2 in schools, roads and houses. That is an investment which is not supported by those opposite. They do not understand the importance, in the face of this global contraction, to support demand, to strengthen demand in our economy. It was not always the case that they had such an approach to this investment.

Back in 2001 the member for Higgins had a lot to say about strengthening demand in the economy. He said this at the International Monetary Fund in 2001:

We must consider the risks that entail from waiting for hard evidence of the magnitude of the global slowdown.

He said:

We are experiencing a synchronised slowdown for the first time since the early 1980s.

And he went on to say this:

Insufficiently vigorous policy may result in a deeper and longer global downturn.

That is what the member for Higgins said in 2001. Of course, it is a different story in 2009.

The case for investment now is clear. It is supported by the IMF; it is supported by the Chairman of the Federal Reserve; it is supported by business in this country. But it is not supported by the Liberal Party, whose only approach is to sit and to wait and to see. Of course, what that will do is impose costs on this country that we can ill afford. We on this side of the House understand the need to support demand and jobs in the Australian community.

Employment

Mr HOCKEY (2.27 pm)—My question is to the Prime Minister. I refer the Prime Minister to comments made by his Minister for Infrastructure, Transport, Regional Development and Local Government this morning on the Steve Price Morning Show. I quote:

Steve Price: The restaurant industry today is predicting 1,000 restaurants will close and two and a half thousand jobs will disappear if this industrial relations change becomes law.

Albanese: They were all going to disappear over various other issues from time to time.

Does the Prime Minister agree with his own minister that 1,000 restaurants are due to
close and thousands of jobs are to disappear no matter what the government does, or is this just the risk of a Rudd recession?

Mr Rudd—The member for North Sydney asked a question about the impact on the retail sector, and restaurants in particular. Can I simply say to the member for North Sydney: his entire political attack and his leader’s attack on this government has focused expressly on consumption payments which we have made as a government to support retail, including the restaurant sector, to boost the 1½ million Australians employed within that sector. We have a course of action; you have a plan of opposition.

Employment

Mr Trevor (2.29 pm)—My question is to the Minister for Education, Minister for Employment and Workplace Relations and Minister for Social Inclusion. How does the Fair Work Bill provide greater job security for Australian workers and are there any obstacles to the government implementing these protections?

Ms Gillard—I thank the member for Flynn for his question. I know that he is deeply interested in ensuring that there is fairness in Australian workplaces and that there is an end to Work Choices. In the lead-up to the 2007 election, the Labor Party campaigned that if elected we would get rid of Work Choices and replace it with our Forward with Fairness plan, published in documents like this—from August 2007. In these policies we promised two things very specifically. We said that every Australian worker would be able to rely on National Employment Standards and that those National Employment Standards would deal with redundancy—that is, that people would be able to get redundancy pay and no-one would be able to have that stripped away from them. Of course, one of the principal vices of Work Choices is that it meant that people could have their redundancy pay stripped away with not one cent of compensation. Very specifically in this document we said that we would institute an ability for good workers, people who have proved themselves, to make an unfair dismissal claim, and we said in our policy, very specifically in this document, that we would make special arrangements for businesses with fewer than 15 employees. Two promises, one on redundancy and one on unfair dismissal, are contained in the Fair Work Bill. This is a government that believes in making a promise and then delivering it.

I am asked about any obstacles to the delivery of these promises. Mr Speaker, can I say that I thought last December that perhaps the Liberal Party had seen the light and would enable the government to deliver these promises. In particular, I remember reading the front page of my Australian newspaper on 13 December last year. I read these words:

… Labor took a proposal to change the unfair dismissal laws to the election and won … So we must respect that.

A government member—Who said that?

Ms Gillard—Who did say that? I repeat:

… Labor took a proposal to change the unfair dismissal laws to the election and won … So we must respect that.

The Leader of the Opposition said that, which just means it is even more amazing that the Liberal Party yesterday went to war in its party room on whether or not to continue to support Work Choices. And the Leader of the Opposition emerged from that war in the party room, the war of which there is a blow-by-blow description in today’s newspapers, at war with himself, because, despite saying those words, of course now it is a claim of the Liberal Party that we should
change our unfair dismissal laws in the Fair Work Bill to make it easier for workers to be sacked.

They emerged from the war in the Liberal party room talking about amendments to the Fair Work Bill, but they studiously avoided answering the question: if their amendments are not accepted, what happens next? Do they vote for the Fair Work Bill or do they vote to keep Work Choices? Well, fortunately, there is one honest man in the Liberal Party. I know it is a controversial call and I apologise to my colleagues if I have got it wrong, but the one honest man in the Liberal Party is a senator for South Australia, Cory Bernardi—he writes a good newsletter, as I understand it. Today the one honest man in the Liberal Party, Cory Bernardi, said this: ‘If we can’t fix the legislation we are right to vote against it.’

Well, when the Liberal Party emerged from its party room yesterday at war with itself and with no clear position about what it was going to do next, how is it that Senator Bernardi today can be so certain of what the Liberal strategy is? Maybe, just maybe, the Liberal strategy was worked out at La Rustica last night when the shadow Treasurer, the salesman for Work Choices, had dinner with the member for Higgins, the architect of Work Choices. Maybe the Work Choices strategy of the Liberal Party was worked out then, or just maybe they were having dinner to discuss their support for the Leader of the Opposition.

**Employment**

**Mr KEENAN** (2.35 pm)—My question is addressed to the Minister for Employment and Workplace Relations. As the minister refused to answer the question I asked her yesterday, I ask her again: will the minister guarantee that no jobs will be lost under the Fair Work Bill, or will she come clean with what the job consequences will be of her industrial changes, particularly for workers in the restaurant and catering sector?

**Ms GILLARD**—I thank the shadow minister for his question. I would ask him at some point to perhaps tell the House: when was it that the Liberal Party in government released economic modelling of Work Choices? When did that happen?

**Mr Pyne**—Mr Speaker, on a point of order with respect to the process of the House, the opposition asks questions and the government answers them. It has become a habit for the Prime Minister and the Deputy Prime Minister to ask us questions. If they want to relinquish government, we will facilitate that.

**The SPEAKER**—The member for Sturt will resume his seat. There is no point of order.

**Ms GILLARD**—Thank you, Mr Speaker; and I am awaiting the next edition of Senator Bernardi’s newsletter. But on another point, when was it that the Liberal Party in government released economic modelling of Work Choices? Oh, that is right; it did not! It did not release economic modelling of Work Choices. Now it is time that the shadow minister just came clean and admitted that all of this twisting and turning is to find an excuse to stay in the embrace of Work Choices and to vote for a continuation—

**Mr Tuckey**—Mr Speaker, I rise on a point of order. I refer you again to sections 88, 89 and 90 of the standing orders. Disorder will occur in this House when ministers will not tell the public how many jobs they are going to lose and come up with all the rubbish of the last—

**The SPEAKER**—The member for O’Connor will resume his seat. There is no point of order. The question has been asked.

**Ms GILLARD**—I cannot wait till the member for O’Connor gets his turn to be
Leader of the Opposition. They are going to be good days! On the shadow minister's question, can I also say to the shadow minister: if the shadow minister and his current leader and the member for Higgins and the member for O'Connor and whoever else seriously believe that Work Choices created jobs then they should have the political courage to come to the dispatch box and say that they still believe in it and they are voting for it.

**Nation Building and Jobs Plan**

Mr Perrett (2.39 pm)—My question is to the Minister for Infrastructure, Transport, Regional Development and Local Government. How are community representatives responding to the government’s infrastructure plans to support local communities, businesses and jobs today and into the future?

Mr Albanese—I thank the member for Moreton for his question. The Rudd government are indeed delivering our $800 million Regional and Local Community Infrastructure Program, the largest local infrastructure program in Australia’s history. We said it would support jobs, we said it would support local economies and we said it would make local communities even better places to live in. So it is no surprise that we have had mayors and community leaders, government members who voted for the package and Independent members who voted for the package lobbying for particular projects in their local community.

But here today we have again heard the opposition say that the $42 billion Nation Building and Jobs Plan is a waste of money—that it will not create a single job and that it will not achieve anything in terms of stimulating the economy. Indeed, when members from that side of the House arrive in Canberra they are pretty consistent on this. The member for Gippsland went out on 26 February and held a little doorstop interview. There he attacked the package and called it a ‘very low quality spend of taxpayers money’. That is pretty consistent with what we have heard today, yesterday and last week—and what we heard during the debate on the Nation Building and Jobs Plan. But they are a bit different when it comes to their electorate. The very same member for Gippsland has written me a letter supporting a $3.25 million proposal from that very program. In this letter he says, and I quote accurately:

In the context of the goals for your economic stimulus package, the project will be labour intensive and stimulate local jobs and the wider economy.

You are right, Member for Gippsland; you are absolutely correct. He says one thing in Canberra and another thing in his electorate.

But he is not alone. Stephen Parry, who I understand is a Liberal senator from Tasmania, has said the following about a project:

Not only is it an environmental initiative but this project would have immediate benefits in addressing the global economic crisis by injecting funds into the municipality for the rollout of the infrastructure.

But it is not just them—I have had letters from the member for Maranoa, the member for La Trobe, the member for Paterson, the member for Canning, the member for Tangney, the member for Bowman and the member for Bradfield. Some have got really carried away—the member for Wannon has written me three letters for three projects. He understands the reality, which is that the Nation Building and Jobs Plan is good for jobs and is good for local economies.

Of course, you have to look at the detail of what they actually do rather than what they say, because they are pretty tricky. They are tricky when it comes to Work Choices, which they cannot break away from; they are tricky when it comes to climate change,
where they say they want action but they oppose the CPRS; they were tricky when it came to saying all of last year that they wanted to give extra money to pensioners, but now they are out there bagging the December stimulus package and not associating it with the extra money that went to pensioners, carers and veterans. You have to actually look at what they do. We saw an example of it again today when we had two questions asked relating to the forum that I hold regularly with the member for North Sydney on the Steve Price program. On the first one they did not throw in a quote at all, so you know that that has no credibility. On the second one—

Mr Hockey—Read it out!

Mr ALBANESE—And I will read it out. Steve Price said this, accurately:

Well, the restaurant industry today is predicting 1,000 restaurants will close and 2½ thousand jobs will disappear if this becomes law.

Then I went on to say:

Well, they were all going to disappear over various other issues from time to time as well and … it didn’t happen.

STEVE PRICE: Well, hang on. The restaurant industry is saying—

ALBANESE: Well, absolute nonsense.

STEVE PRICE: That’s not going to happen?

ALBANESE: We operated as a country, as a nation, with a fair industrial and balanced industrial relations system pre Work Choices for a century. In many of the IR issues we were ahead of the world. We operated fairly, people were employed and we have nothing to fear from a fair balance in the workplace.

‘We have nothing to fear from a fair balance in the workplace’—and indeed we don’t, which is why the Australian people at the last election voted for a fair balance in the workplace.

Mr Hockey—Mr Speaker, I seek leave to table my copy of the transcript and I ask that the Leader of the House does it with his. You table your transcript!

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

Mr Anthony Smith—Mr Speaker, on a point of order, the minister was quoting from a document. I ask that he table it.

The SPEAKER—Was the minister quoting from a document?

Mr Albanese—Mr Speaker, I am happy to table the pages of the transcript which refer to the direct quotes.

Emissions Trading Scheme

Mr TRUSS (2.48 pm)—My question is to the Prime Minister. I refer the Prime Minister to a paper by the head of US President Obama’s National Economic Council, Lawrence Summers, who expressed concern about expenditures for climate change in economies where per capita income is in decline. Does the Prime Minister share the view that now is not the time to be introducing new taxes on Australian businesses through an emissions trading scheme, especially when those costs will not apply to their international competitors?

Mr RUDD—The Leader of the National Party’s question goes to the policy position of the Obama administration on climate change. I would simply draw the Leader of the National Party’s attention to one fact: the Obama administration has committed itself to introducing an emissions trading scheme as a cap and trade system. They have indicated that as their policy approach. We on this side of the House welcome the fact that now in America—one of the single largest emitting countries in the world—we have a government and an administration prepared
to be part of the global climate change solution and not simply to be part of the global climate change problem.

Our approach is always to be balanced and to ensure that our approach to emissions trading ensures that our economy and our jobs are looked after and that we do the right thing to ensure that the next generation of Australians have a planet and a country which can be comfortably and profitably inhabited given the impact of climate change on water, given the impact of climate change on drought, given the impact of climate change on natural disasters and given the impact of climate change on severe weather events. I would have thought that the Leader of the National Party would be seized of that as well as the importance of acting to preserve jobs and to support firms through the difficult challenges presented by the global economic recession. We on this side of the House welcome the fact that the administration of the United States of America is now signing up to be part of the global solution and is not being part of the problem.

Economy

Mr KELVIN THOMSON (2.50 pm)—My question is to the Minister for Finance and Deregulation. What reform challenges does the government face arising from the December quarter national accounts figures? Does the government accept proposals that it revisit policy approaches of the recent past?

Mr TANNER—I thank the member for Wills for his question. The government does face very big economic challenges and these have been underlined by the December quarter accounts figures, which show amongst other things a very big drop in business inventories and a very big increase in household savings, all of which suggest that there was a major shock to confidence in the quarter, particularly in October, and that is reflected in surveys of business and consumer confidence. The data also does give some indication of the early impact of the government’s first stimulus package, but I would emphasise that that of course only impacted on the last three weeks of the 13 weeks of the quarter. That therefore means that much of the impact is now occurring and will continue to flow into the course of this year. I note that the data that shows the impact of the first home owners grant extension that the government determined last year adds to the evidence indicating that the decisions to stimulate activity taken by the government last year are beginning to have a significant effect. As always, the crucial question we have to ask here is: what would be happening were it not for that stimulus to the Australian economy?

There are some arguing that we should be returning to the policy approaches of the recent past. The most prominent of these has of course been the member for Higgins, who has been haunting TV studios, hounding radio producers and chasing anybody who might be remotely connected with the media up hill and down dale, arguing that we should return to Work Choices, scrap any suggestion of a carbon pollution reduction scheme and restore the Howard government’s economic policy generally. I note he is claiming credit for the fact that he made a statement in October 2007 suggesting that the Australian economy was soon to be hit by a tsunami coming from a collapse in the global economy. He is now claiming this as the basis for why he should be listened to as the great economic seer and the person who would lead us into the promised land.

Like all soothsayers, astrologers, myth makers and snake-oil salesmen, the member for Higgins wants us to take note of some things that he said some time ago that vaguely turned out to be accurate and ignore some of the other things. I note that roughly at the same time he was also urging Austra-
lians to put their money into superannuation, up to $150,000 a year under his new tax-free rule. He said, ‘Put all your money into superannuation.’ There are now a lot of people out there regretting taking his advice, borrowing money in order to put money into superannuation. At the same time as he was purportedly telling people there was a huge tsunami on the way, he was telling people to put their money into superannuation. He is yearning for a return to the past—yearning for a return to Work Choices, inaction on climate change and inaction on infrastructure.

I was on a TV program with the member for Higgins last week. He was asked why he was choosing to stay on the back bench. His answer was that it gives him time to reflect. How do you like that? That is the purpose of being in this parliament—reflection! It is kind of like this is an ashram or something where we all sit around and say ‘om’ and reflect, or an ashram in Armadale in the seat of Higgins with old Swami Costello and his acolytes reflecting on the state of the world.

Mr Randall—Mr Speaker, I rise on a point of order on relevance. What do ashrams and swamis have to do with the question?

The SPEAKER—Order! The member for Canning will resume his seat. I will listen carefully to the minister’s response and I remind the minister of his obligation to refer to members by their parliamentary titles.

Mr TANNER—My apologies, Mr Speaker. Sadly, every few weeks the media gets a little bit bored and out pops the member for Higgins—will he, won’t he, what did he say in that phone call, who is he supporting in a preselection, who is running for the local council and where does he walk his dog? All that kind of stuff comes up. I am sorry to say this to the Liberal Party but this is all a waste of time. We know you are having great difficulty making up your mind on whether you want to go back to the past or not and whether you want to support Work Choices or not—

Mr Tuckey—Mr Speaker, I rise on a point of order. Again, I refer you in particular to standing order 89, subheading ‘Offensive words’. A number have been mentioned, but when this—

The SPEAKER—Order! The member for O’Connor will resume his seat. The Minister for Finance and Deregulation may continue.

Mr TANNER—The government does not believe that Australia should return to the recent past. In fact, our economic policy is focused on making up for the mistakes of the recent past, for 10 years of soft options, for 10 years of minimal economic reform, for 10 years of inadequate investment in infrastructure and skill, and with one big agenda at the end. The big agenda was to attack working people’s rights in the workplace. We are also about restoring the rights of working people in the workplace. We are going to proceed with our reform agenda and we suggest that the member for Higgins gets out of the road of the Liberal Party getting with the strength and understanding that the Australian people are moving on from the Howard era. They have a very different agenda and a very different set of economic needs which this government is delivering.

Emissions Trading Scheme

Mr HUNT (2.56 pm)—My question is to the Treasurer. Is the Treasurer aware that, following the government’s white paper, Macquarie Research issued a downgrade for Energy Developments, a green energy company that would now miss out on credits for its clean energy? Is the Treasurer aware that the primary basis for the downgrade, dated 26 February this year, is the emissions trading scheme and the risk that investment and jobs will be lost? Will the Treasurer assure...
the employees of the company that Macquarie Research is wrong and that their jobs are safe under his scheme, or is this just the risk of a Rudd recession?

Mr SWAN—I thank the shadow minister for his question. I cannot believe the hide of the shadow minister. They do not have a policy at all. We have a white paper, we have legislation in the parliament; they have no policy whatsoever. On 23 February the Leader of the Opposition said in the Australian that he stood for deeper cuts to Australia’s emissions. On the same day we had the shadow minister for infrastructure say that he stood for smaller cuts to Australia’s emissions. Of course, we also had Mr Robb earlier than that calling for a carbon tax and we had Senator Brandis saying there was no action at all. Confusion reigns supreme. Confusion reigns supreme when it comes to the CPRS and climate change more generally.

Mr Hockey—Confusion? Tell us about the terms of reference for your committee.

The SPEAKER—Order! The member for North Sydney is warned.

Mr SWAN—Of course, this is a very good example of how those over there are so divided they cannot take a single consistent position on anything. They are so confused they are running around the place stabbing each other in the chest. They are so confused.

What do we have when it comes to climate change? We have the Carbon Pollution Reduction Scheme, we have legislation which has been put out in the public by the responsible minister and we have a path of action which will deliver certainty to Australian business. That is what Australian businesses are looking from the Rudd government. We have an approach to reduce emissions by setting a price signal. We have a renewable energy target and we have a commitment to energy efficiency. What do they have on that side of the House? Absolutely nothing. The hide of the shadow minister to get up and ask that question. We want to give the Australian people certainty; you should give them certainty by supporting our legislation in the Senate.

Mr Hunt—Mr Speaker I seek leave to table Macquarie Research’s note which warns of—

The SPEAKER—Leave is not granted.

Economy

Ms BIRD (3.00 pm)—My question is to the Minister for Education, Employment and Workplace Relations and Social Inclusion. What steps through the education system is the government taking to stimulate the economy during the global financial crisis?

Ms GILLARD—I thank the member for Cunningham for her question and know that she has devoted a lifetime to working in the education and skills area.

The Rudd Labor government obviously has set as one of its highest priorities delivering the education revolution we promised the Australian people at the last election. In these difficult economic days, with the global financial crisis and global recession bearing down on our economy, we have determined that in terms of stimulating the economy there is no better investment than investing in education and training. We made a decision on 3 February this year, when we announced a range of initiatives to assist households and stimulate the economy, that education would be at the top of the list.

Through our Nation Building and Jobs Plan the government will provide a back-to-school bonus of $950. These payments are going out to 1.5 million families with over 2,760,000 children aged four to 18. This back-to-school bonus is to help those families with the costs of returning kids to education and training at the start of this year—and, obviously, every family knows that
those bills come in when children return to school.

This back-to-school bonus was, of course, designed to provide immediate short-term support to those families and to provide an immediate short-term stimulus to the Australian economy. Of course, it will be followed with our unprecedented historic investment in schools right around the country. Indeed, when we consider the Rudd government’s Nation Building and Jobs Plan, the single biggest area of investment is in the nation’s schools.

Mr Haase—You sound so genuine!

Mrs Bronwyn Bishop—What about those without a job?

Mr Pyne—Are you going to do it like the computers in schools? How are the computers going?

Ms GILLARD—Of course we have members opposite interjecting because they opposed these payments to families and they oppose this investment in schools. They oppose schools around the country being upgraded—that is, they oppose $12.4 billion of investment in primary schools. They oppose $1 billion of investment in science and language centres for secondary schools. They oppose $1.3 billion of investment in our national school pride program. These programs are there to make sure that children in this country are learning in 21st century facilities, but these programs are also there to ensure that there is support for jobs right around the nation.

Ms GILLARD—As members in this House know or, at least, those members who support their local schools know, schools are in communities right around the nation. Even very small communities have a primary school and consequently these programs will enable capital and infrastructure development in schools right around the country.

Mr Pyne—Are you going to open them all, Julia? We just want you to deliver a program!

Ms GILLARD—The members opposite might call out and might moan about this package but the great truth is they voted against it. Had they been the government, none of these payments would have flowed—no payments to assist families with the costs of going back to school, none of these big investments for schools right around the country, no investments in trade training centres and no investments in the digital education revolution. This is a government that is not only delivering what it promised but is delivering an historic new investment in schools right around the country. Members on this side of the House are proud of it, members on that side of the House would prefer to see local schools go without new facilities and local tradespeople go without work.

Special Air Service Regiment

Mr TURNBULL (3.04 pm)—My question is to the Minister for Defence. Will the Minister for Defence confirm that he told this House on 25 February that not one special forces soldier has been financially disadvantaged by the SAS pay debacle, and I quote:

No special forces soldier in this country has a debt against his name because of the way in which Defence has implemented the Defence Force Remuneration Tribunal’s decision—end of story.

Does the minister stand by his statement?

Mr FITZGIBBON—Let me take the Leader of the Opposition through the history for his benefit. When this matter was first brought to my attention, I immediately put a stop on any recovery action. Then on 18 February, by way of a Chief of Army directive, we extinguished all debts. I then put in place a remediation plan, which is ongoing. I then
appointed an independent mediator to liaise with families who might not be prepared to come forward and talk to senior Defence leadership and/or me. I then appointed an independent auditor—

Mr Pyne—Mr Speaker, I rise on a point of order. This is a very serious question on a very serious matter because it goes to a statement the minister made in the House. The opposition has asked him whether he stands by that statement. That is all we have asked.

The SPEAKER—Is the point of order on relevance?

Mr Pyne—Yes.

The SPEAKER—At 45 seconds into the answer I think the Minister for Defence is addressing the matters raised in the question.

Mr Albanese—Mr Speaker, I rise on a point of order—

Mr Hockey—He said that after that, Albo!

The SPEAKER—The member for North Sydney will leave the chamber for one hour under standing order 94A because I warned you earlier on.

The member for North Sydney then left the chamber.

Mr Albanese—Are you going to apologise before you go?

The SPEAKER—Order! The Leader of the House will let things go.

Mr Albanese—Mr Speaker, I rise on a point of order. My point of order goes to disruptive conduct. It is quite clear that the Manager of Opposition Business and others opposite have a clear strategy to disrupt question time by moving frivolous points of order.

Mr Haase interjecting—

The SPEAKER—The Leader of the House will resume his seat. The member for Kalgoorlie will withdraw.

Mr Haase—Mr Speaker, I am astounded that you would ask me to withdraw such an accusation of one who is on the record as being in the gutter on every occasion!

The SPEAKER—Order! I warn the member for Kalgoorlie! Will the member for Kalgoorlie withdraw?

Mr Haase—If it pleases the Speaker, I withdraw, Mr Speaker.

The SPEAKER—The member knows that he has to withdraw without any condition.

Mr Haase—I withdraw.

The SPEAKER—The point of order raised by the Leader of the House indicates a very difficult position for occupants of the chair because it is about perceptions of what the intent or otherwise might be of those who raise the points of order. I know that from time to time there are members who think that I might be a bit more charitable in the way in which I reflect upon the intentions of those raising the points of order. I simply say to the Manager of Opposition Business that on this occasion, given the nature of the question, as practice indicates, one cannot expect a ‘yes or no’ direct answer to the last part of the question when there were other matters introduced in the question. I think that on this occasion it is clear that the Minister for Defence is being relevant to the question.

Mr FITZGIBBON—I then appointed an independent auditor to ensure all of my directives had been followed and fully implemented. His work is ongoing. Last Wednesday I travelled to Perth and attended Campbell Barracks. After meeting with around 120
soldiers to talk about more general issues, such as the coming white paper. I met with around 30 soldiers and, in some cases, their partners to work through with them any outstanding issues. I will continue to work through any outstanding issues to ensure that the men and women of the Defence Force are getting all the support they need and deserve. I will leave it to the opposition to continue to play politics with the men and women of the ADF.

**Education and Training**

Mr SULLIVAN (3.10 pm)—My question is to the Minister for Employment Participation. Will the minister update the House about how measures for students and those undertaking training will help to build Australia’s productive capacity and address the skill shortage now and in the future?

Mr BRENDAN O’CONNOR—I thank the member for Longman for his question. I know he has a concern for students in his electorate and indeed for the unemployed who are undergoing training. The support that we can provide them in this time, of course, is critical. We must respond to the challenges confronting the nation now but we also need to keep an eye on what we need to put in place when the economy is in recovery. It was therefore critical that the $42 billion Nation Building and Jobs Plan be put in place to respond to the current global financial crisis, the worst global economic recession in living memory. It was also important that we put in place an element of that plan, the training and learning bonus, which has two components: a one-off bonus of $950 for full-time students on youth allowance and recipients of Austudy and Abstudy as of 3 February this year; and a temporary supplement to the education entry payment of $950 for the period from 1 January this year to 30 June next year. That is in addition to the $208 paid for those unemployed people undergoing approved training. The government has also changed the eligibility criteria, ensuring that we bring forward the capacity for people to access this payment within a month of being on income support rather than a full year. These are practical steps that have been put in place by the government and opposed by every member opposite.

Every member opposite has opposed the support in their electorates for students and unemployed people who are undergoing approved training. These people are in need of such support. We know that students are doing it tough in some areas and need to maintain their skills for the future. They need to acquire the skills required by our employers. If the unemployed are undergoing approved training and we can provide the support and they can acquire the skills required by employers in this country over the medium term, then it is important that we have the support of this parliament. But, Unfortunately, each and every member opposite voted against this particular initiative, and therefore I am sure they will tell the students and the unemployed—those out-of-work Australians—in their electorates that they did not support them with this particular initiative. This government is not only about responding to our immediate concerns but has also focused on providing assistance in the medium term to job seekers and workers affected by the current circumstances. The government’s Productivity Places Program will continue to help Australians, both in and out of the workforce, by offering them the chance to train and to retrain in a multitude of different areas in need.

Through the Productivity Places Program, since April last year the Australian government has allocated 711,000 training places, of which 319,000 places are dedicated to job seekers. This will ensure, of course, that Australian employers will have the particular
skills that they have been crying out for for many, many years. The results in relation to the Productivity Places Program speak for themselves. Since April last year, there have been 88,000 job seekers enrolled in the Productivity Places Program. Indeed, 30,000 of those 88,000 participants have completed their training. Many thousands of those 30,000 had already found work as of the end of the month.

I am happy to inform the House that the government will continue to provide training and employment opportunities in the coming months. This, of course, will help our nation come out the other side of the current economic crisis in very good shape. Unfortunately, the Leader of the Opposition has not concerned himself with jobs. He has not concerned himself with supporting a particular plan. The only job the Leader of the Opposition is concerned about is his own job, which probably is a precarious job. The only job he has concerned himself with is, of course, his own job. Instead of concerning himself with his own job, the Leader of the Opposition should be working with the government to assist employers, job seekers and others in the community who are doing it tough.

Biosecurity Australia

Mr KATTER (3.16 pm)—Is the Prime Minister aware that Biosecurity Australia’s decision to allow the importation of Filipino bananas will cost 6,000 Australians their jobs and the economy $350 million a year? Does the Prime Minister agree with Biosecurity’s proposition that 22 million cartons of bananas will flow in but not one single insect egg or microspore of bacteria will? Further, is the Prime Minister aware that in the last seven years Biosecurity has said yes to every single application and that such neoliberalism has now cost Australia, with equine flu and similar AQIS initiatives, over $2,000 million? Finally, could the Prime Minister advise, if the agency’s policy is simply never to say no, could the Karumba Progress Association—or possibly a flock of galahs—tender for the Biosecurity contract?

Mr RUDD—I thank the member for Kennedy for his question. I also thank him for his advocacy on behalf of banana farmers. I know he takes seriously the challenges faced by that industry. Those challenges include continuing matters which must be dealt with in the area of quarantine. As the Minister for Agriculture, Fisheries and Forestry indicated to the House most recently, the government is seized of the challenges which are presented to the industry at present. As a result, various determinations have been made by Biosecurity Australia.

Australia’s Director of Animal and Plant Quarantine has made a biosecurity policy determination for the importation of bananas from the Philippines. Biosecurity Australia advised stakeholders on 3 March 2009 the policy determination had been made. Australia’s Director of Animal and Plant Quarantine has made a policy determination in establishing a quarantine policy for the importation of bananas from the Philippines. This decision is in line with the final import risk analysis report issued last November. I again draw honourable members’ attention to the fact that this regime was established a long time ago, under the previous government.

Mr Truss—We never let bananas in.

Mr RUDD—He who interjects most volubly, the Leader of the National Party, as the minister for agriculture reminded us yesterday, is the pioneer and perfecter of the scheme which is now being deployed. The Philippines will be required to demonstrate to Australia’s satisfaction that the risk management measures can be achieved under commercial conditions on an ongoing basis, with the Australian Quarantine and Inspec-
tion Service involved in ensuring compliance on the ground.

For the information of the honourable member, my advice is that the required quarantine measures include the following: first, potential exports only from areas that demonstrate low pest prevalence; second, registration of export blocks; third, inspection to detect the presence of any diseases; fourth, ongoing inspections of blocks and fruit, including by Australian Quarantine and Inspection Service inspectors; fifth, disinfection and fungicide spraying; sixth, mandatory preclearance arrangements with the presence and involvement of AQIS inspectors in the Philippines in applying quarantine conditions in the field, including in packing houses; seventh, auditing and verification by AQIS of systems and processes used by the Philippines to certify any exports; and, eighth, detailed data and documentation to be provided by the Philippines for consideration by Australia prior to any exports to verify and validate quarantine measures, underpinned by laboratory and field experiments in commercial trials. In answer to the honourable member’s question, these are the specific quarantine measures which will be applied to the decision and policy determination which has been made by Biosecurity Australia.

I also say in response to the honourable member’s question: I take very seriously the future of the banana industry in the country. It is a significant employer not just in the honourable member’s electorate but also in parts of northern New South Wales and South-East Queensland. My father began life after the war as a banana farmer. I, therefore, through family upbringing and through relatives involved in the industry, know something of the challenges which are involved here. I would ask the honourable member to pay particular heed to the conditionalities attached to this importation determination and to the stringency associated with them.

I am prepared, because I know the honourable member takes seriously the representation of industries in his electorate, to maintain a continued dialogue with him on this process as it unfolds. I accept absolutely the bona fides of the honourable member in raising these matters in this place, and I look forward to a continued discussion with him as these conditionalities are applied to the determination which has been made to Biosecurity Australia. This is an important industry for Australia’s future which warrants the highest consideration on the part of our quarantine authorities and therefore, given the honourable member’s obvious and legitimate interest in this industry, the basis for continued dialogue and discussion with me. I thank the honourable member.

**Nation Building and Jobs Plan**

Ms COLLINS (3.22 pm)—My question is to the Minister for Small Business, Independent Contractors and the Service Economy. How is the government supporting small business now and into the future through the Nation Building and Jobs Plan?

Dr EMERSON—I thank the member for Franklin for her question and her strong in-
terest in the small business community in Tasmania. The Rudd government has had small business firmly in mind in designing its responses to the global financial crisis. The payments under the Nation Building and Jobs Plan, which will begin to flow to households this week, will quickly boost consumption and they will support small business in every community around the country. Let us be clear about this. Without these payments, things would be even tougher for small businesses. They would be under more pressure to cut their staff or reduce their hours. It is a pity that the opposition does not accept these basic economic facts. It is a great pity that the opposition voted against the Nation Building and Jobs Plan.

But I am pleased to advise the House that the business community do clearly support the Nation Building and Jobs Plan, and their response has been overwhelmingly positive. I will just take a selection of two of the responses at the moment. The Council of Small Business of Australia said that it was a confidence boost for small business and that it would:

… provide benefit to many small businesses and to the communities in which they live and operate.

The Chamber of Commerce and Industry of Western Australia describes it as:

… a timely shot in the arm for small business.

These payments are a critical and responsible measure to support jobs and growth until the much larger nation-building elements of our plan kick in—our investments in schools, roads and housing. Let us have a look at those. Australia’s 1.3 million tradies, our independent contractors, will be the big beneficiaries of these infrastructure investments, which represent more than two-thirds of the spending under the Nation Building and Jobs Plan. For example, tradies will be given work in the $14.7 billion program of Building the Education Revolution in every Australian school. Tradies will be installing insulation in 2.7 million Australian homes. Tradies will be engaged in the construction of 20,000 social and Defence Housing dwellings, and tradies will be working on improvements to the community infrastructure and upgrading the nation’s roads with $890 million to be spent under this plan.

Tradies will also join other small businesses in benefiting from our 30 per cent small business and general tax break, and that will provide a further stimulus to the economy—again, a point that is rejected by the opposition but supported by business organisations around the country. The NSW Business Chamber has described the tax break in these terms:

NSW businesses will particularly welcome the $2.7 billion package of tax breaks for business. Again, the Chamber of Commerce and Industry of Western Australia said:

CCCi believes the $2.7 billion tax bonus is an important and timely investment in the lifeblood of the Australian economy—small business.

This is the tax break that the coalition voted against. The Australian Industry Group said:

In particular, business welcomes the $2.7 billion investment incentive.

The Combined Small Business Alliance of Western Australia said, with reference to the $42 billion economic stimulus measures:

… in particular the small business and general business tax breaks, you and your government are to be commended for your initiative and your endeavour to address the nation’s dire economic circumstances.

Master Builders Australia said:

The building industry is predominantly made up of small businesses which should benefit from the Government’s $2.7 billion Small Business and General Tax break.

The National Farmers Federation said:
Further, the $2.7 billion tax break for small businesses … will be greatly appreciated by those small family owned farms.

Finally, the Pharmacy Guild of Australia—

Mr Ciobo—Mr Speaker, I rise on a point of order. I am just wondering if he is going to mention Restaurant and Catering Australia, who say that their laws will destroy over 2½ thousand jobs.

The SPEAKER—The member for Moncrieff will leave the chamber for one hour. That is not a point of order.

The member for Moncrieff then left the chamber.

Dr Emerson—Indeed, Restaurant and Catering Australia did welcome the $2.7 billion tax break for small business which the coalition opposed. The Pharmacy Guild said:

The Pharmacy Guild of Australia welcomes the tax break for small business.

And:

The measure comes at the right time to encourage community pharmacies to make productive investments …

We are now moving towards the end of question time, and I notice that generally there is a question from the coalition when a survey of consumer sentiment comes out, but I note that we did not get one today. There is a pretty good reason for that: the survey of consumer sentiment was released not long before question time and it says, in part:

On the face of this there is a surprisingly good result.

It goes on to say:

It may be that the index is now finding a base.

Importantly, the Westpac Consumer Survey says:

The big surprise came with the outlook for the economy over the next five years, which surged by 15.2 per cent. This could only be interpreted as a strong vote of confidence that current policies are providing a strong foundation in the longer term.

Current policies that the coalition voted against and continues to campaign against. There is Bill Evans of Westpac saying that this is a very good result and that we are doing the right thing by the Australian economy with this Nation Building and Jobs Plan. The tragedy of the situation is that the only jobs that those opposite care about are their own.

Special Air Service Regiment

Mr Turnbull (3.29 pm)—My question is addressed to the Minister for Defence. Does the minister stand by his statement to this House on 25 February that not one special forces soldier has been financially disadvantaged by the SAS pay debacle—yes or no?

Mr FitzGibbon—What does the Leader of the Opposition think the Defence audit is for? The independent Defence audit—

Mr Dutton—You made a statement. Do you stand by it?

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

Mr Turnbull—Mr Speaker, I rise on a point of order on relevance. This is a very simple question.

The SPEAKER—Order! The Leader of the Opposition will resume his seat. Fifteen seconds into the answer! I will listen carefully to the answer.

Opposition members interjecting—

The SPEAKER—Order! I refer honourable members to House of Representatives Practice, where it has been indicated that, no matter how the question is structured in the belief that it requires only a yes or no answer, that is not necessarily the way in which it can be responded to.

Mr FitzGibbon—The independent Defence audit is designed to ensure that all
of my directives were followed and fully implemented to determine—given your political campaign in particular—whether—

Mr Anthony Smith—Do you stand by your statement? Yes or no?

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

Mr FITZGIBBON—there are any outstanding issues and to recommend ways of remedying any outstanding issues and ensuring that these issues never arise in the future. Our remediation plan will address any issues experienced by members of the regiment. Again, I will get on with fixing the problem; I will leave the politics to you.

The SPEAKER—Order! I remind the minister of the need to refer his remarks through the chair.

Zimbabwe

Mr SIDEBOTTOM (3.31 pm)—My question is to the Minister for Foreign Affairs. Would the minister update the House on developments in Zimbabwe?

Mr STEPHEN SMITH—I thank the member for his question. Can I start on a sad note. Today, of course, is the funeral in Zimbabwe of Mrs Susan Tsvangirai, Prime Minister Tsvangirai’s wife of 31 years, who was killed in a car accident on Friday. Over the weekend I asked our high commissioner to relay to Mr Tsvangirai, through his chief of staff, our deepest condolences at the death of his wife, and I am sure that sentiment is shared by all members of the House and by the Australian community.

Mr Tsvangirai, of course, is Prime Minister of the so-called inclusive government. Australia’s preference, of course, would be that Mr Mugabe walk off the stage, but like other nation-states we are forced to deal with the cards that are dealt. The fact that Mr Mugabe’s presidency is ongoing is reflected by Australia’s ongoing sanctions arrangements in both the financial and the travel area, which we are not proposing to disturb. By our view that, whilst to date Australia has rendered humanitarian assistance to Zimbabwe, particularly in the food and health area so far as cholera is concerned, given the desperate need to rebuild Zimbabwe’s social and economic fabric, the time has come for Australia to render additional assistance. Some might say that we are now moving into areas that go beyond strictly humanitarian assistance, but I think that, provided we take the appropriate balance of circumstances into account, we can render Zimbabwe development assistance and help to build their capacity and to support Mr Tsvangirai at what is a very difficult time for him and the people of Zimbabwe.

I spoke to Prime Minister Tsvangirai in the middle of February and indicated that to him. As a consequence, I have indicated today that Australia will provide an additional $10 million of development assistance to the people of Zimbabwe. Five million dollars of that will be in the water, water sanitation and water infrastructure area and $5 million in the health area. The water contribution—the $5 million for water—will be made through UNICEF. Recently Zimbabwe’s local authorities took control again of responsibility for the water infrastructure, and UNICEF dealing direct with local authorities, in our view, minimises the prospects that that money will be diverted for insidious purposes by Mr Mugabe or his associates.

Secondly, so far as the $5 million for health is concerned, this contribution will be made through the United Kingdom Department for International Development, or DFID as it is known. The health system of Zimbabwe has collapsed and they are in desperate need of finding health professionals and health workers. DFID has recently introduced a program where they provide health workers and professionals with additional
incentive payments. As members would appreciate, being on the salary of the government of Zimbabwe in the health area is not a reliable income. So we will contribute, through the United Kingdom Department for International Development, $5 million for payment incentives or incentives to health professionals and workers to rejoin what is effectively a collapsed Zimbabwean health system.

We will look for further opportunities in the future to see what additional assistance we can bring by way of development assistance and capacity building, particularly in these social areas—health, water, water sanitation, education, food and agriculture—and we will do that bearing in mind the risks which are attendant upon the Zimbabwe situation given Mr Mugabe’s ongoing presence.

I conclude where I started. I think that, on the day of Mrs Tsvangirai’s funeral, we send our deepest condolences to the Prime Minister. We wish him well at this difficult personal time but we also wish the people of Zimbabwe all the best for the future as they seek to rebuild their society, their economy and their social infrastructure.

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

ZIMBABWE

Mr Rudd (Griffith—Prime Minister) (3.36 pm)—Mr Speaker, on indulgence: I join with the comments just made by the Minister for Foreign Affairs on the death of Mrs Tsvangirai. All members of the House, I believe, share a deep concern about events in Zimbabwe. All members of the House have seen the extraordinary developments in internal politics in Zimbabwe in recent times. Some years ago the current Deputy Leader of the Opposition and I were in Zimbabwe in the lead-up to parliamentary elections. The violence that we saw on that occasion and that has ensued since then has been meted out, in particular, on members of the Movement for Democratic Change, led by Mr Tsvangirai with great courage, great commitment and great resilience. This extraordinary tragedy involving his wife is something for which I believe all members express not only their sympathy to him but also a deep sense of concern about his welfare and the arduous responsibilities he now faces in seeking to bring some level of normality to the political administration of Zimbabwe. The people of Zimbabwe deserve much better than history has dealt them in the last decade plus.

Ms Julie Bishop (Curtin—Deputy Leader of the Opposition) (3.37 pm)—Mr Speaker, on indulgence: the opposition joins with the Minister for Foreign Affairs and the Prime Minister in expressing its deep sympathy to the Prime Minister of Zimbabwe, Morgan Tsvangirai, on the tragic death of his wife. We extend our deepest sympathy to the people of Zimbabwe and the Tsvangirai family.

Mr Jack Ross—Mr Speaker, on indulgence: I wish to speak briefly on the 110th birthday of Mr Jack Ross. There are some 375,000 veterans from all conflicts in Australia today. Some 115,000 are from World War II and around 49,000 are from
Vietnam but only one is from World War I, Mr Jack Ross, who some 90 years after the end of the conflict that was meant to be the war to end all wars has today celebrated his 110th birthday.

Honourable members—Hear, hear!

Mr GRIFFIN—Mr Ross is a resident of the seat of Bendigo and is known well to the member for Bendigo, Mr Steve Gibbons. Steve says he has known Jack since he was a young bloke—he was at his 100th birthday. Jack is the last of over 400,000 Australians who enlisted in the Great War. He enlisted at the age of 18 in January 1918. He did not serve overseas because, at the time his training was underway—thankfully for all of those who were left—the war finished.

We should remember at a time like this that some 61,000-plus Australians died in that war and some 156,000-plus were wounded or taken as POWs—that from a population of fewer than five million. He was the last of the generation that gave so much at a time when a country needed it. He was part of that generation which was the first of the Anzac tradition.

Jack is an unassuming man, so I am told. He has not been fussed by the kerfuffle that is occurring around his birthday. He has been concentrating on spending the day with family and with close friends, and for that he has certainly earned our respect. But I believe we would be remiss if we did not acknowledge in this chamber that this is a very special milestone. As I understand it, according to the Minister for Health and Ageing, he is also Australia’s oldest man. I want to assure the House that it is something that I will not achieve.

Mr Keenan—We’ll make sure of that!

Mr GRIFFIN—I would like to say on behalf of the entire House that I am sure that is the case. I would also like to say: Jack, happy birthday. It is a day that I am sure you will enjoy with your family and your loved ones. It is something that I am sure you will remember into the future. I want you to know that we remember here in this place and throughout this country what your generation did. We remember it as the commencement of the Anzac tradition. We see it in line with what has occurred subsequently and with those who have served in World War II, Korea, Vietnam and those serving today in places like Afghanistan. You have our respect. You have our best wishes for the future and our acknowledgement and deepest debt for what you did as part of a generation that gave so much so long ago.

Mrs MARKUS (Greenway) (3.41 pm)—Mr Speaker, on indulgence: I rise to support the Minister for Veterans Affairs’ remarks. Such a milestone is worthy of not just our attention but also our recognition. I acknowledge firstly Mr Ross’s service to a nation not just during the First World War but also during the Second World War. I extend to Mr Ross our very best wishes for his 110th birthday. In contrast to the minister’s comments, I would hope that I would reach that milestone.

Mr Ross’s experiences over 110 years, no doubt, would be vast and varied. I am sure he has seen many changes in our great nation over that period of time. As the minister has mentioned already, Mr Ross enlisted at 18 in the AIF in January 1918 and, I understand, trained as a wireless operator. Mr Ross is our last connection with a generation of men who served selflessly, willing to lay down their lives for our freedoms. He knew of the massive casualties and deaths that had occurred on the battlefields of Gallipoli, Palestine and the Western Front, yet he still signed up—willing to go to the frontline and lay down his life. During World War II he served as part of the Volunteer Defence Corps. Now, as has already been mentioned, he lives in Bendigo. I acknowledge his daughter Peggy,
son Robert, his four grandchildren and nine great-grandchildren. Together let us ac-
knowledge with pride the service and great Australian spirit of Mr Ross.

Mr RUDD (Griffith—Prime Minister) (3.43 pm)—I understand that the Leader of the
Opposition will join me in a few remarks as well. What an extraordinary day. It is 2009
and we have with us this last living connection with the extraordinary events of the First
World War. I would like to join with other honourable members in simply saying to
Jack Ross: happy birthday from the Australian Parliament and the Australian people. It
is not just that Jack Ross put on the uniform of Australia as a member of the first AIF and
that he is with us still today. He also saddled up for the second one as well. He was a
member of the Australian Volunteer Defence Corps second time around. It is an extraordi-
nary story of the calibre and fabric of that generation of Australians. So, on his birth-
day, we salute him, and through him we ac-
knowledge this extraordinary human bond
with the events which so much shaped the
Australian character in the battlefields of
Western Europe and on the beaches at Gal-
lipoli.

Mr TURNBULL (Wentworth—Leader of
the Opposition) (3.44 pm)—On indulgence, I
join the Prime Minister, the minister and the
shadow minister in conveying very best
birthday wishes to Jack Ross. One hundred
and ten not out! That is a very big score in
anyone’s language. The generation that de-
fended Australia in the Great War was the
greatest generation for the greatest war our
nation has ever fought. None of us who have
been around Australian country towns can fail to be amazed at the war memorials there
and the enormous lists of names—name after
name, often of brothers, and sometimes three
brothers, all dead. It was an extraordinary
toll that this nation paid in the First World
War. It was a price paid in blood. It made a
nation of Australia. Our national identity was
forged in that war, and it was forged with the
courage and the perseverance of men like
Jack Ross. He is the last of that generation
and as we salute his birthday—as we salute
your birthday, Jack—we salute all of his
comrades; all of our grandfathers, fathers and
great-grandfathers that served in that war. We
salute all of those men and women who were
so brave. So many of them—like you, Jack—served in the Second World War as
well. They were brave in two wars, defend-
ing Australia and making us the nation we
are today. We are humbled by your service.
We are in awe at your longevity, and we
congratulate you on your 110th. Well done
and happy birthday.

PERSONAL EXPLANATIONS

Mr BRIGGS (Mayo) (3.46 pm)—Mr
Speaker, I wish to make a personal explana-
tion.

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

Mr BRIGGS—Unfortunately, I do.

The SPEAKER—Please proceed.

Mr BRIGGS—In an early edition of the
Sydney Morning Herald today, it was sug-
gested that I had said yesterday that Labor
had a mandate for jobs. I said no such thing.
In fact, I said that Labor had a plan to de-
sroy many thousands of jobs. I note theSyd-
ney Morning Herald corrected this in its sec-
ond edition.

AUDITOR-GENERAL’S REPORTS

Report No. 25 of 2008-09

The Speaker (3.47 pm)—I present the
Auditor-General’s Audit report No. 25 of
2008-09 entitled Performance audit—Green
office procurement and sustainable office
management.

Ordered that the report be made a parlia-
mentary paper.
MATTERS OF PUBLIC IMPORTANCE

Emissions Trading Scheme

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

The adverse effect of the Government’s emissions trading scheme on employment and the economy.

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 ROBB (Goldstein) (3.48 pm)—This is an issue of great consequence for all Australians, yet it requires judgement and great common sense, especially in the difficult times that the country is now experiencing. Sadly, however, on the question of climate change this government is legislating for certainty—the certainty of unemployment. The loss of tens of thousands of jobs will be directly attributable to the government’s flawed emissions trading scheme if it goes ahead. We all know that we best tackle climate change from a position of economic strength. It is no different for our nation than it is for a family. If a family or an individual wants to install a solar panel or a water tank to make a contribution to the climate, they cannot do it without a job or money in the bank. They cannot do it if they are not in a strong financial position. The same is true for Australia as a nation. Our ability to reduce the concentration of carbon dioxide in the atmosphere will be negligible if our economy is under severe financial pressure, if unemployment is high, if people do not have jobs, if debt levels are high and if investment is stalled. It requires people in jobs, it requires businesses to be performing strongly and it requires a cashed-up economy. If we get this emissions trading scheme wrong, not only will it do untold damage, it will also see the collapse of support for any future scheme designed to tackle carbon dioxide abatement.

Everyone agrees that as a country producing only 1.4 per cent of the world’s carbon dioxide emissions, there is no Australian solution to climate change. There is only a global solution. Everyone agrees that only coordinated global action will put a price on emitting or storing carbon dioxide. Only global action will have any impact on reducing the concentration of CO2 in the atmosphere. For this reason, the design of any Australian emissions trading scheme must be responsive to the existence, or the absence, of a global agreement. If an emissions trading scheme does not take account of what is happening, or not happening, in other countries then the design of the scheme is deeply flawed. Such a flawed design will seriously damage the competitive position of many of our industries and will see Australian jobs, investment and CO2 emissions being exported to countries where no price is being imposed on carbon. The government’s white paper on emissions trading is deeply flawed in this way. Our economy will be badly affected. I agree with Bob Brown that a badly designed scheme is worse than no scheme at all.

Before the election, the Prime Minister promised to introduce an emissions trading scheme which would lead to deep cuts in CO2 emissions in our economy but which would not disadvantage Australia’s export
and import competing industries. This promise was repeated again and again by the Prime Minister in the lead-up to the election. He said that he would not disadvantage any of our export or import competing industries when he introduced a scheme, and the scheme would lead to significant and deep reductions in CO2 emissions. These were the expectations that were created and these were the promises that were given. This was the mandate that he had to tackle climate change in this country. Of course, that promise was repeated by many colleagues in the lead-up to the election, but since the election not one member of the government has dared to repeat that promise. They have not uttered the words that they will not disadvantage export and import competing industries.

As it has turned out, the government’s proposal is immensely complex. Of all the 50 or 60 industries that have come through my door, every one of them has a different scheme; every one of them has a different deal that is invariably unsatisfactory and invariably crippling. This is not a scheme to design one price of carbon; there are 50 or 60 or 70 or 100 prices of carbon because every scheme is different for every industry. This is a disaster. This government is in disarray on this program. This has been a mess from day one. This government scheme would seriously disadvantage our export and import competing industries.

As it has turned out, the government’s proposal is immensely complex. Of all the 50 or 60 industries that have come through my door, every one of them has a different scheme; every one of them has a different deal that is invariably unsatisfactory and invariably crippling. This is not a scheme to design one price of carbon; there are 50 or 60 or 70 or 100 prices of carbon because every scheme is different for every industry. This is a disaster. This government is in disarray on this program. This has been a mess from day one. This government scheme would seriously disadvantage our export and import competing industries.

Under the Rudd scheme, from year one Australian export and import competing industries will be effectively taxed an extra $2½ billion that they cannot pass on as they are price takers. This is in the face of a promise not to disadvantage export and import competing industries. Of the $12 billion that will come into the government coffers in year one, 44 per cent will come from trade exposed industries, but less than 25 per cent will go back to those industries as free allocations of permits. The difference is over 20 per cent, or around $2½ billion.

With our economy approaching recession—the Rudd recession—and much of it in recession already, jobs in many sectors will come under severe pressure with the introduction of this scheme. For many export and import competing industries in Australia, the design of the government’s emissions trading scheme will act like a reverse tariff. For these industries, we will be the only country in the world to effectively impose a carbon tax, a tax on industries that are price takers, a tax on industries that have no capacity to pass on costs not faced by their competitors, a punitive tax on industries that the Prime Minister promised not to disadvantage—$2½ billion in the first year. For example, Australia accounts for 0.6 per cent of the world’s steel production, but we will be the only country in the world to impose a carbon tax in the middle of the biggest world recession since World War II, according to the IMF. Even in Europe, all of the industries are covered until 2012 and there is serious talk of extensions for them all. Yet, we are talking about 2010 and a $2½ billion tax immediately on all of our export and import competing industries.

For many industries, a price of carbon of $25 per tonne of CO2 accounts for 50 per cent of their profits in good times and up to 100 per cent or more of profits in bad years. We could see a situation where companies will have to borrow to pay for their permits. Think about it: companies will have to borrow, in some cases, millions of dollars or tens of millions of dollars to pay for their permits. What banks in this current climate will lend tens of millions of dollars to pay for permits in the midst of the biggest credit crunch for 80 years? What is more, if we move too far ahead of the world, any cuts in
Australia’s emissions will not necessarily have a global impact. Our aluminium and zinc industries produce 50 or 60 per cent less CO2 than similar industries in China and other countries. If we impose this tax and industries then move offshore, we could see a dramatic increase in global emissions. Not only will we cripple jobs in this economy, not only will we stymie our ability to re-bound out of the recession that is coming, but we will in fact contribute to higher CO2 emissions around the world.

To rush the introduction of this scheme without knowing the outcome of the December 2009 global environment summit in Copenhagen, without knowing what President Obama will do and when—in fact the only budget allocation in the US system we have already seen for this is in 2012, some two years after we are supposed to be introducing it—and without knowing the impact of the global financial meltdown on our real economy is reckless in the extreme. We will meet the Kyoto target by 2012—one of only five countries in the world to do so. There is no need to rush into this if it is not ready. The government scheme is in disarray. Individuals who take action will make no contribution. Any families or any individuals who make contributions to reducing CO2 emissions will find that it only increases the capacity for industry to increase their emissions. The Treasury modelling was months overdue. It took no account of the financial crisis. It assumed that all other countries in the world were part of the global scheme. It was a useless piece of work. It is being used by the government purely as propaganda and as a prop to carry forward and not take any account of the discussions and negotiations that they have been having with industry. It is self-serving, it is misleading and it is irresponsible.

The government does not know if there are better approaches, because they forbid Treasury to look at other approaches. That is why we have had to set up a Senate select committee with the Greens to explore other approaches and complementary measures, and to see what else could be done in an effective way to reduce CO2 emissions without causing enormous damage to our economy. The Rudd scheme involves generating permit revenue of nearly $12 billion from year one—a massive increase in taxation. This will see a huge administration set up to churn billions of dollars back through the economy with the government picking winners as to who gets compensation and who does not. No wonder the Minister for Finance and Deregulation is here. He will have responsibility for another $12 billion of administration. We need to know how the government will effectively manage the churn that will take place of billions of dollars back through the economy. The government will be picking winners as to who gets compensation and who does not.

I predict that in the years ahead there will be no new resource projects in Australia that will get off the ground without companies coming cap in hand to the minister to get a quota of free permits from the government to make their investments competitive. It will foster a nanny state, a mendicant attitude. Already we are seeing investments being shelved by global companies which cannot believe that Australia would introduce a scheme with so much uncertainty, so much cost and so much disadvantage compared with our major competitors. Already we are seeing investment being killed.

When things in the world turn around, companies will look to invest heavily. However, they will not pour money into a jurisdiction where there is a cloud hanging over the long-term competitiveness of various projects and various industries. Australia will miss any upswing that is coming after what we are going through. We will lose a genera-
tion of investments. We are in the process of killing investments already with this proposed scheme that the government is putting before the parliament.

In many cases, also, the best placed companies to develop and fund the migration to cleaner energy processes, including renewables, are the big emitting companies themselves. Putting a big hole in the balance sheets of these companies will kill this opportunity. Stripping billions of dollars out of the balance sheets of companies to compensate households and to put money back into free allocations for some companies will strip the capacity of other companies and their balance sheets to do any meaningful migration to a more effective technology within their plants.

The government have little or no understanding of what is important in terms of investment in our resource sector and what has been important over many decades in the very strong position we have held as a country. On top of this, the government have made little or no attempt to consider the impact of the global financial meltdown on the capacity of companies to either administratively or competitively cope with the transition. If they had bothered to meet meaningfully with chief executives, they would have seen the great fear of companies as this financial meltdown has evolved, their great fear about their physical capacity to introduce what is going to be one of the biggest structural changes in Australia’s history into their operation in the middle of the worst financial meltdown in 80 years. You know it, Gary. You know it yourself. This is an impost which is going to cost Australia dearly in jobs, investments and finance.

The government’s scheme is in disarray. It is rushed and bungled. It is deeply flawed because it has been rushed to suit a purely political timetable. The design is not flexible enough to cope with the financial meltdown. The design of the Rudd scheme fails on all counts. It will cost jobs, tens of thousands of jobs. It will kill investment, which means future jobs, and it will do very little, if anything, to reduce CO2 emissions. No-one outside the government supports the scheme. Industry opposes it. The green groups oppose it. And there is substantial dissension within the government’s own ranks, within caucus and within cabinet, in opposition to this. With the design of the government’s emissions trading scheme, this government is legislating for unemployment. (Time expired)

Mr COMBET (Charlton—Parliamentary Secretary for Climate Change) (4.03 pm)—Of course, it is not the government’s policy position that is in disarray here; it is the coalition. Let us just start at the most practical level about the issue of jobs in the context of the current economic environment, because no-one can take the coalition seriously after they voted against the $42 billion Nation Building and Jobs Plan. Just consider what the coalition voted against. There was $12.2 billion for one-off cash payments to eligible families, single workers, students, drought affected farmers and others to support domestic demand and consumption in the economy that supports jobs. They voted against it. There was $14.7 billion in Building the Education Revolution for investments in education throughout the country, new infrastructure in every school to provide much-needed maintenance and new facilities—$14.7 billion that will support jobs in every community throughout this country. The coalition voted against it—against practical job initiatives. There was $6.4 billion to build more than 20,000 new social and Defence houses, practical investment in job creation throughout the country in the midst of the global financial crisis. The coalition voted against it. There was a temporary business investment tax break for small and gen-
eral businesses to buy eligible assets worth more than $1,000, which will support job creation in the small business sector and support small business at a difficult period of time. The coalition voted against it. There was $2.7 billion for free ceiling insulation for 2.7 million households, acknowledged throughout the household insulation sector in the economy as something that is going to immediately create jobs. The coalition voted against it. There were significant increases in funding for local community infrastructure and local road projects. The coalition voted against them. They voted against all of those job creation measures. Neither can they let go of their commitment to the Work Choices legislation, another piece of legislation that was a job destroyer. The attack on protection against unfair dismissal alone led to many people losing their jobs.

They are a coalition that cannot be taken seriously on economic issues and on job creation. If they need any guidance to understand their current position in the polls, they need look no further than their position, their confusion and their disarray on the Nation Building and Jobs Plan that the government has prosecuted and the support for jobs throughout the economy; on industrial relations; and on climate change.

On that issue, let us get something straight, in answer to the previous speaker’s submissions. The government has released the exposure draft for the Carbon Pollution Reduction Scheme. It has followed an extensive process of consultation over a considerable period of time with industry stakeholders. For example, I have only just finished meeting with the Australian Coal Association, but of course my colleague the Minister for Climate Change and Water and many other ministers in this government and departmental officials have been meeting with industry stakeholders, environment groups and community organisations over the last 16 months to formulate the detail of this proposal, which is revealed in the exposure draft released by the minister yesterday.

A balance has been struck in transitioning this economy to ultimately lower emissions technology as well as protection for the environment. This is an issue in relation to which leadership is needed, not carping, and where tough decisions have to be taken. This government proudly stands by the work that has been done in the development of the Carbon Pollution Reduction Scheme, and in particular all of the work by the minister. We as a country need action on climate change to protect the environment and to encourage investment and jobs in lower emissions technology and the renewable energy sector. We need to support jobs in important industries that are severely impacted upon by the effect of climate change, like agriculture and tourism, we need to support jobs in emissions intensive industries as the economy transitions to lower emissions technologies and we need to show leadership in the international community on this issue. That is why the government has actively pursued the development of policy responses to climate change, and in particular the Carbon Pollution Reduction Scheme.

We will not as a nation achieve anything on this issue by doing nothing at all. The problem for the coalition fundamentally stems from the fact that they do not believe the science. It is accepted that 13 of the 14 warmest years on record occurred between 1995 and 2008. Australia has experienced warmer than average mean annual temperatures for 17 of the last 18 years. And yet they cannot accept that. The average temperature in Australia has increased by 0.9 degrees Celsius between 1910 and 2007 and it is projected to increase by one to five degrees Celsius by 2070 compared with 1990 levels. This is science that the coalition cannot accept.
The Australian Bureau of Agricultural and Resource Economics has predicted that if we do not act on climate change then exports of key commodities will fall by up to 63 per cent by 2030 and up to 79 per cent by 2050—that is, if we do nothing then we are going to lose jobs in those key parts of the economy. The CSIRO also estimates that if temperatures rose by just two to three degrees then almost all of the Great Barrier Reef would be bleached, putting $4.9 billion of tourism at risk—that is a lot of jobs that would go by doing nothing. The CSIRO has also estimated that if temperatures rise by just two to three degrees then 80 per cent of Kakadu’s freshwater wetlands will be lost to rising sea levels. This is just some of the scientific evidence and the conclusions that have been drawn that the coalition seems to struggle to accept. The underlying issue is this: if we take no action as a country, there are huge consequences for employment, economic activity and investment in this country—and action we must take.

But we do not see anything from the coalition in terms of a policy response to this. Let us not forget the fact that for 12 years no action was taken by the Howard government in response to climate change. The Howard government spent more on taxpayer funded advertising than they had budgeted to spend on tackling climate change over four years. The Howard government refused to ratify the Kyoto protocol. We have just heard the previous speaker, the shadow minister, nominate that Australia will meet its Kyoto targets. That is a pretty sound reason why the Howard government might have signed the Kyoto protocol. But no action was taken. They failed in 2003 to act on Treasury advice to introduce an emissions trading scheme—

Opposition members interjecting—

Mr COMBET—At least they seem to have come to life over there. They gagged top scientists in the CSIRO from reporting on the impact of climate change in Australia. There are very curious views held within the coalition. For example, Senator Joyce was quoted in the Australian newspaper on 14 January this year as saying:

The view across the National party is that the reasons put forward to justify an emissions trading scheme are just a load of rubbish …

Senator Minchin, leader of the Liberal Party in the Senate, has said:

There remains an ongoing debate about the extent of climate change, about the extent of human activity’s role in the climate changing.

And later of course Senator Minchin made the observation: ‘Carbon dioxide I think is not a pollutant’. In a speech on 27 January this year Senator Bernardi said:

But exactly what is causing climate change and what—if anything—should we be doing about it should remain the subject of debate.

Plenty more quotes can be harvested but they all underline one thing: the difficulty that the coalition has in accepting the fact that we need to act on climate change—that there are sound scientific reasons why we need to act to protect the environment and to make the transition to a lower emissions economy.

It is fair to ask what is the coalition’s policy on this area, because it appears to be somewhat incoherent. The Leader of the Opposition, a former environment minister of course, is on the record as supporting an emissions trading scheme. We are now not sure whether or not that remains the case or what the Liberal Party’s position on an emissions trading scheme is. But it appears from the MPI today that there is opposition to the Carbon Pollution Reduction Scheme. Mr Robb, the shadow minister and the member for Goldstein, who spoke a moment ago, has posited a number of things. For example, perhaps a carbon tax might be the way to go. We do not know at what level the tax might
be levied, what costs are involved, the complexity of it, what impact it would have and in particular how it is going to reduce carbon dioxide levels and carbon dioxide equivalent in the atmosphere.

Mr Hunt interjecting—

Mr COMBET—We have an interjection from the member for Flinders, the shadow minister for the environment. He is also on the record as clearly indicating support for an emissions trading scheme. In fact, to quote Mr Hunt from 17 July, he said:

... we support the idea of emissions trading. We proposed it ... Basically what they’ve done is they’ve dusted off the document that we had …

That is an interesting contribution to the debate—and somewhat contrary to the MPI that has been moved today. The trouble with the coalition is that it is difficult to divine exactly what is going on. Some coalition members dispute the science. Some suggest a carbon tax is the go. Others support an emissions trading system. The shadow minister for climate change has indicated that perhaps 100 per cent of permits should be issued under an emissions trading scheme. I am not sure how you get a carbon signal in the economy out of that.

We do not know what the coalition’s position on targets is. In fact, the Leader of the Opposition has indicated that the five to 15 per cent target that the Commonwealth government has established is in fact a very significant target, yet others are suggesting, as we have heard in the contribution to date, that that target is far too stringent for the economy. So it is very difficult to divine exactly what the position of the coalition is. The trouble is that in this area important and strong leadership is needed to take action to deal with the effect of climate change. The coalition will face a very clear choice in the not too distant future as this legislation comes through the House and through the Senate. Will you support it or not? Easy question—we don’t know what the answer is.

For the government, there are very important foundations for the policy that is enunciated not only through the Carbon Pollution Reduction Scheme exposure draft legislation but for many of the other initiatives that we have taken. I have pointed already to the science. The policy responses include three main pillars, the first of which is the reduction of Australia’s carbon pollution levels, and the CPRS is the key policy initiative to address that. Our long-term target is to reduce carbon emissions on 2000 levels by 60 per cent by 2050, and the CPRS has associated with it a medium-term target of reducing emissions on 2000 levels by between five and 15 per cent by 2020. In conjunction with that and in particular to provide investment in certainty in the renewable energy sector, we are establishing a target of 20 per cent of renewable energy by 2020 to be supplied within our electricity market. We are also driving a clean energy revolution with policies such as a $500 million Renewable Energy Fund, a $150 million Energy Innovation Fund and a $500 million national Clean Coal Initiative—extremely important initiatives to underpin employment in that key part of the economy.

The second key pillar of our policy is to support adaptation to the impacts of climate change. This is especially important in agriculture and land management areas and tourism. We need to secure our future water supplies. We need to help coastal communities adapt. We are supporting our farming future by providing $130 million over four years to help primary producers adapt. We have established a $200 million Great Barrier Reef rescue plan and we are providing $8.9 million to support the Great Barrier Reef in the Climate Change Action Plan.
The third pillar of our strategy to address climate change is to help shape a global solution. We have ratified Kyoto, something the Howard government failed to do. We are playing an aggressive and constructive role in global negotiations to establish a new international agreement.

The Treasury has found in its modelling that countries that defer action face long-term costs that are around 15 per cent higher than those that take action now. By doing nothing, which is the position of the coalition, more jobs will be lost. We must act to support jobs in lower emissions technology. We must act to protect the environment. We must act to support jobs. (Time expired)

Mr HUNT (Flinders) (4.18 pm)—This scheme in this form at this time as presented by the government will send jobs straight to Shanghai. This is a recipe, a plan and a proposal which will send Australian jobs with Australian workers straight to Shanghai and in so doing will achieve the unique double of sending emissions to a higher emissions environment and raising global emissions. Jobs will go to Shanghai and global emissions will go up. However, we had this presented as a choice between action and inaction. That is the false dichotomy which our friends in the government would present and that is the debate which they would want. But they are flat, dead wrong. It is not a choice between action and inaction. It is a choice between job-destroying action and the impression of activity on the one hand and job-creating action and real reduction of emissions on the other hand. That is the difference.

We have a very clear plan. It is a plan of protecting the planet whilst protecting Australia. I will run through our four key planks. But I want to deal with the issue of jobs going straight to Shanghai first. To follow on from what Mr Robb, the member for Goldstein, has said, let me speak first about Sun Metals. I speak about them because they are on the record. Other companies have come to the member for Goldstein, the member for Groom, the member for Dunkley, the Leader of the Opposition and me but are not yet willing to speak on the record for fear of retribution.

Sun Metals employs directly or indirectly 450 people in Townsville. They make zinc. They smelt zinc. What they have said is that under this government's scheme, because they will be competing against countries which do not have such a tax in exporting their materials to China, in exporting their materials to Asia, they will close and they will move their jobs to China. What will happen to those 450 workers in a global downturn? They will be unemployed. They will lose their jobs and the rest of Australia will have to pick up the price. And their jobs and their families and their livelihood will all suffer as a consequence. What will happen to global emissions?

Sun Metals produces about one million tonnes of CO2 equivalent per annum. When Sun Metals moves to China, because of the different processes and the different energy supplies, global emissions will go up from one million tonnes to two million tonnes for the equivalent body of production. That is one company. Visy is also on the record as saying that they will move two Australian paper recycling plants, probably to China, under the government's emissions trading scheme. That is 160 jobs gone. The ludicrous situation is that we take our waste paper, send it to China, process it in China and it is then re-exported to Australia. That is truly an absurd exercise.

We mentioned Energy Developments today. Energy Developments harvests the waste coal seam methane gas. It uses that gas. It will probably save, on present estimates, as much in the way of emissions as
the government’s entire $3 billion so-called energy efficiency program by 2020, unless of course the CPRS is applied to it. What we see from Macquarie Research’s note of 26 February is:

... the future is in the hands of the government.
The headline is:
CPRS outcome in June remains the key share price driver.
Further down it says:
ENE’s—
that is, Energy Developments, earnings are:
... under threat from a potentially poor outcome from the federal government’s Carbon Pollution Reduction Scheme.
The risk is that the government implements the white paper. That is what happens to a renewable energy company under the scheme. What we see is the destruction of Australian jobs in zinc, paper recycling and clean energy companies. They should be ashamed of themselves. Everybody in this House who believes in lower emissions and Australian jobs should think of Sun Metals, Visy and Energy Developments, because these are real companies with real jobs which are really going offshore.

What are the great flaws in their system? First, as the member for Goldstein set out, is the lack of a level playing field, which will see Australian firms burdened with a price that other firms in other countries are not and will see the export of Australian jobs and the driving up of global emissions when those jobs go to a lower emissions environment.

Second, what we see is the absence of green carbon, and I will deal with that in more detail in a minute. It is extraordinary that green carbon has been utterly left out of the government’s scheme. Whether it is Professor Flannery, Professor Garnaut, the National Farmers Federation, the Australian Farm Institute, the Australian Industry Group or the Business Council of Australia, all have called for the inclusion of green carbon in the scheme, yet it is left out of the government’s scheme. It is for one simple reason—they are using last century’s European model rather than this century’s Australian model. That is the difference. They are using a 12- or 13-year-old model which looks backwards and is not designed for Australia and does not maximise the savings of emissions we could make rather than using a model which would be right for Australia, which would save real emissions, which would improve our farms and soils and which would help Australia have lower emissions and to reduce those emissions at low cost.

The third of the key elements is the issue of timing. We have always said 2011 or 2012 for the simple reason that we are on track. We are one of five countries to be meeting their target and we are already delivering. But to drive the price of carbon up and to impose an impost on Australian businesses that are engaged in trade prior to other countries is to place a millstone around their necks. That is what we see from our friends on the government bench opposite.

What we have is a very simple proposition: we can protect the planet and Australia through four key planks or pillars. The first is that Malcolm Turnbull outlined a green carbon initiative. One hundred and fifty million tonnes of CO2 which would not be saved under the government scheme can be saved. It is less than one-sixth of that which has been outlined by Professor Garnaut and it uses soil carbons, biochar, revegetation of mallee and mulga, and forestry. It uses the 11 different elements which Professor Garnaut himself outlined but on a far more conservative basis. All of this is excluded under last century’s scheme, which they are trying to impose on Australia today. That is a disastrous model for emissions reduction, a disastrous model for costs within Australia and an
extraordinarily lost opportunity for Australian farmers. Do not take our word for it; take the word of the National Farmers Federation, the Australian Farm Institute, WWF, ACF, the Australian Industry Group, the Business Council of Australia, the Australian Chamber of Commerce and Industry, and I can go on.

The second element of our proposal is a very simple one: we put on the table over a year ago the concept of a clean energy revolution, terminology which we see has been appropriated. That is fine. But what we will do under the clean energy revolution involves two parts. On the one side there is demand reduction—50 million tonnes of CO2 from energy efficiency on a per annum basis by 2020. Again, this element is entirely excluded under the government system. If mums and dads make savings at home through putting solar panels on their roofs, it will not make one gram of difference to the 2020 target under their system. Senator Wong set that out yesterday and conceded it. The other part of the clean energy revolution is what we will do with renewable energy, what we will do with clean coal and the two stations that we will build by 2020 as part of a broader clean energy revolution focused on solar, wind, tidal and geothermal energy.

Then we turn to the emissions trading scheme and the flaws I have outlined. We have said that there is a role for a price for carbon but not one done in a way which drives our exports out of Australia, drives our export businesses offshore and destroys Australian jobs. That brings me to the last element, the fourth plank or pillar. That is, we must have a real global agreement with China, India and the United States with real incentives for protecting the great forests of the world. That is the difference—(Time expired)

Mr ZAPPIA (Makin) (4.28 pm)—As I rise to speak on this motion, I reckon it should really be ‘the adverse effects of the coalition’s opposition to the government’s emissions trading scheme on employment and the economy’. The question is not only, ‘Will jobs be lost if we act on climate change?’ but, ‘How many jobs will be lost if we fail to act?’ That is the question that needs to be asked. We see the climate change sceptics on the other side obviously oblivious to what is happening to the climate in the world around us today. Perhaps it is because they are too focused on their internal party room brawling to actually take any notice of the climate around them or what has been said by the scientific community. Just as members opposite ignored for years and years—over a decade—the plight of the Murray-Darling Basin and stood by, watched its demise and did nothing, they similarly want to do the same when it comes to climate change.

There is a real similarity between the two issues. If you go back to their position with respect to the Murray-Darling Basin you will find that the now Leader of the Opposition had a view about what ought to be done, the National Party members in New South Wales and Queensland had another view, then the National Party members in Victoria had a third view about what ought to be done and, when you went to my home state of South Australia, the Liberal Party members there had a fourth view about how the system should be managed—in other words, they could not reach agreement on what they needed to do so they did nothing. That is exactly what is occurring right now when it comes to the issue of climate change. If you look at their track record on this issue you see it changes by the day.

A moment ago the parliamentary secretary quoted the member for Goldstein and others. I want to refer to—and I know that the par-
The parliamentary secretary did in his quotes—Senator Cory Bernardi, from my home state, who on public radio on more than one occasion has spoken on this topic. On 27 January he made a number of statements which clearly indicate that there is real division within his own party about where they stand on climate change. So in the face of disunity you do nothing because you cannot reach any agreement on what it is you have to do.

The Rudd government is not prepared to stand by and do nothing and jeopardise future generations in the face of overwhelming scientific advice. I refer to some of that scientific advice in the fourth assessment report of the Intergovernmental Panel on Climate Change. I quote from some very relevant parts in that report, and in doing so I point out that subsequent to this report being written the scientific community has in fact upgraded it and made it absolutely clear that these are conservative positions in the light of what is known today. The report says:

- There is now no question that the climate system has warmed.
- It is very likely that greenhouse gas emissions related to human activity caused most of the warming that has been observed since the mid-20th century. In their third assessment report in 2001, the IPCC had only considered it likely.

Now they say there is no question—

- Global climate change over the past 50 years is extremely unlikely to have been caused by natural variability alone.
- If greenhouse gas emissions continue at or above the current rate there will be further warming, and the changes that we will see during the 21st century would very likely be larger than those observed in the 20th century.

It goes on to say:

- Global sea level rose during the 20th century by 12-22 cm. By the end of the 21st century, sea level is projected to rise by 18-59 cm—

I could comment about that further in light of some of the evidence given to the Standing Committee on Climate Change, Water, Environment and the Arts by some of Australia’s leading scientists. I will come back to that if there is time. The report goes on to say:

- The increases in greenhouse gases since 1750 are due primarily to emissions from fossil fuel use, agriculture, and land-use changes.

In other words, from man-made activities, and—

- Extreme climate events such as heatwaves and heavy rainfall are very likely to become more frequent.

Governments have a responsibility to act, and to act on the best possible advice they have before them. That is exactly what the Rudd government is doing. The risk to jobs and the Australian economy is to not act on climate change—to do absolutely nothing—which is exactly what the opposition would have us do. I repeat what the parliamentary secretary said: jobs that already exist in this country are at risk; jobs like the 63,000 jobs associated with the Great Barrier Reef and the $5.8 billion industry it sustains in tourism, in recreation and in commercial fishing.

Thousands of jobs are at risk, many of which we have already lost in the Murray-Darling Basin and in other agricultural areas. Those jobs are real jobs that are in place right now but which may be lost before our very eyes because we sat back and did nothing. The livelihoods of the people in Queensland are at risk, as we saw in recent times through floods and cyclones. Those extreme weather conditions have been predicted by the scientific community. They are not just something we should put up with and pretend we did not know were likely to occur. Those extreme weather conditions affect not only jobs but the future economic viability of this country. That is why we need to act, because if we do not there will be jobs at risk.
and there will be an impact on the economy of this country to the tune of tens of billions of dollars.

On the flip side of that: there are jobs in transitioning to a green economy, and we have already seen those jobs created in a range of sectors. Just look at how many jobs today have been created in the solar panel industry. If you go around Australia and collectively add up those jobs you will see that they run into thousands. If you look at the number of jobs that in recent years have been created in the water and irrigation industries as a result of transitioning to a smarter economy, again, you will find thousands of jobs. If you look at the home insulation program that the government announced as part of its $42 billion package—which I might say members opposite opposed—4,000 jobs are expected to be created in that sector, if you listen to Dennis D’Arcy, the chairperson of the Insulation Council of Australia and New Zealand. He said:

Clearly our members have a direct interest in the package which will create around 4,000 jobs…

There are jobs already being created and there will be more jobs created as we transition to a green economy.

With respect to transitioning to a green economy, Treasury modelling released in October 2008 demonstrated that economies that defer action face long-term costs that are around 15 per cent higher than those that take action now. In other words, for every day and every year that we delay, the cost to implement a responsible strategy will be more expensive. The Treasury modelling also says that the global market for environmental products and services is projected to double from US$1.3 trillion per year at present to US$2.74 trillion by 2020. Those figures were cited in a United Nations Environment Program Report in 2008. In other words, there is a huge industry out there waiting to be developed as a result of transitioning to the greener economy.

Let me say that it is interesting that, in America, President Obama has committed to a scheme being implemented in his country. I want to quote him:

…to truly transform our economy, protect our security, and save our planet from the ravages of climate change, we need to ultimately make clean, renewable energy the profitable kind of energy.

He said that in February 2009. That was only last month. That is how recently he committed to doing something in the USA.

It is also interesting to note that, whilst the opposition members say that we should be doing nothing and holding off, 27 European countries, 28 states and provinces in the US and Canada, and New Zealand are all looking at implementing, if they have not already done so, a similar scheme. They are prepared to take the lead on this, but we are being told that we should not do it. Well, that is not the position of the Rudd government, because the Rudd government is acting responsibly to ensure our kids and future generations are not left to clean up our mess.

I want to make a couple of other comments in respect of comments made by previous speakers the member for Goldstein and the member for Flinders. They said that we are rushing the scheme. *(Time expired)*

**Dr WASHER** (Moore) *(4.38 pm)—* I would like to make it very clear that all the speakers I have listened to so far certainly agree that global warming is a major issue. It is not just global warming. If I could diverge for a second, the anthropogenic effects of CO2 are very dramatic, particularly in Antarctica in terms of acidification. Already the aragonite or calcite-type shells of the microscopic creatures are being dissolved, and the barrier is now rising rapidly to above one kilometre deep, which will affect the food
chains of the krill, hence those of the whales, the seals and the penguins et cetera. The Barrier Reef was mentioned. There is no doubt that the concentration of ultraviolet light combined with warmer waters is destroying the plankton that work with the coral, causing coral bleaching. The Arctic is undoubtedly melting and Greenland is also having major problems. No-one disagrees with that, and the member for Makin must understand that. He is a friend of mine, and I want him to be assured that we empathise with the position.

However, we have to remember that Australia now emits less than 1.4 per cent of CO2 equivalent emissions, and we need to work as part of a global action if we are going to have any definite effect and change things. The emissions trading system that you have, unfortunately, is flawed. I am not saying it would easy, but it is flawed. As already mentioned by the member for Flinders and I think by the member for Goldstein, it is counterproductive to what people do as individuals. Here, we need to empower not only governments on an international level but also individuals on an individual level. If an individual does things, it literally flows on to help the polluters in their credits. Our export and import industries will be affected. We estimate that from year one an extra $2.5 billion of tax will be put on them, and yet many of these industries are currently very efficient. For example, the aluminium industry in Australia and the zinc industry, which has been mentioned before, emit only 50 to 60 per cent of the CO2 equivalent here in Australia as compared to China.

The proposed scheme involves generating permit revenue of about $12 billion from year one. New Zealand was mentioned by the member for Makin, and, Tony, I want to tell you that 100 per cent of the permits issued in New Zealand will be free until 2018-19. It is very much different from Australia. The problem of the $12 billion generated is now part of another government problem. The global financial meltdown must be considered, as the ability of these companies to source the finance to buy or borrow the $11.5 billion worth of permits, as the member for Goldstein mentioned, is problematic. It is made worse by the credit crunch but it is made far worse by massive government borrowing. When the government borrows and raises bonds of some $200 billion, no-one else can borrow the money. My money will come out of the bank and go into your bonds. The same bank will invest in your bonds. The pool of resources for private enterprise to borrow from is evaporating and already they cannot borrow. You have turned a fiscal stimulus into a fiscal disaster.

Basically, this is the worst crunch that we have had in 80 years. The scheme that was proposed has got very little relativity to reducing the CO2 emitted, and a 20 per cent reduction in Australia’s emissions by 2020, which we have proposed, will reduce the global emissions by 0.2 per cent. In other words, we will reduce the global emissions from 57.2 gigatonnes equivalent of CO2 to 57.06 gigatonnes equivalent of CO2. For bankrupting an economy, that is not a big gain. We must have a scheme, of course, and this needs to be calibrated with progress towards a global agreement. At the same time we must encourage greater individual participation, which this pollution scheme does not. The Kyoto agreement does not finish until 2012. The government wants to start the scheme by 2010. The business costs are absolutely horrific. We do not meet in Copenhagen until December 2009, so we should not lock ourselves into any firm agreements until after that date. The minerals sector, for example, will be seriously affected by—

(Time expired)

Ms GEORGE (Throsby) (4.43 pm)—Today’s MPI shows yet again how hope-
lessly divided the opposition are on the very fundamental issue of climate change and its causes, let alone how we deal with it and what our response should be. Now it seems that, if one is to take the proposition literally, they are against an emissions trading scheme. Yet it was not too long ago that the Leader of the Opposition was claiming credit for the Howard government’s promotion of an ETS, and I recall the shadow minister was also in that category. But it seems today not only that we cannot get one line of reasoning from the opposition as to the science of climate change but also that they are all over the place insofar as an ETS is concerned. I point out to the member for Flinders that the ETS is only one of a suite of measures that the government will have in place to deal with the issue of climate change. There are other measures to do with energy efficiency and advances in technology that are part and parcel of our response.

The problem for the member for Moore and others who genuinely understand the science of climate change is that they have an opposition bench full of climate change sceptics. Well known in that regard is the member for Tangney, who has long proclaimed his scepticism about the science of climate change and the contribution of human activity to it. Very recently, the Nationals, in Senator Barnaby Joyce, had this to say:

The view across the National Party is that the reasons put forward to justify an emissions trading scheme are just a load of rubbish.

The member for Groom, who was smiling at the table just 10 minutes ago, has form on this issue, dismissing the Al Gore documentary *An Inconvenient Truth* as ‘just entertainment’. The only sense I have heard in the debate has been in the contributions of the member for Moore and the member for Sturt, who is not often known for wise contributions. However, on this occasion he said:

We—meaning the opposition—need to embrace the reality that climate change has occurred.

Hallelujah! I wish the member for Sturt, the member for Moore and others who have sense on this issue all the best in their aim to try and convince the sceptics among their ranks that climate change is indeed happening. If the opposition cannot agree on the fundamentals, it is no wonder that they cannot agree on what response there ought to be.

Let us look at today’s MPI. The opposition claim that our proposed scheme will have adverse effects on employment and the economy, as if we had not taken those factors into consideration in devising our scheme. There are a few fundamental truths that I think shadow ministers need to comprehend in this debate. First of all, in the words of Sir Nicholas Stern:

Climate change is … the greatest market failure the world has seen.

When we have market failures, such as the one we are witnessing now in the global financial crisis, there is an important role for government to take action. That is what we intend to do, because all the science and all the economic analysis tell us that taking early action costs less than delaying action. As those of us who believe in the science of climate change know, delay means risking irreversible consequences. If you do not believe me, have a look at the Treasury modelling, which shows us quite clearly that we can sustain economic growth while at the same time reducing carbon pollution. Their modelling shows that annual economic growth will be only marginally lower with an ETS—they calculate it at one-tenth of one per cent.

As for the opposition’s claim that we have not taken into account the employment impacts, let me say, as a member representing a
region heavily reliant on the export of coal and steel, nothing could be further from the truth. Our ETS will provide substantial assistance to support today’s jobs. In that regard, we are mindful of the possibilities of carbon leakage. That is why we have corralled today’s employment and today’s jobs against that possibility. How are we going to do it? We are going to do it by giving particular consideration to emissions-intensive trade-exposed firms. Firms like BlueScope Steel in my region, along with many others, will be entitled to the allocation of free permits. Many of them are likely to be at the 90 per cent assistance level. In my region the proposed coal sector adjustment package will help tackle the issue of high fugitive emissions in some of our local mines. We are committed to a substantial investment in clean coal technology, realising the importance of that. We will also have a climate change action fund to assist regions like mine in the transition. So we are mindful of the jobs of today while planning for the low-pollution jobs of the future. Again, I point to Treasury estimates that that sector will grow. (Time expired)

The DEPUTY SPEAKER (Hon. BC Scott)—Order! The discussion has concluded.

AUSTRALIAN ENERGY MARKET AMENDMENT (AEMO AND OTHER MEASURES) BILL 2009

Report from Main Committee

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

Ordered that this bill be considered immediately.

Bill agreed to.

Third Reading

Mr SNOWDON (Lingiari—Minister for Defence Science and Personnel) (4.50 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

FEDERAL FINANCIAL RELATIONS BILL 2009

Cognate bill:

FEDERAL FINANCIAL RELATIONS (CONSEQUENTIAL AMENDMENTS AND TRANSITIONAL PROVISIONS) BILL 2009

Second Reading

Debate resumed.

Mrs MOYLAN (Pearce) (4.51 pm)—As I was saying, I am a strong believer in the Federation. I think we need to make genuine efforts to strengthen the Federation and not to have the imbalance where the federal government constantly calls the shots and expects the states to jump to its tune. There are a number of things that are supportable in this legislation, but what concerns me about it is that it is old policy with a new heading. It is a bit of a pea and thimble trick. The bill purports to provide much needed flexibility for states in how they choose to apply funding. While this may be so for the specific purpose payments, it is clearly not the case for the national partnership payment. These payments will tie states to national policies in order for them to receive funding. Quite apart from this being against the needs based funding of horizontal fiscal equalisation, it is also contrary to the notion of subsidiarity. It is for the states, those closest to the people, to decide which priorities to pursue. It is not responsible federalism for the central government to determine which policies are of national importance and
threaten to cut funding for noncompliance with their decision.

If you look at the issue around housing policy, for example, the Council of Australian Governments said that leadership for housing and homeless policy, including Indigenous policy, will be the main responsibility for the states but the Commonwealth will have leadership responsibility. What does that mean in reality in producing a difference for those people out there in the community who are currently finding it so extremely difficult to obtain affordable housing? What is this so-called leadership role that the Commonwealth is going to play? What portion of funding is that taking up compared with what is given to the states to try to resolve this matter?

With the little bit of time that I have I would like to quote from a very good article in the *Australian* newspaper by the author James Allan. He noted:

… the Rudd Government’s Obama-like and high-flown rhetoric about federalism is a lot of hot air. Take every mention of ‘cooperative federalism’ and replace it with ‘do as we say and we might throw you a few crumbs you otherwise won’t get’ and you’ll have a more or less perfect idea of what is going on.

I do think that this very succinctly sums up some of my deep concerns about this bill and about clearly defining the areas of responsibility. I think the Commonwealth has to take more than just a leadership role in some of these areas. It must ensure that the states are properly and adequately funded to address the many challenges that are faced and will continue to be faced in a difficult financial situation.

I would like to conclude with a statement from a 2006 Western Australian Department of Treasury and Finance report, because this issue of funding has been a thorn in the side of successive Western Australian governments for some time now. In the 2006 report they noted that the subsidiarity principle:

… has particular traction in a state like Western Australia, where small population, distance from Canberra and the very different geographic and economic characteristics compared to the populous east coast of Australia… make a very big difference in how that state is governed. As I said before, the arrangements in this bill are far too prescriptive and kill off innovation and the ability of governments to find local solutions for local problems.

Mr HAYES (Werriwa) (4.56 pm)—On this side of the House we know that for too long buck-passing and the blame game have undermined Australia’s ability to build a modern economy capable of meeting the challenges of the future. Mr Deputy Speaker, I have not been in this House all that long; as you appreciate, I came here in 2005. However, during that period, up until the last election—like everybody else who sat on the opposition side of the House at that stage—I heard the then Prime Minister and the member for Higgins take responsibility for anything that went right in the Australian economy, but anything that was not right, anything that was seen to be challenging, was blamed on the states. We have seen an industry made of blaming others and not taking responsibility. That is why I stand proudly to support the Federal Financial Relations Bill 2009 and the Federal Financial Relations (Consequential Amendments and Transitional Provisions) Bill 2009 insofar as they are about—despite what the member for Pearce says in terms of cooperative federalism—building a nation on a cooperative basis with all our jurisdictions, not only those which come under the Federation but our states together with the emerging partnerships that are now being formed at the level of local government. I have to say that they have all been well received. They have cer-
tainly been well received in the electorates I get to visit. I am not putting people on the spot here, but no doubt people on the other side of the House would also say that they have benefited very well from this new-found partnership with local governments within their electorates.

After more than a decade of the Howard government squandering opportunities, this government finds itself repeatedly repairing and healing the damage that has been done in the past. There is a lot of work to be done to heal our nation and to restore some balance to our society and, for that reason, I support these bills today to end the blame game with our states through measures that will implement new federal financial arrangements as agreed to by COAG in November 2008 in the Intergovernmental Agreement on Federal Financial Relations.

It should be noted that the new federal financial framework commenced on 1 January 2009 with transitional arrangements in place for the period to 30 June this year. However, this legislation will, for the first time, enshrine in law the new architecture for the Commonwealth-state financial relations. The Federal Financial Relations Bill 2009 will provide for three categories of payments for financial assistance to the states and territories—firstly, through general revenue assistance, comprising revenue from the GST and other revenue assistance with the provisions being equivalent to the current GST payment provisions in the A New Tax System (Commonwealth State Financial Relations) Act 1999.

Additionally, the bill will provide for the repeal of parts of the A New Tax System (Commonwealth-State Financial Arrangements) Act 1999, with the effect that, from 1 July this year, the act will be renamed A New Tax System (Managing the GST Rate and Base) Act. Essentially, that will better reflect the abbreviated content of that legislation. Through the national specific purpose payments, there will be payments provided to the states to deliver services in key areas of health care, schools, skills and workforce development, disability services and affordable housing. These are specific payments which will be provided to states. The bill will not be prescribing how they are to be paid. It will embody flexibility in state arrangements. It will certainly be inviting states to look at best practice and, let us face it, competitive advantage in the way they apply these payments.

Priorities in those sectors will be determined by state and territory elected parliaments. That is, I think, a very positive way to allocate these payments. Payments are made in respect of each of those sectors, and it ensures that there is flexibility built into the system to allow the states to determine their funding priorities as they go about meeting needs in health care, education, workplace and skills development, disability services and affordable housing. Again, I think that is a positive thing to come out of COAG last November. Finally, national partnership payments will go towards supporting specified outputs or projects to facilitate reforms and reward those jurisdictions that deliver on nationally significant reforms. This is entering into genuine partnerships with state and territory jurisdictions to deliver—to help build things that communities need and to give priorities to those areas.

I am proud to be part of a government that is prepared to tackle the challenges of the future and is willing to take the necessary steps to make sure that future generations are better equipped to deal with challenges as they arise. Only yesterday, I had the good fortune to make a contribution in the debate on the appropriation bills. We were talking at that stage about the government’s Nation Building and Jobs Plan—a historic long-term
package which is targeting nation building and jobs. It is a further decisive step by the federal government in response to the severe global recession, which has been the worst economic crisis since the Second World War.

This response is being done in a way that embodies the involvement of state and territory governments. It is not taking over their jurisdictions and saying, ‘This is what is going to be done’; it is working with those areas, particularly in relation to education and other areas of significant infrastructure spending which are emerging as a consequence of the second economic stimulus package. This is a historic package. It is designed to: support jobs and small business in the short term; build quality schools through the largest education modernisation program in Australia’s history; stimulate the building and construction industry—with the construction of another 20,000 new homes, supporting thousands of tradespeople throughout that sector; help tackle climate change; help families to save on their energy costs; and upgrade the roads and local infrastructure for the long term.

Treasury estimates that this plan will help support up to 90,000 jobs in 2008-09 and 2009-10. It is a crucial initiative for nation building and attacking the issue of recessionary forces as they apply to jobs. It is designed to boost jobs and boost the economy. It should net economic growth of around half a percent of GDP in 2008-09, with around three-quarters of a per cent per cent during 2009-10. By investing in jobs and long-term economic growth, the plan strikes the right balance between the immediate support of jobs now and delivering on the long-term infrastructure needed to strengthen our future economic growth.

This government is taking action, which I have to say is in stark contrast to the opposition, which seems to be quite content to sit down with no alternatives and, unfortunately, fall into the classic case of being in opposition—being opposed to everything for the sake of being opposed. As I indicated at the start, this plan builds relations with the states. Let us face it: we did wish to engage with the opposition on all these matters. We are certainly talking to the Liberal leader of the government in Western Australia as part of the COAG arrangements. This is not a matter where people should be comfortable being in opposition for the sake of being in opposition. They should be in here engaging in ideas about how to combat the challenges that we are currently being forced to meet—working towards getting the best possible results.

Regardless of that, we are not here to give the opposition a lecture on their party room politics; we are here to get on with the business of running the country. That is one of the current dichotomies of those on this side of the House and those on the other side of the House. In 2005, when I came here, you did not just accept that you were in opposition for the sake of it—you did not just oppose ideas just for the sake of it. We had to run the gauntlet of putting up alternate policies and alternate responses. What have we seen so far from those in opposition in response to our economic stimulus package—in response to the economic crisis? No response. So far, we have had no response from those opposite to the economic packages that have been put forward in terms of this economic crisis. The area has been abrogated to the Greens and the Independents in the Senate. That is not doing what members opposite were elected by their constituents to do: that is, to contribute their ideas in terms of going forward. We actually want to engage with people with positive ideas about taking this country forward. But, clearly, at this stage it is a one-sided thing, because the
opposition has completely disengaged from the debate so far.

The housing affordability crisis affects everyone—including people in my electorate of Werriwa and all those other electorates represented by those on the other side of the House. This is something that has beset this country as a whole. You will recall that last year we doubled the first home owners grant. That is having a significant impact on the sale of houses for the first time in a long while right across this country. I apologise for being a bit parochial, but I do tend to look at what occurs in the south-west of Sydney, in my electorate of Werriwa. What we are seeing there is a mini property boom, which is being driven not by property investors—not by people trying to negative gear and buy a property for rental—but by first home buyers having sufficient confidence to get engaged in the housing market. This is significant not only for all those young families who are seeking to raise their families out there but also for tradespeople. I have three kids, two of whom are tradespeople. One is a sparkie and the other is a carpenter-builder. So I know what it means for them to have contracts to wire up or build houses. I know the pressures that the building industry has been under. The building industry has been very much in doldrums for a substantial period of time. We are now also seeing apprenticeships being offered again. We are seeing people come into these industries, and hopefully that means that we will have the tradespeople and the skills we need for the future.

As I indicated yesterday, in south-west Sydney over half the houses that have been sold in the last three months in areas such as Liverpool and Campbeltown have been sold to first home buyers. I am reliably told by the real estate industry that something like 8,500 contracts have been exchanged in the last three months alone. Property sales across Liverpool and Campbeltown—where the market has been very depressed over the last four or so years—have increased by 12 per cent. So we are now seeing a rise in sale figures. This is a real example of people taking advantage of the first home owners grant to move from rental accommodation into their first home. Less than a year ago my region was in the grip of a housing affordability crisis—and I have to say that I think that was pretty common across the board here. Young families now have sufficient confidence to get in and have a go, aided by the doubling of the first home owners grant, and we are now seeing that 50 per cent of all home purchasers are first home buyers.

Mr Katter interjecting—

Mr HAYES—I take that interjection, Member for Kennedy. It does increase demand—and demand increases the opportunity for all our tradespeople to get involved. It stimulates the working economy of our area. To give some context, my electorate would be classified as a working-class electorate. It is an outer-metropolitan area. It is sufficiently out of central Sydney that we have a regional position. We have a good conglomerate of councils, the Macarthur Regional Organisation of Councils, MACROC, that work very strongly to look at ways to provide opportunities for our young people—for example, through our university system and our TAFE colleges. But they cannot do all that much if we do not have the job opportunities to stimulate employment.

Following on from what the member for Kennedy said, we are now seeing those opportunities returning. We are seeing people enrolling in trade based courses and we are seeing employers taking on apprentices, confident in the knowledge that, apart from what we are doing here in terms of the first home owners grant, each of the state departments of education, the Catholic education system
and all the independent schools out there are about to participate in the most unprece-
dented federal government investment in education this country has ever seen, with $14.7 billion being invested in the system. Every primary school in the country will be given the opportunity to access up to $3 million for halls—areas which can be used by the community as well. Every high school will be eligible to apply for a new science block or a new language centre. Every school in my electorate—62 schools in all—will be able to access up to $200,000 for maintenance and refurbishment. That is very good for education. Investing in education is a very good investment in our future eco-
nomic growth. All the economic analysis I have seen says that what you put into educa-
tion now directly contributes to economic growth and productivity in the next 10 years.

That is a good investment in terms of the future of this country, but it is an immediate investment in jobs. Each primary school that accesses that $3 billion—and hopefully it is every primary school in my electorate—will engage tradespeople to undertake the work and architects and engineers to prepare and design the necessary work for approval. This will be good for my area. It is a complete investment in education, it specifically tar-
gets the generation of employment and, as the member for Kennedy says, it will stimu-
late demand. We make no apology for that and we certainly make no apology for enter-
ing into this new scheme of arrangements with state and territory governments. They have a role. You will not hear us on this side of the House carping about what it is they do and blaming them. We want to get in and work with them, as we want to get in and work with local governments. I was fortunate enough to attend a fair portion of the last national local government forum in Can-
berra. It did not matter whether I spoke to Liberal mayors, Labor mayors or Callithum-
pians, quite frankly, because each mayor rec-
ognised that this is a genuine attempt to enter into a new partnership with the third tier of government in this country. We actually be-
lieve in all the tiers of government. We be-
lieve that we all have a role and we are committed to making those roles work not only now and until the next election but also into the future. That is the legacy we want to leave our young people.

Mr KATTER (Kennedy) (5.16 pm)—I greatly respect the member for Werriwa, but in two years time the money from the pack-
age will be gone and the jobs will be gone. However, I do not share the view of the op-
position that we should not be spending money in a depression. There are some 20 books in the library on the Great Depression and how it affected Australia and other coun-
tries, and one very clear message emanates from all of the experience of the Great De-
pression, and it is that you have to spend money in a depression, you absolutely have to. Whether or not the money here is being spent wisely, I put on the public record that I do not believe that it is being spent wisely. I urge the opposition not to continue with their carping criticism of the government over spending money. By all means criticise them over the way it is being spent, but do not criticise them for spending, because history will condemn you, the same as it condemned the Lyons government, which delivered Aus-
tralia the worst depression of any country on earth. On this, I refer to Boris Schedvin, who is the major commentator on the Great De-
pression, and his book Australia and the Great Depression. But there are many other books that say exactly the same thing.

If we are looking at infrastructure need, I have the honour of representing the greatest mineral province on earth. Last year, we pro-
duced around $15,000 million from the mines in north-west Queensland and just across the border into the Territory. At pre-
sent, there is a proposal by the Indian Farmers Fertiliser Co-operative and Joseph Gutnick to establish up there one of the 15 leading phosphate mines in the world. There are not a lot of phosphate deposits in the world, but we are gifted with one in the member for Lingiari’s electorate and two in my electorate. But two of them are not developed—the one in Lingiari and the one north of Mount Isa. It is the intention of the Indian Farmers Fertiliser Co-operative and Mr Gutnick to produce eight million tonnes a year. Mr Deputy Speaker Scott, I do not have to tell you that we have been paying over $1,000 a tonne for diammonium phosphate and processed phosphate is worth $1,200 a tonne. It will fall in price, as with everything else, but it will go up again. If you are talking about eight million tonnes at $1,200 a tonne, you are looking at an incredible amount of money. I am not saying they are going to process all of it there, but they will process some of it there.

They need some assistance with the infrastructure. The infrastructure requirements in this case are absolutely colossal. Let me start with electricity. The area has no electricity supply to a single mine outside of what is being supplied and the area will be in serious trouble within three years based on the current supply of electricity. North-west Queensland is not connected to the national grid. In fact, there is not a single baseload power station in the northern half of Australia. Where are all the mines? Where are all of Australia’s hard-rock mines? They are all in Northern Australia—though, of course, there are a couple of exceptions, obviously, but it is a fair call to say that.

We need the power where the demand is. It is very inefficient to carry power great distances. We need power into that area. We need a transmission line from the national grid at Townsville to Pentland—and the huge coal deposits there where, ultimately, a power station will be built—and through to Mount Isa and surrounding areas, including, for example, the Gutnick project, Legend’s phosphate deposits. We need $100 million from the federal government and $100 million from the state government to make that infrastructure happen. We might need $150 million. I believe that every single cent of that will ultimately be repaid. Asking people to knuckle down and commit themselves to $700 million of expenditure to put a line to the coast will not happen. That is simply not going to happen. And there is the issue with rail. It may well be that it is time to build Everald Compton’s railway line from Cloncurry, just north of Mount Isa, through to Tennant Creek and out to Darwin, instead of coming back on the existing line which is very overtaxed in its existing state. If you are talking about nation building and you provide that infrastructure then the mining product will flow, but if you do not provide the infrastructure then the mining product will not flow.

The recent floods left us with some $10 million worth of fruit and vegetables in storage. I have the privilege of representing about six or seven per cent of Australia’s fruit and vegetable producers, but my complaints about four Caribous sitting at the airport in Townsville whilst the food was rotting 200 kilometres away is a story for another day. Mr Deputy Speaker Scott, you will appreciate this well. There are two highways heading from the vast market garden of the Atherton Tableland and the super wet belt of the Tully and Innisfail area, which produces, for example, most of Australia’s bananas—we hope it will continue to but we do not know. The flooding this time put out the coastal route for two weeks, which was unprecedented. If we got the assistance needed in the Seymour River area north of Ingham then we could cut that down, even in exceptional flooding such as
occurred this time, to maybe a week. But we need an alternative route for a whole host of reasons—apart from anything else, to relieve the pressure. The inland route is a single-lane highway, built by the great John McEwen—it is called the McEwen highway, part of the beef road scheme—which is now over 40 years old. It desperately needs to be widened.

The lack of infrastructure is just appalling. Take Kagara Zinc, for example. At Georgetown there is no way that they can get the product out. The National Party pulled up the railway line from Greenvale to Townsville, so we have no railway line into the area. We have no road coming out of the area. Putting all that mineral product down through Cairns and Townsville—to have millions of tonnes a year coming down that road—is the last thing in the world we want. There needs to be an alternative inland highway. The money is desperately needed to widen and repair that road, which is now 40 years old.

We talk about nation building, but nation building is not about building schools. Children are getting educated now. It most certainly is not about putting in insulation batts. That might be a good thing to do but it is not nation building. Building bikeways is not nation building. Nation building is Ben Chifley building, with government money, the Holden plant to build our own Australian motor cars. Nation building is Ben Chifley—and later the McEwen-Menzies government—using government money to build the Snowy Mountains Scheme, that mighty project which makes every Australian proud. In our own home state, nation building was Joh Bjelke-Petersen building the giant Gladstone power station to create the aluminium industry of Australia. Peter Beattie, the former Premier of Queensland, was kind enough to say, in his panegyric at the funeral of the late Premier Bjelke-Petersen, ‘This man created the tourism industry in Queensland and he created the coal industry.’ No reflection upon Peter, but he should have included the aluminium industry as well. The major export of this country is coal, which can be attributed to that man building that giant railway line and the giant Gladstone port. We had no coal to put on it, but that is what nation building is—you build the railway line because you believe in your country, you believe in its future and you believe that the industry will happen if you give it a bit of help.

Mr Deputy Speaker, nation building is about the Theodore government in Queensland building the grain silos in your area. The original grain silos were built with government money provided by the Theodore government. Almost all of the sugar mills in Queensland were built by the Theodore government, which put up government money. They were very profitable. The government made a huge amount of money from later onselling them to the farmers—as it did with the grain silos, as you would be well aware, Mr Deputy Speaker.

These things are nation building. They provide jobs that are going to be there in the future. Under the current government’s policy, in two years time we will have no jobs and no money. I do not want to get into a debate on this too, but I do not think the government should be just borrowing money. In the Great Depression, Japan issued Treasury bonds to its central bank and the central bank provided the money. They did owe the money but they owed it to themselves—they were not in great danger of being foreclosed upon. As a lot of people would know, Germany simply printed money. Britain really printed money too. It took interest rates down to 0.65 per cent and held them there for six straight years. So Britain did not have a depression. In fact, there was very great prosperity in Germany and Japan. In Japan, undoubtedly, rearmament was part of that economic recovery, but that was not the case.
in Germany. Everyone would be well aware, from the history books, that Germany did not rearm until late in 1937, and economically it was flying at that stage.

I am saying that we have the biggest mineral province on earth and we cannot get the product out. The railway line is at full capacity. Further east, in the Georgetown area of mineral deposits, there is no way of getting the product out at all. They are coming down a single-lane highway that has hardly been touched in 40 years. And it is built up—personally, I drive off it into the table drain when there are oncoming vehicles. For the cattle industry, of course, it is essential as well.

A bridge across the Oxley River is all we need. We do not really need much more than that. We need a little concrete deck to take the boats—because we will have to supply by boat to Normanton during the season—and we need a road from Normanton to Karumba down the western side of the river instead of in the swamps, where it is at present. We need a bridge across the Norman River and we need Karumba to be a port. What is a port? A heap of rocks going out into the ocean in an L-shape. That is all we are asking for—that, and a bit of dredging. Then you would have a port in the gulf, and the most central demographic point for that port is Karumba. The brave souls up there will be cut off for two months by 15 kilometres, at the very least, of raging floodwaters. It takes three hours to get by boat from Karumba back to Normanton, through those crocodile-infested, raging floodwaters. In this day and age, to have no port in the Gulf of Carpentaria is disgraceful. That is the only thing I can say about it.

One other issue that came out in the recent floods was that there was a question mark put over the Burdekin River Bridge. Some 50,000 Australians live west of that bridge. It is a very famous bridge, built a long time ago—probably some 50 years ago. If that bridge goes out, there is no way of getting from Townsville out to Charters Towers, the mid-west towns, or Mount Isa, unless you go through Mackay in a 300- or 400-kilometre detour, or through Cairns—another 400- or 500-kilometre detour. So we desperately need an alternative route. There is an alternative route being put in north of Ingham and, with a bit of effort, we can go up the range there and that would give us an alternative way to get out into the western areas with our product during troubled times such as those we have recently gone through in North Queensland.

In summary, we have asked for the government to genuinely spend money on nation building. I have given before the specific example of Bjelke-Petersen building that railway line to nowhere. There were no mines operating when he built that railway line from Gladstone out to Blackwater, which was a little siding on the railway line then—nothing more than a siding. It became one of the great coalmines of the world, of course, once the railway line was built. That is nation building.

We have somehow got to get across to the government that putting batts in your ceiling is not nation building. That is not going to create any permanent jobs. When Barack Obama was asked whether he was going to give tax concessions, he said, ‘No, we want to provide jobs out into the future, not just consumer spending.’ So it is a lot more complicated than just giving money to people to spend. I do not criticise the government for doing that initially. I think that did need to be done initially, to quickly put money in people’s pockets, to stave off the onrushing depression psychology. But now there should be considered allocation of this money. And it should be there.
I see that Parliamentary Secretary Shorten is at the table here in the chamber. One of the great parts of Australian history has been based on and centred around his trade union. I think every single Australian should be proud of the achievements of the AWU. But those men need jobs. We need mines to be opened up. Those people need jobs, and we are not going to have those jobs unless government puts infrastructure there. And there has been nothing done by this government to provide a single solitary item of infrastructure that would provide one single permanent job in the state of Queensland; I cannot speak with authority on other areas. The previous speaker—and I have great respect for the member for Werriwa—stood up and said that spending money on schools is going to create jobs for us in the future! Well, hey—they are getting the schooling now; they are going to get the schooling later on; whether they do it under more amenable circumstances or not is not important in the context of what we are talking about here.

But I can assure the House, having spent Christmas reading 20 books on the Great Depression, that that is not what Japan did during the Depression. That is not what Germany did during the Depression. It most certainly was not what Britain did during the Depression. Money was poured into their giant factories, and Britain was the powerhouse of the world that produced all of the world’s electricity turbines, most of the world’s aeroplane engines and most of the world’s supperships. They were all built in England, and they were built with the huge amount of government money that was poured into building up these factories during the Great Depression. Not in this country. I must warn the people on this side of the chamber: read your history books, because the conservative side of politics did not do one single thing in Australia during that period. They advocated restraining money, and they listened to that imbecile Niemeyer from the Bank of England, of whom Winston Churchill said, ‘The worst mistake I ever made was to listen to the blandishments of Montagu Norman and Otto Niemeyer.’ I come from the conservative side of politics, but the conservatives have the undying shame of being remembered as the only government on earth that listened to some imbecile saying that you should restrain credit. John Kenneth Galbraith attributed the Great Depression to Niemeyer, and so did Winston Churchill—a conservative and a nonconservative, if you like. But there is no question where history books lie on this issue.

So we would plead with the government not to go frittering this money away. This is a great opportunity. The Americans did not really do all that much during the Depression. But the Tennessee Valley Authority projects were built, and what a fantastic asset for America they are. I have not got time to speak about them today, Mr Acting Speaker, but if ever a nation built mighty assets, they were the TVA projects, and they were built during the Depression. They cost nothing, because those men would have had to have been paid anyway.

The DEPUTY SPEAKER (Hon. Peter Slipper)—Order! I thank the honourable member for Kennedy for his entertaining contribution and, in doing so, remind him that the correct means of referring to the Deputy Speaker is as ‘Mr Deputy Speaker’. I do thank him for promoting me to Acting Speaker but, regrettably, that is not the case.

Mr NEUMANN (Blair) (5.36 pm)—I always find the contributions of the member for Kennedy interesting. I have tremendous support for him because he does represent a very core constituency in the Queensland population. His contributions are entertaining, but the points he makes are often very valid. I disagree with him in respect of the
stimulus package and the Nation Building and Jobs Plan, because what we are doing here with infrastructure is in the great tradition of Galbraith and Keynes. I have had many discussions with school principals and councils in my area, and my local community welcomes this contribution, this package, because it will make a difference locally in my community.

I remember a tutorial with Professor Ken Wiltshire when I was at the University of Queensland many years ago. We were sitting in the Michie Building, and he was discussing the Australian Federation. I cannot remember much about what he taught us, but in that lecture he said that what kept him awake at night was the additional cost to the Australian taxpayer as a result of the duplication of jurisdiction between state and federal governments and of the various government departments. Well, I think it is time for a new architecture, a new structure, of federation.

I am sure our founding fathers would have considered the federation and the allocation of responsibilities under section 51 of the Australian Constitution differently if they looked at Australia in 2009 as opposed to the 1890s. But we are left with a legacy of the Australian Constitution as it currently is. Our record as a country of changing that allocation, of changing that jurisdiction, is not good. Eight out of 44 referenda have been successful, with only one from our side of politics being successful. Even with a bipartisan approach to changing the jurisdiction of the federation and the responsibilities of the state and the federal governments, we have not been particularly successful. But money talks, and historically we have seen a change, with agreements between the states and the territories on one hand, and local government with them, and the federation. We have seen, for example, tremendous changes in areas like defamation law, in the slow movement and improvement in evidence law, in family law and in Corporations Law. But when it comes to the federation, money really counts.

We have seen the unedifying and undignified premiers conferences at various stages where premiers and territory leaders have come cap in hand to the federal government, not knowing what they were going to get. Sometimes those meetings resembled a love-in and sometimes they resembled a divorce. But what is really needed is security of financial support for the states and territories. We need a new architecture of cooperative federalism and funding arrangements, as the Treasurer in his second reading speech said on 12 February 2009.

The Federal Financial Relations Bill 2009 and the Federal Financial Relations (Consequential Amendments and Transitional Provisions) Bill 2009 see some tremendous changes in the way we are dealing with the states. In the last federal election if you listened to the coalition members campaign you would have thought, from the way they were going on, that they were running for state and territory seats. In my electorate my predecessor constantly criticised the state government over a variety of different things. He criticised them and the Ipswich City Council repeatedly over responsibilities that were clearly state and local responsibilities, without almost any reference to federal issues. He never even once mentioned Work Choices in his campaign.

This legislation has real impact when it comes to providing financial assistance to my local community of Blair in Queensland in terms of health, education, disability services and affordable housing. It will make a real impact, and that is why I am very pleased to speak in support of the bill. Specifically, there will be ongoing financial support through general revenue assistance, national specific purpose payments and na-
tional partnership payments to support the delivery of specified outputs or projects to facilitate reforms. So this will help Queensland, where I come from, and the 20 national partnerships agreed at the COAG meeting will also help my area.

Queensland is a fast-growing state. We grew by 98,000 people last year. New South Wales grew by just over 70,000. One in seven people in the country live in South-East Queensland and South-East Queensland will grow to about 4.2 million people in the next decade or so. So these types of reforms and this particular architecture and funding agreement will help enormously in my area. I want to speak specifically about some of the changes and some of the impacts this will have on my constituency of Blair in Queensland. Blair makes up about 70 per cent of the city of Ipswich, all of the Lockyer Valley and the old Fassifern Valley in the old Boonah Shire. So geographically it is a regional and rural seat. About 60 per cent of the population live in urban areas and about 40 per cent live on farms and in small farming communities.

This funding will make a big impact in my area, particularly in health. The Ipswich Advertiser in its 4 February 2009 edition accurately stated the comments of Sharon Oxenbridge, the CEO of the Ipswich and West Moreton Division of General Practice. The headline reads: ‘Doctor Shortage Worsens’. We only have one GP for every 1,609 people in Ipswich and the West Moreton area. That is a direct consequence of the failure of the Howard government with respect to health funding. The Institute of Health and Welfare, in their report before the last election, made it very clear that the previous Howard government had failed in terms of health funding, and that specifically had an impact on my area. I am pleased to say that the Rudd government, in its rollout of health reforms and with what it is doing locally in Ipswich, will provide $2.5 million for a GP super clinic. A number of people have tendered for that particular project. But we are also providing $100,000 per annum for the after-hours clinic near Ipswich Hospital, which takes the pressure off the Ipswich Hospital accident and emergency rooms, which are under so much pressure. In Ipswich we are seeing 5,000 to 8,000 people coming into the area every year. We need a new classroom every week in the Ipswich and West Moreton area. That shows the extent of the growth in population. So providing more health care through the provision of this type of financial assistance will help my area enormously. The extra training of doctors, which we are doing under our $1.1 billion COAG process, which came as a result of the agreements reached with the states and territories and is reflected in the funding arrangements under these bills, will make a big difference.

It is to the eternal shame of the Howard government that they capped the number of training places for doctors. We are seeing the consequences in my electorate of the failure of the Howard government with respect to health provision. Certainly we can see that directly in the local area. Just north of my area, in the electorate of Dickson, we have the Esk Hospital, where the current member for Dickson has not been able to secure adequate funding to alleviate the long list of people who need oral health care. We have a big waiting list up in that hospital in the seat of Dickson. Despite the fact that he is the shadow minister and was Assistant Treasurer, he has failed to attend to that particular problem in his electorate.

We have seen tremendous need locally in the Ipswich and West Moreton area, the Lockyer Valley and the old Boonah Shire for more federal government funding. They have been crying out for it for many years, and the Rudd government is taking every step to provide it. There is massive expansion in
undergraduate clinical training places in public hospitals and other health settings being undertaken by the Rudd Labor government—the single biggest investment in the health workforce made by an Australian government. This will have a big impact on my electorate and locally, and I commend the Minister for Health and Ageing for her commitment to my constituency through the provision of the GP superclinic and the after-hours funding.

On school funding specifically, I, like many people on this side of the House, have been visiting schools in my constituency and meeting with school principals. Last Wednesday I met with almost all the school principals in my electorate who are with the state school system at a meeting organised by the Queensland Teachers Union and held at Ipswich International Hotel. The feedback I got from that meeting was universal applause for the federal Labor government for its commitment to education. It is a fact that, to get public education back to where we were at the beginning of the Howard government, we would have to spend $1.6 billion. Professor Morrow has established that in the analysis undertaken for and on behalf of the Australian Education Union. So the school principals in my electorate in the state system have warmly applauded the Rudd Labor government’s initiative. I have attended a number of P&C meetings in the last week and have committed to act in my constituency as their personal ombudsman to ensure that local people will deliver local solutions and that we will deliver local employment in my area of Blair. So the school funding arrangements covered by this kind of bill, with the appropriations under this bill, will help my constituency enormously.

The Rudd Labor government’s initiative in education to change the funding arrangements for primary schools will make a big difference. It is incomprehensible that the Howard government did not do this. This comes directly out of the COAG meetings. An additional $635 million over the next four years will be given to primary schools, many of them in my constituency. I have 63 primary schools and 15 high schools in my constituency. I have eight state high schools, two grammar schools, one Lutheran school, one Anglican school and three Catholic schools. They will benefit also, because a number of those schools, like WestMAC in Ipswich, have a primary school component to them; WestMAC is a P-12 school. They will benefit enormously. The Ipswich Girls Grammar School and the Ipswich Grammar School will also benefit, because they have junior schools—primary schools—as well. So they are very happy. I have had meetings with Florence Kearney and Denis Frederiksen, the principals of the Ipswich Girls Grammar School and the Ipswich Grammar School—the boys school—respectively, in the last couple of weeks, and they are very happy with the funding. I had a meeting with Deidre Anderson, the Principal of St Mary’s College, a Catholic girls school, and Brendan Lawler, the Principal of St Edmund’s College, a Catholic boys school. These are all high schools in my constituency. So the private schools are also happy with the funding that we are putting into my area. To change the index to help the primary schools was a great initiative, and it comes as a direct result of the cooperative federal arrangements that the Rudd Labor government has undertaken in the new National Education Agreement achieved on 1 December 2008.

The other thing that will really help my constituency is the funding that comes as a result of the COAG agreement; again, the funding for this comes through these bills. That is the $807 million for legitimate on-costs for the computers in schools program. That will make a big difference to my area. We have seen in the last few weeks $1.3 mil-
lion allocated to begin the digital revolution in the seat of Blair. We have seen state schools and private schools, including St Peter Claver College, a great Catholic school in Riverview, which is a working class area in my constituency. We have previously allocated $2.4 million for their building program, and we are now giving them $220,000 for computers in schools in that area. That makes a big difference to the lives of kids in that working class community. It is not just in the eastern part of my electorate but at schools like Faith Lutheran College, a wonderful little Lutheran school, which received $39,000 worth of computers as well.

This sort of funding coming out of the COAG process and covered by this particular legislation will make a big difference in the lives of kids in my area, and not just that. When you think about it, it is also assistance given to kids to learn about trades, and that is so important in today’s difficult times, with a global recession and with so many of our trading partners in recession. It is things like the Ipswich Trade Training Centre, where St Eddie’s as well as the two grammar schools got together. These young men and young women will learn about the wet trades, carpentry and other sorts of things. It is things like the recent announcement of $1.5 million for the Lockyer District Trade Training Centre, where engineering, automotive and mechanical learning will be undertaken by kids in the Lockyer Valley. These things make a big difference in my area in terms of skilling the local community in this difficult time.

I want to thank the Deputy Prime Minister very much for the funding for computers in schools and for the trade training centres, all of which come through a cooperative relationship with our state and federal colleagues. I see the Parliamentary Secretary for Disabilities and Children’s Services is here. The Ipswich and West Moreton area has had a long history of institutionalised care for people with disability, going back to the old days of the Challinor Centre. I also see in the House Deputy Speaker Slipper. His family is a longstanding Ipswich family. He was practising as a lawyer in Ipswich when I commenced practising as a lawyer, so I knew him in those days. Ipswich, as he well knows, has a long history of caring for those with a disability. The old Challinor Centre was called a lunatic asylum many years ago.

In the Ipswich Art Gallery you can see some woodwork displays by one of the residents of Challinor, Peter Harley. It is a fantastic display of woodwork that was undertaken during his many decades of living in the Challinor Centre. I give credit to the former Deputy Premier and local member Sir Lou Edwards, who made a big impact and fought valiantly to deinstitutionalise the Challinor Centre, and to the subsequent occupant of the state seat of Ipswich, the former Queensland Treasurer David Hamill, who also helped people suffering from disability to live in the local community, to be accepted as part of the local community and to receive ongoing support.

The University of Queensland’s Ipswich campus’s research centre is studying the impact of disability on the local area. The Ipswich research centre is looking at the ongoing care of the people of Ipswich and studying how the health needs of this fast-growing area will impact upon the decision making in the state and federal arena in terms of health provision. The $5.3 billion that we have announced to provide better support for people with disability will make a big impact on so many people who live in my constituency. It will also help community groups like FOCAL and CODI in Ipswich. FOCAL is the Friends of Challinor Assistance League, and CODI is a great group that provides transport assistance for people with disability. The Lockyer Valley Disability Support Group, which is based in Laidley, is also an organi-
sation that cares for people with disability in the Lockyer Valley. The Boonah Hydrotherapy Support Group came about as a result of my overtures to get funding for a Boonah hydrotherapy complex.

These groups need financial support, and the Rudd Labor government is delivering this. I want to pay tribute to Jenny Macklin, the Minister for Family, Housing, Community Services and Indigenous Affairs, and the Parliamentary Secretary for Disabilities and Children’s Services, Bill Shorten, the member for Maribyrnong. He is here today. These kinds of funding announcements will impact locally in my area. These wonderful community groups which care for people with a disability need financial support. For many years, they got very little under the Howard government—to its eternal shame.

COAG has an ambitious reform agenda within the area of disability. These types of bills that we are passing today will provide the financial assistance for groups like CODI, FOCAL, the Lockyer Valley Disability Support Group and the Boonah Hydrotherapy Disability Support Group. These groups need our financial support for the work they do. They are the unsung heroes in our community. This bill and its accompanying bill will help those groups, and I commend the bill to the House. It is one of those bills that I really appreciate. It is a wonderful piece of legislation that will help my area locally not just the nation nationally.

Mr ZAPPIA (Makin) (5.56 pm)—I, too, rise to speak in support of the Federal Financial Relations Bill 2009 and the Federal Financial Relations (Consequential Amendments and Transitional Provisions) Bill 2009. When the Australian Constitution was drawn up in 1901 there was an attempt made to define within the Constitution the powers and responsibilities of the state and Commonwealth governments. Not surprisingly, however, since 1901 disputes have arisen both between individual states and between the states and the Commonwealth over a range of matters that we attempted to clarify in that original constitutional document.

These disputes arise partly because, as with all legal acts, there will always be a difference in their interpretation but more so because of changing circumstances over the years: so much so that there has been significant increase in the powers and the revenue raising capacity of the federal government since 1901, so much so that today the federal government raises about 83 per cent of all Australian taxes, the states raise about 14 per cent and local government raises about three per cent. The figures may vary slightly from one year to the next, but that is a rough breakdown. If you go back over the years, you will find that those figures have changed quite significantly in terms of the relativity between the federal government and particularly the states, where it was much more even in earlier years.

There is little doubt that with additional revenue comes additional power. However, there is also a more legitimate reason why the federal government has seen a transfer of responsibility to it. That is because today people and businesses move and operate freely across state borders and operate far more in what they see as a national environment and a national economy. The implementation of uniform national laws and national services to a national standard has become essential for a productive economy in a modern world. That means a greater role for the national government. Regrettably, over the years we have also witnessed the development of a blame game between the state governments and territories and the federal government, with each blaming the other for the failure to provide the Australian people with the services that the people expect and for which they pay taxes.
Under the previous coalition government, this practice became more than just an opportunistic political tactic. It was deliberately used as a political tool. The states were deliberately starved of federal government funding. Basic services would deteriorate and then, at federal election time, the federal coalition would come in with election promises to fix the problems which it had created but which the federal coalition government blamed the states for. This was no more evident than in the plan to take over the Mersey Hospital in Tasmania in the lead-up to the 2007 election. It was a cynical political stunt and voters around Australia saw it for what it was. I can recall campaigning for that election—and I am from South Australia, representing the electorate of Makin—and I would speak to people regularly about both the health issues and the federal government’s intervention in terms of the Mersey Hospital. I can say with a fair degree of certainty that the people in my electorate saw it as a cynical election ploy and nothing else. None of them were convinced that it was a realistic attempt by the federal government to do something about health, but they were convinced that it was an attempt by the federal government to try and win support and votes in the critical state of Tasmania.

The Australian people are not interested in the blame game. They are interested in seeing governments providing the services that they were elected to provide. The most effective way to do that is through the cooperation of all three levels of government. Each does have a role to play in the delivery of those services, and the best outcomes will be achieved through a constructive, cooperative relationship being established between all three levels. This legislation begins the process of building a cooperative federal, state and local government relationship. In November 2008 the Council of Australian Governments met and a new era in federal financial relations was inaugurated, with major reforms to specific purpose payments arrangements in particular. In reaffirming the commitment to a cooperative working arrangement between federal and state and territory governments, a historic new intergovernmental agreement was established that provides an overarching framework for the Commonwealth’s financial relations with the states and territories. The intergovernmental agreement represents the most significant reform of Australia’s federal financial relations in decades.

In summary, the agreement aims to improve government services by increasing the flexibility the states and territories have in the way they deliver these services. Each level of government’s roles and responsibilities is more clearly specified in the agreement, with a greater focus on accountability for better outcomes and service delivery. The number of specific purpose payments to the states will be reduced from over 90 to five. That is clearly a huge step forward. Rather than the federal government trying to tell state governments and local communities, to the last detail, how they should best spend the dollars allocated to them, it makes far more sense to allow them to make those judgments. This is because they are in the best position to make those judgments. They are best placed because they know their local communities and they know their state communities. An additional $7.1 billion in specific purpose payments funding to the states over five years was also included in these reforms. And I highlight that because not only were the states starved of funding over the period of the previous coalition government but, as a result of that, their real payments and the real money that they were receiving from the federal government in fact reduced in real terms. When it came to office, the Rudd government recognised that. So it did not just reinstate what they ought to
have been allocated; it increased the funding by $7.1 billion over five years. And from my discussions with my state colleagues and people in my state, I know that those increases were very well received and appreciated.

The total funding that was agreed to in November between the federal government, the states and the territories is made up of $60.5 billion for a national health care special purpose payments program, $18 billion in a national schools special purpose payments program, $6.7 billion in a national skills and workforce development payment, $5.3 billion for a national disability services special purpose payment and $6.2 billion in a national affordable housing special purpose payments initiative. That is the breakdown of those funds, and I want to talk briefly about a couple of them. When it comes to national health care, I am fully aware of the strain that the previous agreement was placing on the hospital system in South Australia. I hear similar reports about the strain on other state governments that was being created through underpayment under the previous government’s health care agreement with the states, but I am certainly very much aware of what was happening in my own state of South Australia. In fact, in the electorate of Makin, which I represent, we have the Modbury Hospital—one of the regional hospitals in metropolitan Adelaide. I visited the hospital on many occasions. There is no doubt at all that, as a result of the strain the states were placed under because of cuts to the payments, the hospital was struggling to be able to provide the services that were expected of it. So much so that when it came to outpatients, on one visit to the hospital I was advised that something like 60 per cent of all of the outpatients that were treated at the hospital could have received, and should have received, their treatment at a local GP or elsewhere. But they had to go to the hospital because that was the only place they could get the service, as a result of every other aspect of the health system having been stretched to its limits.

As a result of that, the Rudd government has committed to building a GP superclinic in the electorate of Makin. It is another welcome initiative, an initiative that will take some real strain off the Modbury Hospital and allow it to get on with the job of treating people that require hospital care. Likewise, in respect of the payments to the schools, one has only to travel around my electorate—and in previous years during my term in local government I was able to travel around the state to look at schools in regard to another commitment that I used to have at the time—to note that most of the schools that you come across in the public sector are schools that were built in the sixties, seventies or much earlier. They are schools that are already 40 or 50 or 60 years old. They are schools that are not up to standard—if we are trying to provide our children with the education needs that they require in today’s global economy. Again, it has all happened because the state governments have been starved of education funding. It is high time that that funding is restored, and, under this agreement, it is restored.

I, too, was pleased to see that $5.3 billion in this package goes towards national disability services. I spoke in this House in the adjournment debate only a week or so ago in respect of the needs of people with disabilities. The parliamentary secretary, the member for Maribyrnong, who is here in the chamber today, visited my electorate of Makin. We went to four of the schools in the area, visited a church, met with some community groups and held a public forum where some 150 people, perhaps even more, attended. There is no question at all that disability services in this country have fallen behind far more than they ever should have.
In comparison to other countries, Australia is relatively wealthy and, considering that prosperity, it is shameful to see and hear of the needs that we did see and hear of during those visits with the parliamentary secretary. Since that day I have also received a number of emails thanking both the parliamentary secretary and me for hosting the different events and visiting the schools and church services and so on. At least now they feel that someone is listening to their needs, and they very much appreciate that.

The national partnership payments are a new type of payment previously agreed to by the Council of Australian Governments. These payments are to fund specific projects of significant national reform. I just want to go through some of the areas where some of these payments will make a difference, because these are all areas where, again, in years gone by, I have seen neglect by the previous federal government: the hospitals and health workforce reform; preventive health measures; taking pressure off our public hospitals, which I spoke about earlier; quality teaching in our schools; schools whose students come from what we refer to as low socioeconomic communities; literary and numeracy programs; improving productivity places in this country; waiving fees for childcare places; and a range of services for the Indigenous people of this country and the provision of remote services to them. These are all areas that, under the new Council of Australian Governments agreement, which was agreed to last November, will now get some level of recognition and have funds allocated towards beginning to address the serious issues that many of them face.

Within all of those areas, I want to particularly talk about homelessness. Funds have also been set aside specifically for this purpose, which is in addition to whatever funding will become available as a result of the government’s recent $42 billion economic stimulus package. Homelessness is an issue that, as we know, affects people across this country. When I was first elected to this place I took the trouble to visit a number of agencies that deal with the homeless people in and around Adelaide. Without exception they are also stretched to their limit in trying to provide services to those people who are homeless. Without exception they all strongly advocated for more funds to be placed into housing the homeless. This government is responding to their pleas with these measures. I applaud the relevant ministers for doing so.

The new national special purpose payments will be distributed between the states on an equal per capita basis, and that is important. The schools’ special purpose payments will be distributed according to full-time student enrolments in government schools. Strong, fair transparency measures in each sector are a non-negotiable part of these agreements. In other words, the money must be spent where it is intended to be spent. The federal government will invest $64.4 billion in health and hospital funding, and that represents an increase of $4.8 billion over the previous agreement; in other words, an increase of 7.3 per cent—money that is much needed in the health sector and money that, I am sure, will be very welcome by people around Australia. With respect to that, it is disappointing to see that funds that have been committed by this government to the reinstatement of the Commonwealth dental scheme and the teenage dental scheme have been held up in the Senate. One of the issues I am constantly faced with when I speak to older people, particularly, in my electorate is the need for government assistance when it comes to dental treatment. This government is prepared to provide that assistance and the money has been allocated, but it has been held up and therefore is not presently available to those people who urgently need it.
The word ‘urgent’ is not an overstatement at all.

I was also particularly pleased to see that the total package under this agreement that goes towards education is $42.4 billion. It certainly reinforces the Rudd government’s strategy of an education revolution. If you want to have an education revolution then clearly you have to start by allocating the appropriate level of funds. Again, this is an increase of something like $8.3 billion over the previous funding period between 2005 and 2008. It represents a 24 per cent increase. I heard the member for Blair speaking about the schools in his community. I, too, frequently visit the schools in my community and I have heard nothing but very strong praise for the government’s commitment towards a wide range of education funding initiatives that have been announced since the election of the Rudd Labor government. Amongst and contained within that $42 billion is $550 million towards improving teacher quality and establishing national partnerships, $540 million for literacy and numeracy programs, $1.1 billion towards a national partnership as a response to those low socioeconomic communities throughout Australia, $807 million for computers in schools and the ongoing costs that go with them and $970 million for early childhood reforms.

I am pleased to say that, certainly in my electorate, all of the schools that could have done so have applied for funding under the computers in schools program. If my memory serves me correctly, to date they have all been provided with funding towards the provision of additional computers. I often hear opposition members in this place ridicule the whole scheme, yet the very people who are trying to educate our kids and who know exactly what they need are applying for those computers and are very appreciative when they get them.

I mentioned earlier the Affordable Housing Agreement. In respect of housing, this government has now allocated $10 billion towards this program. I will just reflect again on the 2007 election campaign. Housing affordability, certainly in my electorate, was one of the dominant issues. It was one of the issues that decided the outcome of the election. Again, this government, on being elected, honoured its pledges and has committed the money towards ensuring that it does make housing in this country more affordable.

These payments, as I said earlier, are all in addition to other measures already taken by the government in respect of the economic security stimulus packages that have been announced. These bills are about nation building. You do not build a nation through buck-passing, political squabbling and state and federal governments acting independently of each other; you do it by them working together, and that is exactly what these bills do.

Mr BRADBURY (Lindsay) (6.16 pm)—I rise in support of the Federal Financial Relations Bill 2009 and the Federal Financial Relations (Consequential Amendments and Transitional Provisions) Bill 2009, which are before the House. I think these bills over time will be seen as having made a very significant contribution to the evolution of Commonwealth-state relations in this country. I recall well, as a young student studying constitutional law, immersing myself in the details of the Constitution and its impact upon the various relationships that exist between governments at all levels but in particular between state and federal governments.

As I read through the bill and the material accompanying the bill, whether it be the explanatory memorandum or the communique that was entered into at the COAG meeting, I
see references to expressions such as ‘vertical fiscal imbalance’ and ‘horizontal fiscal imbalance’. I think these days they would be known as VFI or HFI rather than in the long-hand form. But these things are not just the subjects of esoteric debate for constitutional lawyers. The reason we are debating these bills today is that what lies at the heart of these bills and the process that is being established, whose implementation these bills begin, is a process of identifying how we can better deliver services to people in our communities. It might seem like a lofty debate to have about the Constitution, which was largely entered into over a hundred years ago and has only been amended on a handful of occasions—it still recognises the political realities of the late 1800s and early 1900s without any real reference to the massive technological, political and geopolitical changes that have occurred since—but it is not such a lofty debate when we consider what it means to people back in our communities.

When a family come to see me and raise with me the fact that they were stuck waiting in an emergency department for several hours, and then when I probe and ask questions about their situation and find out that they were there because they could not access a GP, I see one of those practical tensions that exist in the overlap of responsibilities between state and federal government. Who is looking after and responsible for the emergency department? Is that in fact the same level of government that is looking after ensuring that there is adequate provision of GPs in a local community? These are the ways in which intergovernmental relations impact on the lives of people within our communities.

It is with a very clear determination to overcome the overlap, to overcome the duplication and to achieve greater efficiency in service delivery that we are pressing ahead with this COAG reform agenda. I think it is a very ambitious agenda that the government is supporting. It is not the first time we have had a new form of federalism. If I go back to my days as a student, I know that just about every government that came to power had a new federalism. But the reality has remained that it has been difficult—and, I think, increasingly difficult—for governments at both levels to ensure that there is sufficient accountability, sufficient transparency, in the way they raise funds and expend them. I think the proposals that are currently contained within these bills will go a very long way towards giving us as a nation our very best shot at trying to ensure that there will be some accountability, that there will be an end to some of the buck-passing, to some of the blame game, that we have seen on such a consistent basis over many years.

Of course, many people would say that if we were beginning with a blank sheet of paper today we would not draw up a constitution that resembles the one that was passed by the British parliament and subsequently adopted by the Australian people in 1901. The reference to the states and the lack of reference to local government are two things that stand out very clearly. The powers that were enumerated for the Commonwealth at that time were of a scale that reflected the contemporary debates and the contemporary understandings of the issues that people were facing back in those days. Fortunately, all of the other powers—the residue of powers, in effect—were retained and reserved by the states.

As our economy has become increasingly integrated into the global economy that has presented great challenges for us in the regulation of our economy within the Australian economic setting. We have over the years seen various and indeed numerous courts or benches of the High Court take a fairly liberal interpretation of the Commonwealth’s
powers. Since the Second World War we have seen a massive shift in the fiscal power of the Commonwealth vis-a-vis the states. To some extent that has been redressed with the changes that were implemented with the new tax system and the revenue-sharing arrangements that existed there. But the simple obstacle, the barrier that has created most of these problems, remains—that is, the Constitution entrenches with the states many of the powers which would otherwise be very handy to the Commonwealth government in going about delivering outcomes for people and communities across a wide range of policy areas.

What we see with the proposals that are contained within these bills is a new direction that seeks to continue the general revenue assistance that has always been part of the mix. We have also seen a continuation of specific purpose payments, but we have seen a rationalisation and a consolidation of those payments so that, rather than having the more than 90 national specific purpose payments that we previously had, we are moving towards five national specific purpose payments. In addition to the specific purpose payments we see the new notion of a national partnership payment. I think sometimes the terminology can give you an insight into the philosophy that the legislators are seeking to bring to a particular initiative. It is in that sense that I acknowledge the importance of this notion of partnership.

It was a very curious and perhaps unique political alignment of the stars that there was such symmetry between the political parties in power at a state, territory and federal level when the Rudd government came to power. Of course there have been some changes to that. No doubt in the course of this term of the parliament there may be some more. But that does not detract from the fact that, in coming to power, the Rudd government has evinced a commitment to work with the states and territories. If constitutional reform is not a real and practical possibility, and we have seen the difficulties of that in the past, then the best means through which the national parliament can work to achieve the best possible outcome using the powers that are given to the parliament in the Constitution is to work cooperatively and collaboratively with the states and territories—and that is what is at the very heart of these bills. At the very heart of these bills is a philosophy of partnership, and that is why the national partnership payments are thus called.

In moving towards a system that has national partnership payments as well as a more streamlined list of national specific purpose payments, we see that there is a real move towards imposing a greater degree of accountability. There is not only greater flexibility—in the sense that there is not the same degree of conditionality that was once imposed in relation to the national specific purpose payments, and therefore a greater degree of flexibility—but also a greater degree of accountability in terms of the operations of the COAG reform council. I note in particular the mechanics of the way in which the COAG reform council will operate in respect of the national partnership payments. I note, and very much support, the thrust of the proposals that provide for a system where national partnership payments build in incentives and opportunities for reward—opportunities through the accountability mechanism of the COAG reform council, in a similar vein to the competition council in relation to the payment of national competition payments. I am very supportive of the initiative to involve the COAG reform council in overseeing, supervising and making determinations in respect of the actions of the states and territories to determine whether or not incentive payments or reward payments should be made. I think that is an important consideration.
What we have seen with the agreement that has led to these bills which are now before the House is what I think is an unparalleled degree of consensus between the leadership of the respective tiers of government. I think when you add to that the Rudd government’s commitment to incorporating and enmeshing local government within the overall intergovernmental relationships in this country then we see an even greater value that will be realised by the partnerships that can be delivered by working with governments at all levels and, of course, of all political persuasions. We are under no illusion in believing that this will not be without its challenges, but just because something presents challenges does not mean that we should not take on that challenge.

I am very pleased to see that in delivering reform the government has provided additional resources for the states and territories. As I move around my community, I see that there are real challenges in service delivery—for example, there are challenges that face our hospitals and there are challenges that face the disability services sector. Indeed, I too acknowledge the presence of the Parliamentary Secretary for Disabilities and Children’s Services, the member for Maribyrnong, in the chamber. Evidently he has been very busy because he has also visited my electorate and not all that long ago held a forum with local disability service stakeholders. He was able to present, I think in a very cogent way, the benefits that this government hopes will flow to community organisations right across this country from embarking upon a cooperative and collaborative approach with the states. In the end they still have responsibility for delivering services in most respects. Therefore, all of the goodwill and good intentions in this place will not necessarily deliver those outcomes unless we are able to set in train a set of arrangements between governments at the two levels that will ensure there will be some cooperation in delivering on the objectives that the Commonwealth government has set.

I note in relation to education funding that a significant increase in investment in education will be secured as part of this package of bills. The Rudd government said prior to its election that we would endeavour to deliver an education revolution. I think that now, 18 months down the track, we can look back and see some of the things that are going on in our schools, in our preschools, in our technical colleges and vocational education institutions, and in our universities. We can see that that revolution has commenced. I am seeing computers being delivered in record numbers to local schools. I am seeing trade training centres in my local schools. I am seeing a revolution well and truly underway.

So when those on the other side mock the notion of an education revolution I invite them to come on a tour with me through my electorate. Come to Caroline Chisholm College in Glenmore Park and have a look at the computers that are being delivered for the young women who are securing an education at that school. Come to Cambridge Park High School and I will show you the plans for the trades training centre that will be delivered across seven campuses of local high schools and that will deliver improved educational and training opportunities for people wanting to get a trade in metals and engineering. Come into our local schools and see the aspirations and the plans that our primary schools have for building that hall that they have been waiting to have for longer than I have been alive. They have been waiting for improvements to be delivered. Fixing a toilet block seems to be a very common request coming from many local schools. These are the sorts of things that will be delivered. So take a tour through our schools and you will see that the revolution is well and truly un-
underway. What is occurring is revolutionary in its scope and its scale.

Health is one of those issues that are consistently raised with me by constituents. We have the Nepean Hospital located within the electorate of Lindsay. It is a significant hospital, delivering services to a very large catchment. Our health services are under pressure, they are under strain, and that is why the Rudd government took some early steps to provide additional investment—even outside of this funding arrangement—in our public hospitals. But, as a result of this package of bills, we see even more investment going into our health services. I note some of the specific initiatives that I read about with great interest that relate to some of the national partnership payments—whether in relation to preventative health or taking pressure off public hospitals—which will fund a significant number of additional presentations to emergency departments. These are the services that, if we can deliver them, will provide the very thing that constituents in our communities are crying out for.

I come back to the point that, whilst the origins of a debate that leads to the tensions that have existed over time between state and federal governments will be debated in legal lecture rooms by constitutional lawyers all around this country, the reality is that the work that we are currently engaged in in passing these bills will have a very significant practical impact on communities such as my local community. It is in that vein that I support these initiatives. I restate the fact that I think that this is a very ambitious set of proposals, but we owe it to the people in our communities to be ambitious, to try to shrug off the history of buck passing and finger pointing and to do our best to work with our colleagues at state and local levels to deliver better services in our communities. That is our hope. We are putting some serious money on the table and we look forward to the passage of this legislation and indeed to working very closely with our state and local government colleagues into the future to deliver better services to our local community.

Mr KELVIN THOMSON (Wills) (6.35 pm)—In November last year the Council of Australian Governments agreed to a new framework for federal financial relations which provides a really first-class foundation for collaboration on policy development, service delivery and facilitating the implementation of economic and social reforms in areas of national importance. The Federal Financial Relations Bill 2009 is the legislative expression of this new framework, this brave new world. I am delighted to have the opportunity to speak to it and the related legislation. It appropriates funds to provide financial assistance to the states. Furthermore, it implements this government’s reforms to modernise federal financial relations in accordance with a new financial framework agreed by COAG in the Intergovernmental Agreement on Federal Financial Relations.

In agreeing to the new framework for federal financial relations the Commonwealth committed to the provision of ongoing financial support for the state’s service delivery efforts through general revenue assistance, including the ongoing provision of GST payments to be used by the states for any purpose; to national specific purpose payments to be spent in the key service delivery sectors; and to national partnership payments to support the delivery of specified outputs or projects to facilitate reforms or to reward those jurisdictions that deliver on nationally significant reforms.

The government has acted decisively to end the blame game with the states. This legislation enshrines in law new architecture for Commonwealth-state financial relations. The national specific purpose payments will support state service delivery in the areas of
schools, early childhood, health, disabilities, vocational education and housing. In the area of schools, specific purpose payments will include funding of $18 billion that includes an additional $3.5 billion over five years. This is significant additional funding, and the member for Lindsay was quite right to refer to this government’s additional investments in education.

COAG’s previous agreement to a new form of payment known as the national partnership payment will fund specific projects, such as ‘smarter schools’, in the areas of quality teaching, low socioeconomic status school communities, literacy and numeracy. This new federal financial arrangement will underpin COAG’s efforts to address the underinvestment in education of recent years which has significantly constrained Australia’s productivity growth.

In the COAG communique of November regarding the productivity agenda, it was acknowledged that high-quality schooling is essential and central to Australia’s future prosperity and social cohesion. Back in 2003 the Chairman of the Productivity Commission, recognising the productivity miracle produced by the economic reforms of the Hawke and Keating governments, indicated that the best opportunities for improving productivity were by raising the performance and accessibility of our education and training systems, particularly given their importance in deepening Australia’s human capital, on which innovation and economic growth will increasingly depend. The Productivity Commission chairman indicated that it is not just about the level of investment in education but also about how efficiently it is used. The reforms agreed to by COAG, and outlined in the communique, recognised that ‘the way education and training is delivered is critical to driving our future productivity and increasing social inclusion’.

The new agreements for education and skills and workforce development set out reform directions, specific deliverables, roles and responsibilities. Under these agreements, the Commonwealth and the states will work in partnership to lift the quality of education and training and target resources to where they are most needed. This funding ensures that the states can allocate resources more flexibly while providing a set of definitive and measurable targets to provide the basis for accountability by governments to the community. The national agreements will contribute to outcomes such as:

- all children are engaged in, and benefiting from, schooling;
- young people are meeting basic literacy and numeracy standards, and overall levels of literacy and numeracy achievement are improving;
- Australian students excel by international standards;
- schooling promotes social inclusion and reduces the education disadvantage of children, especially Indigenous children; and
- young people make a successful transition from school to work and further study.

COAG agreed that the National Education Agreement is critical to achieving the target set by them early in 2008 to lift the year 12 or equivalent attainment rate to 90 per cent by 2020, or to at least halve the gap for Indigenous students in reading, writing and numeracy, or to at least halve the gap for Indigenous students in year 12 or equivalent attainment by 2020.

The communique further outlined that the Commonwealth and states agreed to pursue further policy and reform directions through the National Education Agreement, focusing on improving school leader and teacher quality, including support for school principals, setting high standards and expectations for all students, boosting parental engagement in schooling, implementing integrated strate-
gies for low socioeconomic status school communities, implementing modern teaching and learning environments, ensuring better directed resources, providing support to students with additional needs and reviewing funding and regulation across government and non-government school sectors.

Addressing educational disadvantage arising from low socioeconomic status through the COAG process is an important reform not only to raise GDP but to rectify what is an unacceptable imbalance. According to OECD research, students in the lowest socioeconomic quartile lag behind those in the highest socioeconomic quartile by 2½ years.

New funding is intended to drive fundamental changes in these schools, including reforms to attract high-performing teachers and principals while also creating incentives for talented young teachers to work in these schools. The reforms will also have the flexibility to assist students through after-school study support, new sporting programs, strong networks with the local community and links with local businesses.

Present disadvantage in public schools is of great concern to me, and I think it should be of concern to everyone. Dr Bob Birrell of Monash University in a report he co-authored titled Unequal access to university places indicated that:

… in 2003 the proportion of Victorian Tertiary Admissions Centre (VTAC) applicants from Independent schools who received an offer for a university place in 2004 was 77 per cent compared with 55 per cent for Catholic school students and 46 per cent for Government school students.

The report continued:

The Government school sector is no longer serving as a ladder of educational opportunity for aspiring students from low socioeconomic areas. This includes schools that once provided opportunity for young people from South-east Asian and other non-English speaking backgrounds.

Within the metropolitan Government school sector for Victoria, there is a growing divergence in outcomes between the schools located in inner, eastern and southern locations, where academic performance is relatively good, and other metropolitan high schools, where academic performance, by comparison, is relatively poor.

I think that is a real problem. Even worse, the report says:

The academic performance of the lower performing Government schools deteriorated by comparison with the high academically performing Government schools and private sector schools over the decade from 1993 to 2003.

In terms of access to university, the government school sector is slipping behind its vigorous independent school competitors. At the same time, the advantages held by the independent sector in terms of government funding, resources and academic reputation are growing.

The increased popularity of the independent school sector has coincided with a rise in government funding at the federal level. It also comes at a time when competition for university entrance has intensified. Parents wanting to ensure their children gain entry to university have been withdrawing from the government sector in favour of the private sector.

The report goes on to say:

Government schools are the key to providing universal educational opportunity in Australia. Many families cannot afford a private sector education. If these people do not have the opportunity to access academically high performing government schools, the career options of their children are likely to be severely constrained.

and that is absolutely correct.

I mentioned earlier that the COAG agreement obliged the Commonwealth and the states to implement integrated strategies for low socioeconomic status school communities. This is of particular importance to my electorate. Over the last 20 years a real problem has developed in my electorate concerning secondary education opportunities. Last year the Christian Brothers announced that it
would close the St Joseph’s secondary school campus in Pascoe Vale and North Melbourne by 2010. This was a bitter blow to parents of Catholic boys and it underscored a growing problem for Coburg and Pascoe Vale parents. They have a government school for girls—Pascoe Vale Girls High School—and a Catholic school for girls—Mercy College—which are both well regarded by parents. But there is no year 7 to year 12 government school for boys in Coburg or Pascoe Vale and there is no Catholic school for boys either.

An educational black hole has opened up and this is against a background of increasing numbers of children in Wills. The latest parliamentary library population change in Commonwealth electoral divisions report data indicates that Wills is experiencing a growth in the zero to four years age group, which jumped by 337 in one year, and in the five to 14 years age group, which increased by 113. A representative of the High School for Coburg group, Denis Matson, informs me that between 2001 and 2006 there was a 40 per cent increase in preschool enrolments in Coburg. Moreland had an increase of 232 babies in one year alone and has maintained birth figures at around 2,140 children since. There were 98 new preparatory students in 2009 compared with 2008—an increase of four per cent in just over one year. There were 2,575 preparatory students enrolled in local primary schools this year. This means we will have 2,575 grade 6 students looking for a high school in six years time.

Against this background, and the background of the impending closure of St Joseph’s, I was contacted by many residents expressing concern over secondary school options in Moreland. I therefore arranged a public forum to give local residents an opportunity to raise their concerns and to discuss options on how secondary education resources and infrastructure in my electorate can be improved. That forum was held on 18 February. It was extremely well attended by nearly 200 local residents, the member for Pascoe Vale, Christine Campbell, the Mayor of Moreland, Councillor Lambros Tapinos, other councillors, local school principals, Justin Mullaly—an Australian Education Union representative—and representatives from the High School for Coburg group.

Residents at the forum expressed a great deal of concern over secondary education options currently afforded to the local community. The forum produced a number of proposals which need to be the subject of further research and consideration. Some of those recommendations included: establishing a new secondary school for years 7 to 12 within the electorate; expanding the Moreland Senior College on Bell Street to cater for year 7 to year 12 students; the Victorian government to acquire the St Joseph’s college site in Pascoe Vale and establish a local secondary school on that site; investing significantly in existing local secondary schools, including Box Forest Secondary College, Fawkner Secondary College and Brunswick Secondary College to cater for increasing population demand and to lift standards and opportunities locally; and, finally, reviewing boundaries of local secondary schools based on school closures which have occurred since the last revision. I am establishing a working group to pursue these issues further. I also invite parents who share my concern about the need to improve secondary education in Wills to contribute any ideas or thoughts they have for lifting secondary education to me. My electorate officer, Anthony Cianflone, is the appropriate contact in this regard.

I do not think there is anything more important for our nation’s future than giving our young people a proper education. I would like to be able to say that everything that can be done is being done to provide
quality secondary education in Wills: I cannot—more effort is needed. I have undertaken to do everything that I can to see that this changes. Children in Wills deserve nothing less. Furthermore, there is abundant evidence that more educated economies are wealthier economies. A nation that invests in education has a better economic growth rate. OECD research shows that if the average level of education of the working-age population were increased by one year, the economy would be three to six per cent larger and the growth rate of the economy would be up to one per cent higher. Access Economics has calculated that if the Australian workforce had just 0.15 years extra education and training we could increase productivity in the Australian economy by over 0.6 per cent.

A person with better education and training has longer workforce participation and greater adaptability within the workplace. Investment in education is not just about achieving economic goals. It is also about achieving better social inclusion outcomes and enhancing social capital. A strong commitment to education can contribute to higher levels of civic participation, improved social cohesion and improved integration. It contributes to a more equitable, more just, society. It assists with the development of important life skills and I am delighted that the Labor government is delivering on a strong commitment to invest in education. This government is providing national leadership. It is working cooperatively with the states and territories in developing school funding policies that address need and will deliver a better education system. I commend the bills to the House.

Dr EMERSON (Rankin—Minister for Small Business, Independent Contractors and the Service Economy and Minister Assisting the Finance Minister on Deregulation) (6.52 pm)—I thank members for their contributions to the debate on these important bills to reform financial relations with the states and territories. I particularly thank the member for Wills for pointing out the importance of ensuring that every young person gets a good education and the relevance of these bills and the contribution that they will make to alleviating disadvantage through a better education for the underprivileged in this country.

The Federal Financial Relations Bill 2009 appropriates funds to provide financial assistance to the states and territories and implements the government’s reforms to modernise federal financial relations in accordance with the new financial framework agreed by the Council of Australian Governments in the Intergovernmental Agreement on Federal Financial Relations. The Federal Financial Relations (Consequential Amendments and Transitional Provisions) Bill 2009 provides for the relevant consequential amendments arising from the measures in the Federal Financial Relations Bill 2009, including the repeal or amendment of inconsistent legislation.

As the Treasurer said in his second reading speech, COAG has agreed to a new architecture of cooperative funding arrangements that will replace the inefficient, complex and, frankly, dysfunctional system of grants that has plagued areas of joint Commonwealth and state involvement in the delivery of services for decades. With these bills, the ineffective methods of the past will be behind us. We will be heading in a new direction and into a new era of modern federalism. Following COAG’s agreement to the new federal financial framework in November last year, the government was pleased to note the comments of the Business Council of Australia. The Business Council has consistently argued for reform of federal financial relations and for governments to focus on outcomes in health and education. The council congratulated COAG:
for reshaping federal-state finances in ways that can improve the accountability and efficiency of government services and make it easier for businesses to invest and grow.

In agreeing the new framework for federal financial relations, the Commonwealth committed to the provision of ongoing financial support for the states’ service delivery efforts through general revenue assistance, including the ongoing provision of GST payments to be used by the states for any purpose; national specific purpose payments, national SPPs, to be spent in the key service delivery sectors; and national partnership payments to support the delivery of specified outputs or projects, to facilitate reforms or to reward those jurisdictions that deliver on nationally significant reforms.

The Federal Financial Relations Bill provides an appropriation for the Commonwealth to make GST payments to the states equivalent to the revenue received from the GST in respect of financial years starting from 1 July 2009 and for these payments to be distributed in accordance with the principle of horizontal fiscal equalisation. These provisions are equivalent to the current GST payment provisions. Each state will continue to receive its adjusted population share of the GST revenue. The government has a range of revenue-sharing arrangements and other general purpose payments in place with the states other than the GST arrangements. Payments under these arrangements will be provided for in the Federal Financial Relations Bill in order to bring all payments to the states under one piece of legislation. Monthly payments of general revenue assistance will be determined by the Treasurer and paid through the COAG Reform Fund. These payment arrangements will be set out in an intergovernmental agreement.

The Federal Financial Relations Bill provides appropriations for the Commonwealth to make an ongoing financial contribution from 1 July 2009 to support state and territory service delivery in the form of five national SPPs covering the key human service sectors of health care, schools, skills and workforce development, disability services, and affordable housing. The Federal Financial Relations Bill also provides a facility for the Treasurer to determine the appropriate amount of national SPPs for this financial year. This transitional arrangement for 2008-09 is necessary to allow the government to reconcile the total amount to be paid for the year with the amount already paid under existing arrangements in order to determine the correct payment for the remainder of the year.

In the past, onerous Commonwealth conditions on funding arrangements have tended to stifle innovation and flexibility, resulting in duplication, overlap, cost shifting and unnecessary administration costs. In establishing these new national SPPs, the Commonwealth will provide the states with more funding certainty. The Federal Financial Relations Bill specifies the amount of funding for each national SPP for 2009-10 and for the base funding to be indexed annually by a growth factor. There will be no more five-year agreements with take it or leave it offers, as occurred under the previous arrangements. These national SPPs are ongoing payments with regular funding adequacy reviews. The Treasurer of the day will determine the annual growth factor and each state’s or territory’s share of the national SPPs in a financial year. These determinations will be in accordance with the principles provided in the intergovernmental agreement and detailed in a methodology paper to be agreed in March by the Ministerial Council on Federal Financial Relations.

While the states now have greatly improved budget flexibility in respect of these payments, they are also subject to substantially improved public performance reporting
against clearly specified performance indicators and benchmarks. These obligations are set out in the national agreements and the intergovernmental agreement. Taken together, the clear specification of mutually agreed objectives and outcomes combined with clarified roles and responsibilities and enhanced public performance reporting will represent a very substantial improvement in the public accountability of all governments. This will drive improvements in the quality of services available to the Australian community. The Commonwealth will also enter into new incentive arrangements with the states, through national partnership payments, to drive key economic and social reforms. It has already started this process, with around 20 national partnerships agreed by COAG. Continuing payments which conform to the new arrangements will be deemed to be national partnerships.

The Federal Financial Relations Bill provides for the Treasurer to credit amounts to the COAG Reform Fund for the purpose of providing financial assistance to the states in the form of national partnership payments. These payments will reward those states which best deliver services and outcomes to their citizens and not reward those that do not. In so doing, they will drive a new microeconomic reform agenda in this country. Most importantly, they will improve the quality of services available to the Australian community, in particular those of hospitals and schools.

Full details of these measures are contained in the explanatory memorandum. Together these bills provide for the most significant reform of Australia’s federal financial relations in decades. They represent a new era of modern federalism and the ending of the blame game. The new federal financial framework is the culmination of extensive work by all levels of government and provides a solid foundation for COAG to pursue economic and social reforms to underpin growth, prosperity and social cohesion into the future. The government thanks our state and territory counterparts for their contributions to developing the new framework and looks forward to working with them in the pursuit of ongoing collaboration in this area. The government also thanks the Senate Economics Committee for its consideration and support of the bills. I commend the bills to the House.

Question agreed to.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

Third Reading

Dr Emerson (Rankin—Minister for Small Business, Independent Contractors and the Service Economy and Minister Assisting the Finance Minister on Deregulation) (7.01 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

FEDERAL FINANCIAL RELATIONS (CONSEQUENTIAL AMENDMENTS AND TRANSITIONAL PROVISIONS) BILL 2009

Second Reading

Debate resumed from 12 February, on motion by Mr Swan:

That this bill be now read a second time.

Question agreed to.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

Third Reading

Dr Emerson (Rankin—Minister for Small Business, Independent Contractors and the Service Economy and Minister Assisting
the Finance Minister on Deregulation) (7.03 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

SOCIAL SECURITY AND VETERANS’ ENTITLEMENTS AMENDMENT (COMMONWEALTH SENIORS HEALTH CARD) BILL 2009

Second Reading

Debate resumed from 12 February, on motion by Mr Shorten:

That this bill be now read a second time.

Mr ABBOTT (Warringah) (7.03 pm)—

Let me begin by observing that this is a time of great uncertainty for the financial future of older Australians. Senior Australians who are reliant upon income from shares have seen the value of those shares plummet over the last six months or so and have great uncertainty as to whether the dividends from those shares will maintain the incomes that they have become used to. For senior Australians who are largely dependent on the pension there is, of course, the Harmer review, which is currently before the government. It is said that the Harmer review will recommend a substantial increase in at least the single rate of the age pension. This raises all sorts of questions about what might happen to the single rate of other pensions, it raises all sorts of questions about what might happen to other pensions and benefits and, of course, it raises the biggest question of all: how is any massive increase in the rate of the single pension going to be paid for at a time of great pressure on government revenues?

To increase the single rate of the age pension alone by $35 a week would cost $1.7 billion a year. To increase the single rate of all pensions would cost well over $3 billion a year. In a situation where the government has spent $42 billion in one hit on the so-called stimulus package, in a situation where the budget position has moved from a $22 billion surplus to a $22 billion deficit in about eight months, the ability of the government to afford this kind of generosity towards pensioners is under enormous question. The Harmer review was delivered several weeks ago to the government. It is, as I said, strongly rumoured to recommend this very large increase in the single age pension. What the pensioners of Australia and senior Australians would like to know is: what else does the Harmer review recommend? I think it is scandalous that the government is not releasing the Harmer review so that senior Australians and other people with a legitimate interest can actually consider this, debate it and mull over it well in advance of any decision that the government might make.

Of course, there are rumours now circulating amongst senior Australians that one of the changes that the Harmer review recommends to help pay for this generosity to single age pensioners is to include the family home in the assets test. We certainly have had bodies that are thought to be close to the government and influential in the Harmer review process say that family homes worth over $1 million, which in Sydney is a very, very large number of homes indeed—or at least it was before the Rudd recession started to attack housing values—will be included in the assets test for the first time. So I think it is very important that this parliament and, through this parliament, the Australian population know that big uncertainties are crowding in on this area and that the government, if it is to be fair dinkum with the Australian people and if it is to be as honest as it claimed it would be pre-election, really does need to put the Harmer review on the table publicly now rather than simply releasing it on budget night along with a whole lot of
government decisions that will be presented as a done deal.

The Social Security and Veterans’ Entitlements Amendment (Commonwealth Seniors Health Card) Bill 2009 and related bill before the parliament now deals with the eligibility of senior Australians for the Commonwealth seniors health card. At present, just under 300,000 senior Australians receive the Commonwealth seniors health card, and this is a very valuable benefit to those people who have it. The Commonwealth seniors health card gives recipients access to prescriptions at about $5 per go, as opposed to the standard rate of about $31. It gives recipients access to free prescriptions once they have spent about $300 a year on pharmaceuticals, as opposed to those without the card, who get access to the $5 rate for prescriptions only after they have spent more than $1,100 a year on prescriptions. The Commonwealth seniors health card gives many older Australians access to bulk-billing, because those who hold it are entitled to the bulk-billing incentive payments, or doctors who bulk-bill them are entitled to the extra payments. It gives holders access to the Medicare safety net at a much lower rate than would otherwise be the case, and it gives holders access to the $500 a year seniors concession allowance. In recent years it has given holders access to the $500 seniors bonuses in the budgets, it gives holders access to the telephone allowance, which in some cases can be well over $100 a year, and, in many states, it gives holders access to a range of state concessions for public transport, council rates, power bills and so on.

So this is an extremely valuable concession but, as a result of the legislation currently before the House, it is proposed to be taken away from a significant number of current holders. At the moment, the Commonwealth seniors health card is available to Australians of pension age who are not receiving a government benefit with taxable incomes under $50,000, in the case of seniors, and $80,000, in the case of couples. This is very important. Thanks to changes which the Howard government made, most superannuation pensions or annuities are not taxable. Thanks to the changes in this legislation, those annuities will not be taxable but they will be counted in the means test for the purpose of access to this card. When this change was first flagged in the budget, it was estimated that some 22,000 senior Australians who currently have the card will lose it. It is possible that, at least in the short term, there will be a lower number of Australians who will lose the card as a result of this legislation, should it be passed, because of the reductions in incomes that many seniors are now enjoying as a result of changes in the share market. But the fact of the matter is that over time very large numbers of Australians who otherwise would have received the Commonwealth seniors health card will lose it as a result of this legislation which the parliament is debating tonight.

Eighty thousand dollars a year sounds like a lot of money, and to people on significantly less it is a lot of money, but let us not forget that the people who have this kind of income from their superannuation only have it because they have saved and put money away during their working lives. They have paid tax on that money. They paid tax on the money often enough when it was earned, they paid tax on the money when it went into the fund, and the income of these funds has been taxed, so this is not money which has not contributed to the general commonweal. This is not just a freebie for them; this is money that they have earned. This is money that has been taxed and this is money that now, in their senior years, they are getting back.

Let us not forget that every self-funded retiree saves the community perhaps $25,000 a
year, a very substantial saving that taxpayers generally enjoy because of the hard work, thrift, prudence and responsibility of self-funded retirees. So, by prosecuting this particular piece of legislation, what we really have from the Rudd government is a sneak attack on self-funded retirees. These are decent, hardworking, responsible Australians who deserve a break. They were given a break by the Howard government and they do not deserve to have it taken away by the Rudd government.

In the course of this debate, I am sure we are going to hear lengthy argument from members opposite about consistency. They are going to say that this legislation just applies the same kinds of tests to this benefit that are applied to other benefits. I have to say that that is very convenient for the government to say now, but if they had a shred of decency and honesty—if they had any real sense of honour—they would have said this before the election, not after the election. They would have come clean with the seniors of Australia about their plans before the election rather than just springing this on people in last year’s budget.

I regret to say that the Rudd government has form in this area. The Prime Minister likes to stand before us as Captain Clean or the Milkybar Kid of Australian politics saying, ‘Look, you know, I’m honest; I’m straight; I’m true,’ but the fact of the matter is that we have had a series of means tests slapped on benefits that were not flagged prior to the election. In some cases they were explicitly disavowed before the election. We have the means test that has been slapped on the baby bonus, we have the means test that has been slapped on the family tax benefit part A, we have the means test that has been slapped on the childcare benefit, and we have the means test that has been put on the private health insurance rebate. To the best of my recollection, in the case of both the baby bonus and the private health insurance rebate, the government gave explicit pre-election promises that there would be no means tests—promises that have been shamefully broken by the government since that time. They are dishonest, sneaky means tests, and this is a dishonest, sneaky means test in the tradition of the Rudd government.

I hate to say it, because I know that not all members of the Rudd government are as animated as some are by old-fashioned notions of class warfare and envy. I see the minister for small business and deregulation at the table this evening; his title is no doubt soon to be changed to ‘minister for even smaller business and re-regulation’ in the wake of the Prime Minister’s Monthly essay, which sings the praises of regulation and denounces deregulation as some kind of noxious neoliberalism. To his credit, the member for Rankin, the minister for small business, has always been, at least by comparative standards, a voice for economic sanity inside the Australian Labor Party, so I suspect that there is much which dismay him in the current direction of the government, but that is what we have.

Dr Emerson interjecting—

Mr ABBOTT—I am very happy to engage in further praise of the member for Rankin, because the last thing I would want—from a political point of view, anyway—is to see the Rudd government attending to the better angels of its nature rather than to those who mostly seem to rule amongst members opposite. This is bad legislation, it is dishonest legislation and it damages the very instincts and elements in our society which a decent government should encourage. It is bad legislation. This opposition will certainly be opposing the legislation both in this House and elsewhere.

I say in wrapping up that the principle of this legislation is bad but that the application
of it is going to be quite uncertain. Many self-funded retirees need to take lump sums out of the capital of their superannuation because, for argument’s sake, they have an unexpected major expense. There has been some talk from the government that in that situation the money that they take out will not count towards this new means test, but I have to say that all of the inquiries that the various seniors organisations have been directing to this government have not elicited clear, precise, certain responses, so I think not only that this is bad legislation but that it could provide for a whole lot of very inconsistent and erratic treatment of people who are caught up in it. It did not take long for the Rudd government to revert to Labor type. We had the Prime Minister throughout 2007 claiming to be an economic conservative and saying that there was not the thickness of a cigarette paper between the economic policies of the then Howard government and those of the then opposition. I have to say that the longer the Rudd government lasts the less like the Howard government it looks, the less responsible it looks and the more like the Whitlam government it looks. This is certainly in keeping with that not especially honourable tradition. This bill should be opposed.

Mr CRAIG THOMSON (Dobell) (7.20 pm)—The shadow minister, in talking about and raising the issue of what was taken to an election, is exhibiting the absolute height of hypocrisy. Just across the corridor, in the Senate, we have a debate right now about killing off Work Choices and making sure that it is gone forever. It was the Howard government that, before the 2004 election, never mentioned a word about these absolutely major changes affecting all working people across Australia. It is the absolute height of hypocrisy for the shadow minister to come to this place and accuse the Rudd government of misleading or not being open and transparent with voters before the 2007 election. The Rudd government has been open and transparent, and one of the things that we have been open and transparent about is that we know that seniors and pensioners have been doing it tough. In relation to that, we have taken the position that we need to be looking at how we can assist. In October last year the first stimulus package fairly and squarely went to providing some assistance to those pensioners and carers who have been doing it so tough.

What is the opposition’s position? Originally, when there was debate about pensions we had all this confected anger—confected concern for pensioners—and a call from the then opposition leader for a $30 a week increase. When the October stimulus package was announced, the then opposition leader—because there had been a change by that time—said, ‘We support the stimulus package because we think it is doing the right thing.’ However, it did not take terribly long for them to walk away from that position. If we listen to what they are saying today, and have been seen saying now for many months, almost every contribution from those opposite is in opposition to the stimulus package. So one has to ask: exactly where is the opposition in relation to support for seniors? The shadow minister spoke about this era of uncertainty crowding in on seniors in Australia. The ‘crowding in of uncertainty’ has been generated in some sense by the shadow minister, and his contribution today did nothing to dispel this uncertainty. Scaremongering about the family home is what he contributed here today. He is raising totally unsubstantiated issues and throwing them into the mix.

Last year the opposition was calling for a $30 increase. The shadow minister is now asking, ‘Can we afford to do anything for pensioners?’ The opposition has moved very rapidly from its position of: ‘We care for
seniors. We care for pensioners’—because it saw some political gain in that argument at the time—to one of: ‘We do not even support the one-off payments that they received last year. We do not support a process of review of the pension, and whatever that review is going to recommend we do not think it can be afforded anyway.’ The position of the opposition in relation to older and senior Australians is totally disgraceful.

Amidst the uncertainty there is one thing that is quite clear: that this side of the House, the Rudd government, is there with pensioners and seniors assisting and making sure they get the maximum assistance they can while they are doing it tough. We have put processes in place to review the pension. We have made one-off bonus payments and this stands in such stark contrast to the performance of the opposition, who wax and wane depending on which votes they are going to gain in the contest for leadership in the Liberal Party. They have tried to use the pensioners and seniors of Australia for internal political purposes. That is a shameful thing.

I rise in support of the Social Security and Veterans’ Entitlements Amendment (Commonwealth Seniors Health Card) Bill 2009. The bill implements a 2008 budget measure to change the adjusted taxable income test for the Commonwealth seniors health card. The measure introduces similar treatment of income sources for people claiming the Commonwealth seniors health card to ensure that income received by all seniors is treated in a similar way and to ensure that the income test is applied to all cardholders consistently. The change will apply to the seniors health card issued under either the Social Security Act 1991 or the Veterans Entitlement Act 1986. The seniors health card legislation needs to be in place to give Centrelink and the Department of Veterans’ Affairs the authority to gather the required information from customers by May 2009 to enable implementation from 1 July 2009. The information to be gathered is new information that has not been requested previously from this group. All cardholders will be required to reply regardless of whether or not they have the relevant income.

In my electorate of Dobell on the New South Wales Central Coast there are nearly 17,000 people aged 65 or above. Senior citizens play a very important part in the community of the Central Coast. Nearly every week I attend a function or an event which senior citizens are closely involved in. Recently I was at the gala bowls day held at The Entrance. Nine bowling clubs from the Central Coast were in attendance. I must say it was a very enjoyable afternoon where I was introduced to bowls for the first time. But the purpose of the gala bowls day was to recognise the work that these senior volunteers had done in their particular sport to make sure that the district lawn bowls could take place. At this event I was able to present a large number of volunteers—almost all of them seniors—with certificates of appreciation. Without these senior volunteers these sorts of events would simply not be possible. The gala bowls day is just one example of how seniors are active in the community in my electorate. Look at any group of volunteers and see how many seniors are involved.

Another great example of senior citizens being active and involved in my electorate is the Toukley Senior Citizens Centre. This is the biggest senior citizens centre in the Southern Hemisphere. At one stage it had over 6,000 members. The number is slightly less than that at the moment, but it is an extremely large senior citizens centre that provides a whole range of services and activities for senior citizens. It is one of the places I go very regularly because not only do you get some great advice from our senior citizens but you are also able to interact with them and see the wonderful job that they are do-
ing, the way in which they are keeping so active in the community and the contribution that they are making to it. Hospital auxiliary groups which are in all hospitals—at Wyong Hospital in my electorate—do an absolutely tremendous job. These are senior volunteers working in my community.

Seniors also play a very strong economic role in the community. The Minister for Small Business, Independent Contractors and the Service Economy will know—because he made an announcement of funding for the Central Coast Business Enterprise Centre of some $2 million, which is the first time that these business enterprise centres actually received any federal funding—the role that seniors play in mentoring other businesses on the Central Coast. It is a tremendous role that seniors play in my community on the Central Coast. So the senior citizens on the Central Coast are—

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.

Petition: Excise Regulations - Microbreweries

Mrs HULL (Riverina) (7.30 pm)—I rise to present a petition, as approved by the House of Representatives Standing Committee on Petitions.

The petition read as follows—

To the Honourable The Speaker and Members of The House of Representatives

This petition of the Australian Association of Microbreweries, representing small breweries throughout Australia, draws to the attention of the House the inconsistent and illogical treatment between small wineries with their WET producer tax rebate and microbreweries with their non-commercially viable limited excise rebate. The taxation of alcohol currently creates an unjustifiable distortion between small wineries and small breweries that is inequitable, against common sense, Government policy and distorts industry policy.

The producer rebate on WET grants small wineries the first $1.7 million in sales WET Free (maximum $500,000 p/year), whereas the Excise Regulation grants microbreweries a limited excise refund of a maximum of $10,000 p/year and caps production at a tiny 30,000 litres p/year. Almost no microbrewery qualifies for this rebate as the average annual production for craft breweries is in the order of 150,000 litres p.a.

Microbreweries are mostly small, regional, family businesses. The inequality of alcohol taxation is depriving small breweries of 25%-30% of their annual revenue and stifles growth. Governmental support in granting alcohol taxation equality with small wineries will create growth in the small brewing industry, regional job creation and regional tourism growth.

We therefore ask the House to modernise or update the existing provisions of the Excise Regulation to permit a brewer (or group of brewers) to obtain an excise refund of 60% of excise duty paid in any one financial year up to a maximum of $500,000 p/year and that the definition of microbreweries capping production at 30,000 litres p/year be removed.

from 5,773 citizens

Petition received.

In this world of financial challenges, there is a group of mostly small regional family businesses, consisting of men and women who have carved out a niche industry, which is providing enormous benefits towards the sustainability of—primarily—our regions. Beer is a low-margin product that necessitates a large volume of production in order to support high initial investment and high ongoing costs and taxation. These high costs, in addition to the general cost increases of many of their day-to-day running requirements, are a challenge for breweries. However, the real hurdle to jump is the legislation that has a limited excise refund of a maxi-
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minimum of $10,000 per annum and has a cap on production of 30,000 litres per annum. If you were only producing 30,000 litres of boutique beer, you would certainly not be commercially viable, and the fact is that most microbreweries produce on average about 125,000 litres per annum. This equates to about $500,000 per annum turnover and also equates to some $190,000 in excise that is payable. It is true that there is virtually no brewery that qualifies for the rebate. This means that these small businesses, 58 per cent of which are in regional areas, are being deprived of around 25 to 30 per cent of their annual revenue. This is simply unfair.

We must allow all Australian businesses to be relevant in the future growth of our nation. As I said, 58 per cent of these breweries underpin our regional economies. If people are willing to take financial risks with money that comes from their own pockets to secure their futures then surely government policy and legislation should not work against this progressive attitude. The time has come to recognise these small breweries and their contribution to jobs and to wealth in many of our regions and across Australia in general. We must have the current legislation amended, and the budget should deliver fairness to those men and women who make up these businesses.

I must congratulate the industry for their due diligence and commitment to this issue. They will be in the House tomorrow, where they will meet with a bipartisan group of members and senators. I thank members and senators for their willingness to join in advocating for beer not to be made a cheaper product—particularly this boutique beer and specialty beer—but to support the initiative and unique talent that delivers appreciation for the taste of beer. We are not looking at raging alcohol consumption, for there is most definitely a very big difference in the general consumption of beer as opposed to the consumption of beer that is produced in our small breweries. It is indeed a taste that must be acquired. It is indeed an experience. It is indeed something that is a unique product. It would, in fact, assist in the partaking of alcohol in smaller quantities. It is not the quantity of beer one can drink from the microbreweries that goes towards making it such a popular product amongst tourists; it is the taste and the different make-ups and ingredients that go into it.

It is a fact that we are facing and confronting a global financial crisis and it is these small businesses with these unique initiatives and their drive and passion that will enable us to weather our way through these significant turbulent times. I would certainly call on the Treasurer and the Assistant Treasurer to ensure that they address this problem in the budget and that they provide the actual outcome that has been sought by the microbrewers in their petition.

I congratulate the microbrewers on the short time it has taken them to collect so many signatures in support of the industry that they have grown from very small bases. Thank you, Mr Speaker, for allowing me to present this petition in the House and bring the plight of the microbreweries into focus. I call for the upcoming budget to address that plight in order to put them on a level playing field.

Employment

Mrs D’ATH (Petrie) (7.35 pm)—I wish to talk, at this important time, about jobs and job security. With the global recession and the impact that it is having across this country in workplaces and households in each of our local areas, we know that jobs are certainly an issue in the front of everyone’s minds. The Rudd Labor government is doing everything it possibly can to deal with these issues. It started with our stimulus package back in October last year and continued with
the initiatives delivered in December, which supported jobs throughout this country across the retail sector and across tourism by putting payments in the hands of disability pensioners, carers and families. We also funded 56,000 new training places in that first initiative. As a consequence of our Nation Building and Jobs Plan, we saw more initiatives to support jobs—whether it was through the provision of infrastructure in schools or through the installation of insulation in roofs. It was also through our employment service programs, in trying to ensure that apprentices were able to complete their apprenticeships because, despite any increase in unemployment, we still have a skills shortage in this country that needs to be addressed. And of course we have the Fair Work Bill, which is being debated right now in the Senate. What does the Fair Work Bill do? It provides job security. It ensures that people are paid a reasonable wage so that they can make ends meet, they can cover their cost of living and they cannot be sacked without legitimate reasons. Also, if a workplace has to downsize and has to have redundancies, it ensures that these workers have protections and redundancy packages.

We have heard a lot about jobs from the opposition over the past weeks and months, but realistically this is a party that still cannot let go of Work Choices. This is the party that brought Work Choices to our households and our workplaces. They still cannot bring themselves to let go of this horrific piece of legislation that they believe is their biggest legacy. This is a piece of legislation that they allege actually created jobs. But what this piece of legislation did was undermine basic wages and conditions. It allowed conditions, penalties and allowances to be ripped away from people. They may have had a job but they were also able to class themselves as the working poor because they were earning below the poverty line, thanks to that piece of legislation. Their idea of helping jobs was to allow employers in small to quite large businesses of up to 100 employees to just sack indiscriminately. That is what their legacy is and that is what Work Choices allowed for. It stripped away any right to have redundancy payments. If an employer did not want to give redundancies, they then just negotiated that away, and when we say ‘negotiated’ that means an employee would turn up to a job and have a document put in front of them and be told to take it or leave it. That is the opposition’s idea of job security.

What we have heard from the party room this week is that they still do not know what to do. There are those on the other side who say that Work Choices is dead, but many others on the other side will never accept that Work Choices is dead and, given the opportunity, would bring it back in a heartbeat. AWAs, the right to sack indiscriminately and no job security—that is what the Liberal Party believe in, that is what they have always believed in and that is what they will continue to believe in well into the future.

Ryan Electorate: Small Business

Mr JOHNSON (Ryan) (7.39 pm)—I am delighted to follow another Queensland member because I am happy to point out to her how hypocritical she was, especially coming from a party where a former Labor Prime Minister presided over a million unemployed in this country.

Mr Shorten—Mr Speaker, I rise on a point of order. I understand that, under standing orders, a member cannot impugn another member. That accusation sounded like an impugnment of the member, who I know does a very good job.

The SPEAKER—In the robust manner in which debates are carried out in this place, there is no problem with the expression used.

Mr JOHNSON—I know that the parliamentary secretary has only been here for 12
Mr Shorten interjecting—

Mr JOHNSON—Hang on, Bill. Your time will come.

The SPEAKER—Order! The member will refer to members by their title.

Mr JOHNSON—I am here to bat for the small businesses and the medium-sized businesses in the Ryan electorate. They are doing it tough and the Rudd government is certainly no help to them. I want to draw the attention of the Labor member for Petrie to an article in the *Australian* on 9 March 2009. It was written by Grace Collier, a former union official. She has seen the light. She writes a very succinct and compelling piece. I draw your attention to Grace Collier’s article. I wish I had time to read the whole article but let me read a very compelling paragraph:

For the first time in ages, businesspeople were able to dismiss employees who they could no longer employ without fear of being sued and consequently having to pay huge amounts of go-away money just to avoid a ghastly legal process. Talk about support for business! Member for Petrie, you have no idea about the tough conditions in which small businesses and medium-sized businesses operate throughout this country.

As I said, I want to bat for small businesses in the Ryan electorate. I know that a lot of them are listening tonight. I want to draw your attention, Mr Speaker, and the attention of my colleagues who are very kindly in the House, to a very courageous local business owner, Cobby Vines, who very kindly has allowed me to mention her name and her business. She runs a cafe called Betty Beans Coffee Emporium in the Mount Ommaney shopping centre. I want to give her a plug and encourage all my Mount Ommaney constituents to visit her business and buy a cup of coffee and a toasted sandwich. She very courageously wrote to me and I want to quote from her letter. She said: Dear Michael Johnson

I own a cafe in your electorate and I employ 15 staff. In any week I serve 2000 local people and I have been in business for 8 years.

As part of the Government’s implementation of the Industrial Relations Reform an award is proposed for my business to take effect January 2010. This award would see my labour costs increase by some 20%.

This additional cost will make my business marginal. In particular Sunday trading ... will not be viable and I will have to look at applying a penalty or closing on Sunday.

The imposition of a penalty for all evening hours is also problematic. This 10% impost when the majority of my business, particular in the last 12 months, has been at night.

All in all, in light of the so-called modern award, I am reconsidering whether I will continue to operate the business in 2010. I have worked in the hospitality industry for most of my life as have many of my staff. It seems absurd that a Government initiative would deliberately place our livelihoods at such risk, at a time like this.

Member for Petrie, talk about representing small businesses. What do you say to Cobby Vines, who owns the Betty Beans Coffee Emporium and who lives in my electorate at Moggill with her business partner? They are wonderful Australians who do so much community work even though they are running a small business. I want to salute Australians like her across the length and breadth of this country because, whilst doing it tough, they are still plugging on despite the policies of this government. I think the government should hang their heads in shame.

In the few minutes I have left, I want to also refer to another very courageous Australian, Darren Townsend, who I spoke to just a couple of minutes ago. He very kindly allowed me to use his name and mention his
business—Townsend Entertainment. He runs a video business and owns three local DVD stores. He is a young bloke. Previously he owned 13 stores. He told me a very profound story—

Mr Shorten interjecting—

Mr JOHNSON—which I know the member for Maribyrnong and the member for Petrie are interested in. He told me a story of two brothers—a 16- and 17-year-old—who worked for him and who stole from his business. Do you know what happened? The parents of those two young blokes came to his business and read the riot act to this young entrepreneur, Darren Townsend. They read him the riot act because he dared to question their integrity.

Deakin Electorate: Victorian Bushfires

Mr SYMON (Deakin) (7.45 pm)—I would like to speak on an issue of some seriousness tonight. It relates to the bushfires in Victoria and especially—though on a slightly lighter note—some of the fundraising efforts that my local schools have made to support people in those areas who have been affected in terms of property or other goods or lives. Those areas are really just up the road from the electorate of Deakin. The Yarra Valley is quite close, and there are a lot of community connections.

In total, so far—and they are still counting—the schools in my electorate have now raised over $110,000, and some of them are still going. That is a really good and honest tribute to the community spirit that has certainly shown itself since that time. I would like to speak about a few schools in particular. I am sure there are a couple that I will have missed, but I am sure there will be another time to talk about them as well.

One of the schools, Blackburn Primary School, with just under 500 students, raised $11,000 through both a general appeal and a trivia night organised by the staff. For a school of that size to raise so much money is quite an impressive achievement.

Another school, Antonio Park Primary School, which is just down the road from my electorate office, raised $1,500 in its free dress day, with another $1,200 raised through donations to the school’s office. This money will be donated to the Flowerdale, Kinglake, Middle Kinglake and Kinglake West primary schools. In addition to this, the School Council at Antonio Park has decided to donate 10 per cent of this year’s profits from their school fete to the bushfire appeal. The school is hoping that this will mean that an extra $2,000 or more will be donated following the fete in April.

The Junior School Council at Laburnum Primary School were largely responsible for that school’s fundraising efforts, organising a casual dress day and, with the help of the school’s parents group, conducting a twilight sports sausage sizzle. Food and drinks for this were donated by local businesses, and their efforts saw the school raise almost $10,000. I would particularly like to highlight the role played by the students on the Junior School Council at Laburnum. It is always pleasing to see young Australians contributing to their community, especially at times when the rest of the community is watching and taking notice.

In addition to raising $1,200 for the bushfire appeal, Ringwood Heights Primary School put together about 200 individual classroom packs containing items such as stationery and drink bottles to be sent to a school destroyed by the fires, Middle Kinglake Primary School. Some of these packs also contained hats and sporting equipment and some contained toys and games sorted by school grades. The school has also collected a donation of a pallet of stationery ready to be delivered along with 20 to 30
boxes of stationery donated by two other schools and by Officeworks. These supplies will be delivered to Middle Kinglake Primary School once it has completed its move to an alternative site—as I said, the school was destroyed.

A huge effort has also been put in by the staff and students at Ringwood Secondary College, who raised over $13,000 for the bushfire relief fund. In addition to this outstanding effort, 140 students and staff are rostered to donate blood throughout this month of March. The school community, along with others like Ringwood Heights Primary School—as I have mentioned—and Tinternvale Primary School, has rallied together to provide toiletries, goods and tools to people who have been affected by the fires.

As well as their fundraising efforts and appeals for donated goods, I have also seen a number of drawings and letters from primary school students in the electorate which are to be sent to students in the affected areas. I think this gives a personal touch to the fundraising efforts. It is great to see money donated, but it is also really good to see a generous personal outpouring of genuine thoughts that are sent across.

Dorset Primary School held a crazy hair day to raise money for the Red Cross bushfire appeal. The school tells me that the collection of hairstyles there ranged from the strange to the crazy to the downright ridiculous. The parade held on the netball court, they tell me, looked quite amazing and, at times, amazingly horrible! From this appeal, $2,557 was raised for the Red Cross bushfire appeal.

Of course there are many other schools—and I am going to run out of time and not get to them all. Just quickly: Norwood Secondary College raised $6,900, and Great Ryrie Primary School raised $1,850. There are many more and there are many good fundraising efforts going on. I congratulate all the schools, the students and the teachers involved.

Paterson Electorate: Coal Exploration

Mr BALDWIN (Paterson) (7.49 pm)—I rise today to speak of a matter which is of grave concern to thousands of constituents in the Paterson electorate: three coal exploration licences held by Gloucester Resources Ltd. The Gloucester community and the local council are vehemently seeking that these licences not be renewed.

Let me say from the outset that I am not opposed to mining per se. However, I do find it irresponsible and incomprehensible that a government of any persuasion at any level would allow a licence to be approved where the implications of a proposed mine would have dire consequences for the established community, natural landscape and local industry. The Gloucester district has an incredible array of valuable natural attributes, and I am advised that any of the proposed mining developments under exploration licences EL6523, EL6524 or EL6563 could be a direct threat to a number of native species of flora and fauna in the region. The Gloucester district is a tranquil and unique landscape rich in natural and cultural diversity and heritage, and the damage associated with these proposed activities could be irreparable.

On Monday, 9 February, more than 850 people gathered in the Gloucester Recreation Centre to express concern about coal exploration on Gloucester’s doorstep. At that meeting, the crowd unanimously endorsed Gloucester Shire Council’s position that three coal exploration licences held by Gloucester Resources Ltd not be renewed so that no coalmining can ever occur in those areas.
I have met with a number of residents who are genuinely concerned about the devastating impacts that renewing the three coal exploration licences will have on the township of Gloucester. I have also received letters from individuals, families, business owners, farmers and retirees who are convinced that, if the proposed licences were to be renewed, it could spell the death of the township. Concerns raised are about the landscape scenery being damaged forever, reduced water and air quality, increased noise pollution, decreasing long-term employment in the area, reduction in agricultural capabilities and tourism numbers and poorer road conditions. The Gloucester community are unanimous in their view that a balance needs to be achieved. I share with the township a view that longer term developments such as agriculture, tourism, rural and residential housing and active retirement bring jobs and economic development that are a priority.

The Mayor of Gloucester Shire Council, Julie Lyford, has also raised her concerns about the effects of coalmines on the shire, citing the decline of agricultural productivity, residents moving away, reduced tourism opportunities and reduced tree-change migration as very likely consequences of exploration licences being renewed. However, her views were opposed by Ian McDonald, the New South Wales Minister for Primary Industries, Minister for Energy, Minister for Mineral Resources and Minister for State Development, who short-sightedly opposed the calls to suspend the licenses and stated, ‘We will renew the licences unless there are compelling circumstances not to.’ Unfortunately, the very real concerns presented to the minister about the future sustainability of current industry and the deterioration of the natural environment in the Gloucester shire are not compelling enough for the minister to relinquish the licences, therefore sentencing the township of Gloucester to a much starker and less-prosperous future—one where the shire will struggle to survive on a presently-thriving agricultural and tourism based economy.

This is not the first time that the township of Gloucester has had to survive in the face of adversity. In 1996 I stood before this House and spoke of the failures of the Keating Labor government and New South Wales state government to support the timber industry. This lack of support wiped out hundreds of jobs and numerous opportunities for the township of Gloucester. As such, the township fought hard to reinvent itself and further develop the tourism and agricultural sectors in the region. If the federal government does not support the township of Gloucester’s plea then I hold grave concerns for the future prosperity of the shire and its ability to bounce back again.

Whilst I understand that the New South Wales state Labor government is the final authority, I have expressed my concerns in a letter addressed to the Minister for the Environment, Heritage and the Arts calling on him to listen to the pleas of my constituents about the devastating and irreversible impact that renewing these exploration licences will have on the environment in Gloucester. What we do not need are moonscapes along each side of the Bucketts Way from Stroud to Gloucester. What we do need is for the federal and state governments to listen to the cries of constituents who live in the town, who have helped build the town and whose livelihoods are dependent on the future sustainability of the town. Gloucester shire is a wonderful area that depends on the natural beauty of its surrounds, including the Barrington Tops. Please do not allow the native fauna and flora and the livelihood of locals to be sacrificed for the sake of the New South Wales government capitalising on mining royalties to repay the debts it has incurred.
International Women’s Day

Mr HALE (Solomon) (7.54 pm)—Each year around the world International Women’s Day is celebrated on March 8. This is a day when women throughout the world come together to celebrate life as women and the progress made to advance equality for women and to assess the challenges that remain. It is a day when women are recognised for their achievements, without regard for divisions, whether national, ethnic, linguistic, cultural, economic or political. This special day also provides an opportunity to consider steps to bring about equality for women in all their diversity.

International Women’s Day was first celebrated in Australia in 1928. The United Nations declared 1975 as International Women’s Year and in 1977 it began sponsoring March 8 as International Women’s Day.

There were several events held in the electorate of Solomon recently to mark the occasion, including the Women’s Network Northern Territory breakfast, the Multicultural Council of the Northern Territory dinner, the Northern Territory Working Women’s Centre film night and the United Nations Association of Australia Northern Territory women’s walk, whose theme this year was: women are our future.

Last week I had the pleasure of attending the launch of the LHMU 20 women photographic exhibition at the Supreme Court in Darwin. The exhibition is part of International Women’s Day celebrations. However this exhibition is even more significant as it is a pictorial tribute to 20 women with disabilities. I note that we have in the House tonight the Parliamentary Secretary for Disabilities and Children’s Services, and he is also the Parliamentary Secretary for Victorian Bushfire Reconstruction. The exhibition participants are all women of amazing courage, energy and with a commitment to achieving the most out of their lives. They cover many activities, from world champion swimmer Tahnee Afuaamango, horse rider and jillaroo Quita Docking to library assistant Christina Fowler.

Other ladies who are featured in the exhibition are: Wendy Wright, Amy Clifton, Janelle Scobie, Leony Bowey, Catherine Jane Laurence, Helen Murray, Sahra Jok, Michele Castagna, Jean Young-Smith, Jessica Nelson, Ali Beckwith, Debb Lovett, Melanie Hall, Vicki Williams, Rachel Kroes and Marguerite Baptiste-Rooke. I particularly liked the philosophy on life of talented disabilities worker Elizabeth Reid. She said: ‘Life is based on the principles of equality, choice and participation, enabling individuals to be afforded social justice and be free of bias.’

In Darwin and Palmerston we have one of the youngest populations in the land. The most distinctive feature of our vibrant community is the diversity—a great mix of cultures, religions and Indigenous people. The Tribute to Northern Territory Women is an annual award that recognises, celebrates and commemorates the achievements of women who have made, or are making, a significant contribution for women in our community. This year’s winners were: Rosanna Breed, a woman who proactively uses her role as a policewoman to improve the relationships between the Aboriginal community and police and the first Aboriginal woman to reach the rank of sergeant in the Northern Territory police force; Catherine Warrington Rogers, better known as Kate, for her contribution to the cattle industry in the early 19th century and for being an early advocate of gender equality; Bilawarra Lee, for her involvement in and contribution to the Northern Territory community and improving the lives of Territorians; Yananymul Mununqqurr, for the significant challenges, difficulty of achievement and contribution as an inspirational role...
model and leader; and Shirley Brown, in recognition of her tireless community volunteer work across Central Australia.

I am proud to be part of a government that is united to end violence against women and girls. The very hardworking Minister for the Status of Women, Tanya Plibersek, is formulating an evidence based national plan to reduce violence against women to reiterate our resolve to end violence against women and girls. I will conclude with a quote from the Prime Minister, who spoke to a UNIFEM-White Ribbon Foundation dinner recently, saying:

From birth, it must be drilled into the conscious and the subconscious of all men that there are no circumstances—in which violence against women is acceptable.

... ... ...

That on violence against women, we have a simple, clear policy in two words: zero tolerance.

Question agreed to.

House adjourned at 7.59 pm

NOTICES

The following notices were given:

Mr McClelland to present a Bill for an Act to amend the AusCheck Act 2007, and for related purposes.

Mr Debus to present a Bill for an Act to change the name of the Australian Customs Service, and for related purposes.

Mr Brendan O’Connor to present a Bill for an Act to amend the law relating to social security, and for other purposes.

Mr Swan to present a Bill for an Act relating to the Australian Business Investment Partnership, and for other purposes.

Mr Swan to present a Bill for an Act to deal with a consequential matter in connection with the Australian Business Investment Partnership Act 2009, and for related purposes.

Mr Bowen to present a Bill for an Act to amend the Commonwealth Electoral Act 1918, and for related purposes.

Ms Macklin to move:

That the House supports the payments of $1000 per child made to low and middle income families late last year as part of the Government’s Economic Security Strategy.

Ms Macklin to move:

That the House supports the payments made of $1000 to carer allowance recipients for each eligible person in their care as part of the Government’s Economic Security Strategy.

Mr Burke to move:

That the House supports the payments of $950 to drought affected farmers as part of the Nation Building and Jobs Plan.

Ms Gillard to move:

That the House supports the investment of $14.7 billion to help build the education revolution as part of the Nation Building and Jobs Plan.

Mr Albanese to move:

That the House supports the investment of $800 million in community infrastructure as part of the Nation Building and Jobs Plan.

Mr Griffin to move:

That the House supports the payments of $1400 to singles and $2100 to couples made to eligible veterans in December last year as part of the Government’s Economic Security Strategy.

Ms Plibersek to move:

That the House supports the First Home Owners Boost, to help Australians enter the housing market and support jobs in the building industry, delivered as part of the Economic Security Strategy.
The DEPUTY SPEAKER (Ms AE Burke) took the chair at 9.30 am.

CONSTITUENCY STATEMENTS

Paterson Electorate: Hospitals

Mr BALDWIN (Paterson) (9.30 am)—Today I advise the House that finally Hunter New England Health and Pulse Health Limited have entered into an agreement to provide public inpatient services for low-acuity patients who are residents of the Great Lakes District, at Forster Private Hospital, formerly known as Cape Hawke Private Hospital. I have been publicly campaigning for this moment to arrive since being re-elected in 2001. I have raised petitions and worked with my community and together we have fought hard for this outcome. Today signifies the beginning of a much brighter future for residents in the Great Lakes region who seek access to local, public, low-acuity medical services.

Low-acuity services refer to hospital treatment and care that does not require the full-time attention of a specialist. The care to be provided includes patients awaiting placement in residential aged-care facilities that require medical attention and supervision, medical and post-operative patients that need ongoing hospitalisation, patients requiring low-level rehabilitation and palliative-care patients. This development will assist many people in the local area who have previously found it a heavy burden to travel the 34 kilometres to Manning Base Hospital to receive treatment.

In September 2007 when I announced federal funding for the after hours GP service for Forster-Tuncurry located at the annexe of the hospital, I used the opportunity to renew my call for the 20 public beds to be leased at the private hospital. The New South Wales government health minister responded that they would provide 20 public beds at Forster Private Hospital by December 2007. It is now March 2009. This Labor promise was delayed by over 15 months by an incompetent state Labor government, who continually postponed the process and caused a lot of heartache for ill and aged-care patients and their families in the process.

Karen Devinish, General Manager of Forster Private Hospital, and her staff were overjoyed at the news of the development which will provide positive implications for the Great Lakes region. In a release Ms Devinish said:

The agreement follows many years of discussions and negotiations with the Area Health Service and NSW Health Department and signifies what can be achieved for the community when Public and Private health sectors work together.

The New South Wales state Labor government dragged the chain for long enough and it was about time they got their act together and provided quality health services for the Great Lakes region. I am satisfied by today’s outcome which will mean that there are 20 more public beds available to the Forster-Tuncurry community. This project will be valued in excess of $2 million per year and the contract is for a period of five years, after which contract renewal will be looked at.

I commend Karen Devinish and her team at Forster Private and Nigel Lyons at Hunter New England Health for all their hard work and their dedication on this issue. Forster Private Hospital look forward to receiving their first patient under the new regime today and I wish them every success in their future.
Lindsay Electorate: Trades Training Centres in Schools Program

Mr BRADBURY (Lindsay) (9.33 am)—Last week I had the great privilege of accompanying the Deputy Prime Minister on a visit to one of the schools in my electorate, Cambridge Park High School, to announce more than $13 million in funding for two trades training centres in my local community. The Penrith Cluster Trades Training Centre will receive more than $7.2 million and involves the construction of new state-of-the-art metalwork and engineering facilities and will cater for students from Kingswood, Cambridge Park, Glenmore Park, Cranebrook, Nepean, Jamison and Blaxland high schools. The McCarthy Catholic College Trades Training Centre, a $6 million joint proposal with Caroline Chisholm, Xavier College and St Columbas, will use the funding to upgrade and construct trades training facilities and offer students up to certificate III training in areas like automotive, mechanical and the electrocommunications industries.

These two trades training centres are the result of the hard work and inspired thinking of a number of individuals and I would like to recognise their work. Soon after the 2007 federal election I commenced discussions with a group of local industry leaders—including Paul Brennan of ASP Plastics, Leigh Hartog of JK William, Lea Hicks of Hix Electrical and Professor Steven Riley of the University of Western Sydney, as well as Alan Stoneham and Bijai Kumar of the Penrith City Council—to determine how best to build upon their earlier work to move beyond the Australian technical college concept. I worked towards delivering a vocational education outcome for the local community under the Trades Training Centres in Schools Program. Their extensive work, expertise and experience became an important basis for the projects that were eventually funded.

From these early discussions in April 2008, I then convened a trades training centres and schools seminar following the inviting of applications for the first round of funding for the program to bring together local secondary school principals, industry representatives, registered training organisations, TAFE and local government to encourage schools to work together so that the trades training centre funds could be delivered in clusters with a regional focus for the delivery of vocational education in Penrith. This seminar, along with the local skills forum held by the Penrith Valley Economic Development Corporation in May 2008, helped to drive interest in the Trades Training Centres in Schools Program and engaged industry, schools and the vocational training sector in a dialogue about the best ways to give our young people the opportunity to learn a trade. The result was two outstanding applications from our government and Catholic schools, both of which were successful in the second phase of the first round of funding. I would like to acknowledge the hard work and passionate interest of people like Daryl Jacobs, Greg Whitby, Magda Quinlan, Roger Berry, Kevin Wholohan and all of the principals involved in these projects.

Underpinning the Rudd government’s commitment to an education revolution is the notion that a trade qualification is just as important as a university degree. I am proud of the enormous combined effort that has gone into securing these two trades training centres for our local community so that this ideal can now become a reality for many young people in our community. (Time expired)
Mr SLIPPER (Fisher) (9.36 am)—The Premier of Queensland, Anna Bligh, after protesting for months that she was not going to call an early election, has called an election for 21 March. This is the debut election for the Liberal National Party, or LNP, which was created as a result of the overwhelming number of votes in favour of a merger between the former Liberal Party and the former National Party in the state of Queensland. I am privileged to represent what is possibly the best area in the country. People move from all over Australia to join us on the Sunshine Coast, and we have a key role to play in removing the Bligh Labor government from office. On the Sunshine Coast, we have the seat of Caloundra, held by the deputy LNP leader, Mark McArdle; Maroochydore, held by Fiona Simpson, a shadow minister; the new seat of Buderim, where the Kawana MP, shadow minister Steve Dickson, is moving because 60 per cent of Kawana has been placed in the new Buderim electorate; Noosa, held by Glen Elmes, for the LNP; and we have the electorates of Kawana and Glass House, following the redistribution, with new boundaries. Also with new boundaries, is the seat of Nicklin.

I am very hopeful that we will be able to win the seats of Kawana and Glass House, in addition to the four seats we already hold. This will be a very important step forward with respect to removing Anna Bligh from government. I would like to commend the LNP candidate for Glass House, Andrew Powell, and the LNP candidate for Kawana, Jarrod Bleijie. They are two very impressive, hardworking, family men who are enthusiastic about their community. They have been chosen because we in the LNP believe that they are the right people to represent those areas in the Queensland parliament and to play a role in the new Springborg LNP government. Andrew Powell in Glass House is a married man with four children. He is the coach of his son’s soccer team, and he must be one of the fittest candidates in the Queensland election because he has doorknocked from the moment of his endorsement and he continues to do so. His wife, Taryn, and their children, Erin, Daniel, Brielle and Benjamin, support Andrew very strongly, and I am hopeful that we will see Andrew as the member for Glass House after the election.

Jarrod Bleijie is a Sunshine Coast solicitor. He has two small children, Taylor and Madison, and his wife, Sally, and they support him very strongly. He was very much involved in the former City of Caloundra before its abolition by the Queensland state Labor government when the Sunshine Coast Regional Council was formed last year. He was Caloundra Young Citizen of the Year and is involved in the community in many other ways. Jarrod Bleijie also has the capacity to make a big contribution to the future of Queensland under an LNP government. I hope that the LNP is successful. It is a big ask to win, given the number of seats required for victory. (Time expired)

Ms PARKE (Fremantle) (9.39 am)—Late last year I was delighted to hear that Palmyra Primary School had been chosen as the Western Australian demonstration school for the $12.8 million national Stephanie Alexander Kitchen Garden Program. Palmyra Primary School is a school with a strong community focus, as I have had cause to mention in this place before with regard to their work towards reconciliation and celebration of the national apology.

During my visit there in December the enthusiasm for the kitchen garden was palpable as Principal Hugh McCracken and four students led me on a tour of the grounds and garden site. Tucked in a hollow at the edge of the playing fields, the established herb and vegetable garden
is impressive and already benefits from the input of local residents, who tend the plots. But the Kitchen Garden Program will expand and enhance the plot further and, crucially, connect the produce it bears with the cooking and eating experience for students. In the new kitchen, students will be able to take their harvest through every stage of preparation before sitting down together to enjoy the fresh fruits and vegetables they have nurtured. This hands-on learning will instil healthy eating habits and provide the kind of essential life knowledge from which Palmyra students, their communities and ensuing generations will benefit well into the future.

I am also pleased to say that two other schools in the Fremantle electorate, Spearwood Alternative School and Harmony Primary School, were among the first 37 schools nationwide selected to participate in the Kitchen Garden Program. Like Palmyra, Spearwood Alternative School has an existing garden, and I visited the site in the company of parents and children a week before the start of term. As a rare state alternative school established and run on the basis of deep parent and community involvement, it was no surprise to see that the garden had been well kept and watered over the dry Perth summer. It is clear that the Spearwood Alternative School community has a great deal of deal of time and energy invested in their patch, and the Kitchen Garden Program will provide the funding for the construction of a kitchen in which the students can join the dots between their garden, its fruit and vegetables, and the creation of fresh, healthy food. Spearwood is a small school with a big heart. They are overjoyed at what this funding support will mean, and schools like Spearwood around the country deserve this kind of innovative education policy.

Finally, the six-year-old Harmony Primary School in Atwell, a fast developing suburb on the urban fringe of the Fremantle electorate, will, thanks to the Kitchen Garden Program, be building a brand new permaculture garden to complement the school’s passive solar design and its guiding ethos of environmental responsibility. As the garden beds are dug, the first seeds planted and the kitchen built, this project will become a central focus for Harmony students and staff; but the creation of a garden and the cooking of its produce will also serve to enhance the connections that exist in this burgeoning community as its students, teachers, parents and extended families involve themselves in making the garden and the program their own.

The life knowledge acquired by the year 3 to year 6 students in these schools will spread beyond the immediate bounds of the schools’ kitchen gardens to bind and strengthen the broader community. The Stephanie Alexander Kitchen Garden Program is an example of forward thinking and preventive policy in action. (Time expired)

**Tangney Electorate: Broadband**

Dr JENSEN (Tangney) (9.42 am)—When the internet really entered mainstream use in the 1990s, we were told it was the dawn of a new era in civilisation. The grand vision was for a world where information and ideas flowed freely, where national borders were made redundant and where everybody, at least online, would be equal. Unfortunately, Australia has been lagging in the march of the information age. Increasingly, my constituents complain about the lack of quality internet access, and, in what is a relatively affluent and long-established area of a major city, some are told that they cannot have broadband access from their homes at all. As if the woeful state of telecommunications infrastructure was not bad enough, the government

**MAIN COMMITTEE**
is also trying to restrict the very freedom which has made the rise of the internet such a mo-
mentous event in human development.

The ‘minister for censorship’—or maybe we should call him the minister for broadband—
is asleep at the wheel and the rest of Australia is stuck behind him as he sputters along the
information superhighway. High-quality broadband access was a key election promise. Labor
promised that the construction of the NBN would commence before the end of 2008. We are
still all waiting for answers and we are still all waiting for action. What do I tell my constitu-
ents, Minister—just another election promise broken?

Rather than address this, the minister has instead embarked on the campaign to restrict the
use of the internet by Australians in a manner more commonly seen in societies such as China
and Saudi Arabia. Initially this was put forward as a way to protect children from unsavoury
material, in itself an insult to parents who should be quite capable of determining what their
own offspring are exposed to without the incursion of a nanny state. But since then we have
been told of plans to block more than 10,000 sites, not just to protect children but to shield us
all from content which anonymous and effectively unaccountable bureaucrats determine to be
undesirable. I say ‘unaccountable’ because the list of blocked sites is to be secret. We are told
we should accept the judgement of these bureaucrats, that it is not in our interest to access
certain material. I for one do not accept this and I believe that this feeling is shared by many
Australians.

**Victorian Bushfires**

**Mr CLARE** (Blaxland) (9.45 am)—When there are images of death and destruction on
television or in the newspapers some people turn away, others are compelled to act. I have
never been more proud of my local community than in the last few weeks. I am proud of the
organisations, the companies and the schools that did not turn away and of the people who
opened their wallets, their purses and their hearts to the people of Victoria, whether it is the
Chinese community in Cabramatta, who raised more than $50,000 in one night, or the Viet-
namese communities in Cabramatta and Bankstown, who did the same, whether it is the men
and women who organised these events—people like Dr Lu Vinh Binh, Dr Sang, To Kim
Chau, Bui Duc Hung, Tania Huynh and Vinh Trang, Quang Van Truong, Truc Quan, Dang
Kim Ngoc, Nguyen Xuan Nhi, Nguyen Van Thuat, Than Van and Henry Tran—or the woman
at Cabramatta railway station who threw $50 at me and said, ‘Make sure it goes to someone
who needs it,’ or the man I met at Bankstown railway station who cried as he gave me 60c,
saying that that was all he had to give. So many individuals, so many groups and so many
businesses gave so much. John Staples and the Yagoona Lions hit the ground and raised
$12,500; Ken Chapman and the Cabramatta Lions stood on street corners and raised $6,800;
Ted Goetz and the 1st Bass Hill Scouts baked cakes and pulled together over $1,000; the
Cabravale Diggers raised $70,000; the Bankstown Sports Club donated $10,000, plus beds,
linen, chairs and tables; the Bankstown RSL raised $2,000; and Bankstown Bunnings raised
over $9,500. The Red Cross stood at the front of Bunnings and raised $300, and the SES
stood inside and did the same.

In every school, students gave of their time, energy and pocket money. The 52 schools in
my electorate all together raised over $90,000. The Lansvale Public School collected more
than just money; they collected messages from the students in four condolence books: one for
the people of Victoria and one each for the schools destroyed in the fires—Marysville,
Strathewen and Middle Kinglake. These are just a few of the stories of just a few of the people who opened their hearts. There are many others. Together they raised more than $250,000.

This is the real Western Sydney, not the one that we too often read about in the newspapers or see on television. Julio Grutillini, the President of the Cabramatta Community Centre, turned 73 years of age three Tuesdays ago. Standing with me at the Cabramatta railway station in the rain, he told me that the fundraising he had witnessed was the best birthday present ever. The generosity of so many filled his heart with joy. Nothing that we can do will restore the lives lost, but we can help to rebuild the lives of those that have been broken. The people that I represent know this. So many of them have fled war in search of a new and better life in Australia. They are the proof that we can rebuild and that in the midst of great suffering life can begin again. Their generosity is proof of the unyielding and ever-renewing Australian spirit.

**Victorian Bushfires**

Mrs GASH (Gilmore) (9.48 am)—The tragedy of the Victorian bushfires continues to shock all Australians. I would like to record on behalf of all the residents of Gilmore our most sincere condolences to the families of those who lost loved ones. Like many hundreds of communities across Australia, we in Gilmore have been working hard through different initiatives to provide much needed financial support for the survivors. Carolyn and Richard Katon, of Gabby’s at Berri, put on a night for the survivors and raised over $21,000. Staff from my office and from Woolies in Nowra put on a barbecue in Nowra earlier this month, supported by some of our local fireys. I especially want to acknowledge the contribution of Mr Paul Silk and other staff from Woolworths in coordinating the day, organising the donations and cooking up the food. Through that effort, I am pleased to report to the House, they raised over $2½ thousand in just half a day. Hundreds of initiatives like this have taken place right across the country, and they reflect the true Aussie spirit of mateship. I attended a remembrance service in Ulladulla, at St Martin’s Anglican Church, at which a poem lovingly written was recited by local 10-year-old girl Caitlin Bonser. Caitlin has just won the state Apex Public Speaking Competition and will now go on to compete in the Australian championships, to be held in July in Perth. With the indulgence of the House, I would like to share her poem entitled *Victoria’s Battle*:

It just hit the Victorians
And now trying to battle
The fire gets worse
And their houses rattle
Lots of lives Taken away
And some who fought turned out to stay
Houses, cars and memories turn to ashes
This huge fire just terribly lashes
The sky which is black
And the flames which are orange and yellow
It burns people’s houses and hearts
And it turns to mellow
Fires are flying fast
Along properties and farms
People are worried as
Smoke of the fire is their alarms
Grass, trees and plants
Are shaded brown
Lots of people are crushed about their homes
In and out of town
Fire fighters have been struggling
But doing their best
Some fire fighters are so tired
That they really do need a rest
Reporters and media interviewing residents
Is a really emotional thing to do
It is heart-breaking and tearful
And especially for the new
Now this fire was not naturally made
“No way”
It was caused by an arsonist
And the plan had been laid
Now this is sad
The culprit should be in prison
But this is emotionally bad
This person has risen
So really the Victorians
Are in a fragile state
But that doesn’t mean
That Victoria still isn’t great
You can see why we are very proud of Caitlin—and the community is very, very proud of her indeed.

Blair Electorate: Lights on the Hill Trucking Memorial

Mr NEUMANN (Blair) (9.50 am)—On 11 October last year I had the privilege of attending the Lights on the Hill Trucking Memorial Annual Memorial Day at Lake Apex in my electorate and on 28 February this year I had the privilege of attending the annual convoy of Lights on the Hill. Lights on the Hill is a truck-driving and coach-driving memorial and, sadly, at this point in time in this calendar year, several more names will be added of people who died in the truck-driving and coach-driving industry. Those who work in this industry make enormous sacrifices. We cannot get our produce to the markets or our goods to the shops without the efforts of truckies and their families. This memorial at Lake Apex in Gatton honours their memory.
I want to pay tribute to: Kathy White, who is the founder and chief architect of the Lights on the Hill Memorial; her husband, Garry, who has worked for 30 years in the industry; and their wonderful daughter Dionne, who has worked so hard for Lights on the Hill and the local committee. I also want to recognise Andrew Morrell of Advanced Additives in Ipswich, a great business, and David Middleton of Quality Connection, Ipswich, for their sponsorship.

It is a wonderful memorial. It gets its name from the late Slim Dusty’s song, and his family remain actively involved as patrons of the venture. On 28 February, 700 trucks travelled from Toowoomba and Brisbane to the Gatton Showground, often with pictures of those who had died in the last year, with their dates of birth and dates of death. This activity raised $74,000, with a profit of $54,000. The Lights on the Hill Committee donated $1,000 to the Victorian bushfire appeal and a further $1,000 to the town of Whittlesea in aid of their country music festival to enable them to rebuild their local community and enjoy something in this very difficult time. A further $1,000 was donated to the North Queensland flood victims. An auction raised between $4,000 and $6,000. The Lights on the Hill Memorial is a sad event, but we honour those people who have given their lives to help our community, our country and their families. It is sad that we have to put more names on the memorial this year, and we should always do everything we can to ensure that safety is of the utmost importance and that the laws of this country are designed to protect those who help us so much in the truck-driving industry.

I want to pay tribute to the committee and to the community which has seen the growth in this convoy from 89 vehicles in 2004 to over 700 vehicles in 2009. It is a tribute to the local community of Gatton and all those involved.

Gippsland Electorate: Regional Infrastructure

Mr CHESTER (Gippsland) (9.53 am)—I rise to speak in support of a petition containing 1,236 signatures from the Sale and district community. By way of background, the Wellington Shire Council is well advanced in a plan to relocate outdoor netball courts and establish a multisports venue in Sale, at the same time allowing for the relocation of TAFE facilities to a more central location. The plan is multifaceted and each aspect hinges on the successful funding of other stages.

During the Gippsland by-election campaign a community rally was attended by several hundred people, and the principal petitioner, Scott Rosetti, did a magnificent job to galvanise public support behind this project. Mr Rosetti has gone on to become a shire councillor and he continues to pursue the issue, as does the rest of the council. It is also worth noting that the Labor candidate in the Gippsland by-election, Councillor Darren McCubbin, is the Wellington Shire Council Mayor and an outspoken advocate of this project. I mean the term ‘outspoken’ quite literally. As a former town crier, Councillor Darren McCubbin has a very powerful voice and he is certainly trumpeting the importance of this project near and far. I understand that a council delegation have met with government ministers and they are hopeful of a positive result. The project is well advanced and has the financial backing of state and local government and needs a commitment from the federal government to proceed to the next stage.

The benefits of this project are extensive and include the obvious opportunity to encourage more young people in the community, particularly young women, to enjoy a healthy lifestyle. The Sale Netball Association has made an outstanding contribution to the Gippsland community over several decades and hosts its own weekly competitions as well as regional events.
The construction of the new courts and an indoor facility will allow the association to take the next step in attracting more high-quality competitions and continuing to cater for local sports-women. As I mentioned, the project has several aspects. The relocation of netball courts will clear a site for the local TAFE college to be established at a more central location, which has obvious benefits to students accessing courses. The final cog in the wheel is the development of the indoor sports centre, which will allow the relocation of existing sports and free up an excellent site in Palmerston Street, Sale, adjoining the Central Gippsland Health Service, to further improve the health precinct services for the Gippsland community.

There are many benefits to the Gippsland community that will flow out of a federal government funding commitment to this project. More than 1,200 residents have expressed their view in this petition, and I urge the government to consider the issue as soon as possible. If we are serious about nation building and stimulating economic growth and jobs, here is a project that is ready to roll right now. It is time for the federal government to get fair dinkum about regional infrastructure. We have had 18 months of promises and precious little action on the ground. This project is ready to proceed and will provide a much needed stimulus to the Gippsland economy and long-term social and economic benefits. I congratulate the petitioners and the Wellington Shire Council for their support for this very worthy project and I urge the government to get on board.

Wakefield Electorate: Gawler Returned Services League

Mr CHAMPION (Wakefield) (9.56 am)—I would like to draw the attention of the House to the fact that the Gawler sub-branch of the RSL is this year celebrating its 90th anniversary. Anzac Day is always an occasion for reflection and contemplation of the sacrifices made by so many men and women over so many conflicts in this country, but this year Anzac Day is a particularly important occasion for the Gawler RSL. The RSL was established on 16 July 1919 on Murray Street in Gawler. It then moved to a location in Cowan Street and then to its current location on Gosford Street, Gawler. During this time the RSL has become a focus for many in the community and a vital part of the character of Gawler. Over the years it has worked with locals to preserve and keep alive the memory of the Great War and the many conflicts since.

On 16 July this year the RSL will officially celebrate this milestone with a special anniversary presidents dinner. The new president of the RSL is Mr George Sibenaler, and he is going to be in charge of the commemorations. It will also include the participation of the town of Gawler, the local state MP, Tony Piccolo, local business owners and the RSL, which from April will commemorate the occasion with historic displays in local shops and public buildings, particularly around Murray Street, which is the main street of Gawler. The commemorations will have their high point with the traditional Sunday street march on 19 April and then, later, the dawn service on the 25th and the 90th anniversary breakfast in Pioneer Park, Gawler.

The Rann state government has just announced a $19,000 contribution to upgrading Pioneer Park, a very important park. I can remember going there in my youth as an air cadet, so it has particular poignancy for me. It is a great milestone for the RSL to reach. I think it is a great part of the local community in Gawler and will continue, I hope, for the next 90 years.

The DEPUTY SPEAKER (Ms AE Burke)—Order! In accordance with standing order 193 the time for constituency statements has concluded.
AUSTRALIAN ENERGY MARKET AMENDMENT (AEMO AND OTHER MEASURES) BILL 2009

Second Reading

Debate resumed from 12 February, on motion by Mr Martin Ferguson:

That this bill be now read a second time.

Mr IAN MACFARLANE (Groom) (9.59 am)—Can I firstly say that the coalition supports the Australian Energy Market Amendment (AEMO and Other Measures) Bill 2009. It is a continuing part of the energy market reform process which was started by my predecessor in the portfolio, Nick Minchin, which I continued, and which is now being undertaken by the current Minister for Resources and Energy. The purpose of the bill is to make minor changes to Commonwealth legislation which will allow the establishment of a single national market operator for electricity and gas. This market operator will replace an existing operator, NEMMCO. The significant difference is that this new body, AEMO, will cover both electricity and gas, where NEMMCO covered only electricity. That in itself is a very significant final step as we move towards encompassing all energy sources under the one umbrella.

The bill also amends legislation to reflect a name change in Western Australian gas legislation as a consequence of the proposed AEMO taking on NEMMCO’s function. The bill provides for minor amendments to the Renewable Energy (Electricity) Act 2000 and the Trade Practices Act 1974. Whilst these may be minor changes to the legislation, they are an important reform for the energy sector and one which I can say the energy sector supports wholeheartedly.

The Australian Energy Market Amendment (AEMO and Other Measures) Bill 2009 seeks, firstly, to ensure more efficient investment in energy infrastructure; secondly, to continue the process of promoting competitive energy markets with the aim of lower prices for consumers; and, thirdly, to enable the commencement of a single national energy market operator for both the electricity and gas sectors. The operator will be known as the Australian Energy Market Operator, or AEMO for short. It is anticipated that operation will commence on 1 July 2009.

The Ministerial Council on Energy, also known as the MCE, was established by COAG, the Council of Australian Governments, in 2001. The MCE is the national policy and governance body for the Australian energy market, including for electricity and gas, as outlined in the COAG Australian Energy Market Agreement, or AEMA, of June 2004. The MCE’s task is to provide national leadership so that convergence issues are fully considered in the energy sector decision-making process. During my time as minister, often in the face of fierce opposition from individual states but in the main supported by the majority of state ministers—all of whom were Labor—the MCE provided that sort of leadership in the energy market.

New South Wales was one of the last states to get on board when it finally decided to do the right thing and sell off its energy assets—energy assets which have no place being owned by government and run by bureaucrats to the advantage of the state treasuries and the detriment of the consumer. It was somewhat saddening, but I have to say not surprising, to see that the Prime Minister of this country did not have the courage to back the then Premier of New South Wales, Morris Iemma, in that state’s endeavour to put the final brick in the wall in ensuring that energy assets and the energy market itself were reformed.
It highlights the lack of leadership provided by the Prime Minister, not just in this area but in a whole range of areas, and the fact that he is constantly unwilling to make unpopular but necessary decisions. I lost a lot of skin and hair—and had a lot of fun, I have to say—in pushing these energy market reforms forward, but I did not enjoy seeing a situation where the current federal minister for energy was left high and dry by continuing to promote, quite rightly, much needed reforms. That the Prime Minister did not have the courage to stand behind not only his own minister or the reforms which he had signed up to as Prime Minister but also a state Labor Premier highlights a failing of this Prime Minister which I do not have time in this speech to further expand on, but it is one which I think bodes badly for this country.

The MCE comprises ministers with responsibility for energy matters, from the Australian government as well as from all states and territories. The development of this bill has been overseen by the ministerial council and had its genesis from the reforms to the energy sector made during the time when our party were in government. Those reforms were, as I said in my opening comments, initiated by Nick Minchin, pursued with passion and determination during the six years I was minister and they are now being pursued quite capably by the current federal minister for energy. During that time we saw an enormous turnover in state energy ministers and some colourful characters. It is with some satisfaction that I now see the MCE comprised of ministers who are committed to the reform of the energy market. They do, in some instances, unfortunately still take their riding instructions from state treasuries but, in the main, compare favourably to those wild days when former Minister Yeadon, who is perhaps the best example, tried to tear apart the MCE at his first meeting. I wonder what happened to Kim Yeadon. He is certainly not a political force any longer. His attempts to derail this process were unsuccessful.

There have been state Labor ministers who have provided some wonderful support on this, and I have would have to single out the minister from South Australia, Pat Conlon, who has made an enormous contribution and was the only minister to be there from go to whoa over the six years I was there. Also, more recently, people like Minister Batchelor from Victoria have made this issue something that they want to continue to pursue and on which they are supporting the current federal minister. So the MCE is a body that is now functioning very well. We are seeing some real vision and some real determination coming from it. The development of this bill was overseen by the ministerial council.

AEMO will assume the responsibilities and functions of existing gas and electricity market operators, including the National Electricity Market Management Company, NEMMCO. We certainly welcome AEMO taking on the transmission-planning functions of the energy market. It is obvious—and it is an area which needs addressing—that there are failings or gaps, particularly in the transmission-planning function and in the transmission system. We need to ensure that electricity is able to be supplied, as far as is practicable, from any source in the network. This is obviously an energy security issue, in case a power station has an outage or, as we saw in the bushfires two years ago, a powerline fails. But it is primarily there to ensure that there is competition—that is, that this generator has to compete against that generator. If we get a proper transmission system going, we get a situation where state boundaries are completely broken down and where state treasuries can no longer control the price of electricity in their state. Thus new entrants—and this is a key area—can come in and build power...
stations confident that they will be able to compete on an equal footing with government owned power stations while they still exist.

This transmission-planning function, which will highlight gaps in the transmission system and move to address them, is something we certainly welcome. But we do have a minor concern in that regard—I hope it is only ever minor—which is that it does present government, the federal government in particular, with the opportunity to step in and take equity in those transmission lines. AEMO needs to stick to its knitting. It needs to be sure that, in planning these transmission lines, it does its function but at no stage creates an opportunity for governments, state or federal, to take up equity. It is simply no longer appropriate. It has been highlighted again and again, and agreed to by this government and the previous government—we will leave the Prime Minister aside in supporting it—and agreed to and supported by ministers at both state and federal level that the future of the energy market sector relies on private sector involvement and a continued diminishment of government ownership. There is no place for any government ownership, least of all Commonwealth government ownership, in energy infrastructure.

We are also concerned that, in its enthusiasm—for want of a better word; some would say wild panic—the Rudd government not use the Building Australia Fund to put money into energy infrastructure. We need to see a situation where that money is preserved for the reasons for which it was set aside—particularly construction of roads, railways and the like. We have, given the right set of rules, enough companies willing to invest in energy infrastructure in Australia, provided they are sure that the government is going to set the rules fairly. We have enough companies interested in investing to negate the need for any Commonwealth funding of these projects. This is for equity and to avoid draining the very meagre funds which are available to infrastructure in general.

I guess, as we go forward on this, the opposition—reluctantly, but with no other option—has to rely on the minister for energy to be the whistleblower if the government starts to vary or to waver in its policy approach to this. I hope we do not have to see a situation where the minister has to get chastised again for saying it like it is, as he did on Fuelwatch where he knew, right from the start, that that scheme was a dud. He knew from the start that that scheme was a farce. He knew it was a political fix that was never going to work. He had the courage to put that in writing and, unfortunately, someone leaked it on him. Having to rely on a minister for energy again having that sort of courage to ensure that the Commonwealth government does the right thing on energy infrastructure investment is something that the opposition is worried about. I am sure the minister will do it if he has to, but I think it is a funny way to run a government.

I have spoken a little about the energy market but I think that, in a bill as significant as this, it is worth recapping the history of this. I have said it was established in 2001. When I became minister later that year, the then Howard government commissioned what is known as the Parer review, looking at the long-term future and sustainability of energy in Australia. The Australian energy market reform legislation—based on that review but also on state ministerial input and input from energy consumers, producers and retailers, all of which assisted in forming the legislation—overhauled the structure of the national electricity market. It was an extraordinarily quiet revolution. ‘Revolution’ is the only word: it was a dramatic change from what were decades of state based energy systems which were designed, yes, to provide elec-
tricity to consumers but which, as always, ended up being used by state treasuries to prop up their failings in other areas.

This overhaul had, at the heart of it, the establishment of two new bodies, one of which was a single national regulator. I am a bit rusty on the figures, but I think there were 23 all up. Certainly, in terms of electricity, it replaced 13 different but overlapping regulatory bodies in various states. Each state had a number of regulators, in some cases a gas regulator and an electricity regulator, and even though both gas and electricity were travelling from one state to another they were then regulated by two separate bodies. So that was an enormous step, and I remember full well, as one does, the enormous fight that went on in the ministerial council—not over the good that this was going to bring to Australia, not over how the energy market would operate, but over who would actually get these two new bodies in their state: where would the new head office be? The fight, which I was not part of because no-one wanted it in Canberra—

Mr Perrett interjecting—

Mr IAN MACFARLANE—The Queensland minister actually did not want it either, but that is another story. What happened in the end was that we established these new bodies, the AER and the Australian Energy Market Commission, the AEMC, and their head offices were established in Melbourne and Sydney. The winners went away smiling, the losers went away unhappy, but in the end it made absolutely no difference at all. So those two bodies were established and positioned. They replaced an absolute labyrinth of regulation in the sector and were desperately needed in the energy industry.

I mentioned that there are private companies, private enterprise, looking to invest in the Australian energy market, at a time when state governments everywhere are short of cash. No-one is as short of cash as Queensland, of course, who have managed to rack up a $74 billion debt. What a figure; how did they do it? It is just mind blowing. I guess in the next few days the voters will ask them how they did that as well. But at a time when the state treasuries are not—

Mr Perrett interjecting—

Mr IAN MACFARLANE—National Party? He is wrong on both counts, Madam Deputy Speaker; I am actually a Liberal-National Party person.

Mr Perrett interjecting—

Mr IAN MACFARLANE—Third attempt and he gets it right—sounds familiar. To get back to the point, though, it is estimated that an investment in the energy sector of $37 billion needs to be spent on baseload power over the next decade, and that is needed simply to guarantee that the lights stay on. When I first stated that figure, I know there were those who thought I was being quite alarmist. I remember saying that there was a risk that the lights would go out during the Commonwealth Games and, in fact, that risk was almost realised. Of course, since then, we have seen that risk realised on a number of occasions, particularly in heatwave conditions where the electricity generation sector simply cannot keep up. So these reforms are certainly needed, and the investment that will come from the private sector is desperately needed.

The good news, though, is that, through all this toil by state ministers and by the Commonwealth, Australia has been recognised as having the model for other countries in terms of
energy market reform. It can be said quite categorically, irrefutably, that Australia leads the world on energy market reform. They are not my words; they are in fact the words of the International Energy Agency, the IEA, who looked at what we had achieved here—I say ‘we’ and I genuinely give credit to my state ministerial colleagues, because it was a team effort. Australia has set a course that has really turned out to be the envy of the world.

In saying that, I should also pay credit to the departments involved. I cannot remember the correct name of the department; its name has been changed so many times. It used to be the Department of Industry, Tourism and Resources, but I think it is now called the department of energy, tourism and resources. That is probably in the wrong order. I know that I wanted to call it DIRT. I thought, ‘What a great name for a department—the department of industry, resources and tourism, DIRT,’ but I could never get that past the bureaucrats. Whatever their name is now, I pay them credit. The people there both now and in the past have done an enormous amount of work on this. They provided guidance and sometimes counselling to their then minister and I am sure they do so now. They certainly provided some guidance and counselling to their state departmental colleagues. I think they have a lot to be proud of.

If we look at the whole area of energy market reform, there are a few final areas that I would like to briefly touch on. The ministerial council has called for a review of energy market frameworks in the light of climate change policy. The purpose of the review is to determine if energy market frameworks should be amended to accommodate the Carbon Pollution Reduction Scheme, or the CPRS as it is known—

Mr Secker—It should be the C-R-A-P.

Mr IAN MACFARLANE—There are all sorts of acronyms we could be using. The review will also look at whether they should also accommodate the expanded renewable energy targets. This review is probably appropriate, providing it is not done on a political basis. I guess that is where our concerns rest: that in fact it may be just another review. We have seen this government set up a review through a House standing committee to look at the CPRS and then get such a fright that it might in fact say things that it does not want said that it killed off the review. The government established a review and then killed it off. In my time in parliament I do not ever recall a government killing off a review that it had established. What information was going to come out of that review that the Prime Minister, the Treasurer and the Minister for Climate Change and Water did not want made public? What was going to come out of that review? So has this review being done by the ministerial council been sanitised as well? Is it going to do a true inquiry into the energy market impacts of the CPRS and RET, or is it going to be another review which this government either chokes or manipulates to get the right outcome?

This government is creating problems with both the CPRS and its renewable energy policy—and not only in the manufacturing sector, which I could speak for hours on having been the minister for industry and knowing the impact that the CPRS is going to have on jobs in Australia, knowing how difficult it is for industry in Australia to be competitive and knowing the disadvantages we already have. Energy intensive and/or trade exposed industries cover pretty much every industry in Australia. Anyone who makes something is competing against other exports when they go into the international market or other imports in their domestic market. I know how difficult it is, and the CPRS is simply going to make that job more difficult for industry and cost jobs here in Australia. We know that, and the Senate inquiry into this
matter will no doubt reveal it further. We also know that if we do not set sustainable renewable energy targets, we will not only increase the price of energy so much that, again, it will cost jobs in industry but also have situations like we had during the heatwaves in South Australia this year, where the renewable energy sector provided a certain percentage of the energy requirement. As everyone knows, on a hot day in Adelaide, the wind is not blowing—and, when the wind stops blowing, that means there is no electricity from the wind turbines.

We support renewable energy. We have done more than this government has done on renewable energy. We are the ones who spent all the money. We are the ones who went out with dollars to get renewable energy projects up. While this government talks about it, we did it. But it needs to be done in a balanced and responsible way so that it ensures that the energy supply market is sustainable and that industry is not left with an unfair burden.

I say in conclusion that this is one of the last bricks in the wall. The AEMO legislation is not the final chapter but is certainly one of the concluding chapters in a story which at some stages I thought would never be written. I remember being thrust into the first meeting as minister and coming out and saying to the then Deputy Secretary of DITR John Ryan, ‘What the hell is going on?’ because basically everyone just wanted to fight about energy market reform. The Commonwealth had a vision and the states were supposedly signed up to it but there was no way that state treasuries in particular were going to let go of it.

Seven years on, the process which, as I said, was identified by the IEA as the world leader in energy market reform is approaching a conclusion. It is something that we in opposition support and it is something we worked hard on in government. I congratulate the minister for his legislation. I look forward to his ongoing commitment. I hope the Prime Minister has the courage to support him.

Mr KELVIN THOMSON (Wills) (10.26 am)—There is an electricity company that runs an advertisement along the lines of ‘we’re excited by electricity even if you’re not’. As a parliament and a nation we need to get more excited about electricity markets even though that may cause people’s eyes to glaze over as a natural reaction. Before I go to the body of the Australian Energy Market Amendment (AEMO and Other Measures) Bill 2009 I feel the need to comment on the member for Groom’s observation that it was the previous government that did it in relation to renewable energy. When they started out renewable energy as a share of this nation’s energy was at around 10 per cent. When they finished renewable energy as a share was also at around 10 per cent. In other words, it flatlined. The renewable energy target they established, firstly, was too modest at two per cent in the first place and, secondly, was converted into gigawatt hours and was consequently swallowed by rising electricity demand. The Clean Energy Council and other bodies in the renewable energy field are quite scathing about the stop-go nature of the previous government’s policies and the way in which they did not genuinely seek to achieve renewable energy growth in this country.

This bill makes minor amendments to a number of Commonwealth acts to facilitate a nationally consistent approach to energy market regulation. The amendments are required for the establishment of the Australian Energy Market Operator, which the Council of Australian Governments at a meeting in April 2007 requested be established by 1 July this year. The Energy Market Operator will take over the functions that are currently performed by the National Electricity Market Management Company, NEMMCO, along with the retail and wholesale gas market operation functions performed in various jurisdictions except the Northern
Territory and Western Australia. The Energy Market Operator will also undertake a number of significant new functions to enhance investment decision making on the need for and location of new infrastructure in the energy sector—the most significant of these being the National Transmission Planner function and the production of an annual gas statement of opportunities.

There are only minor amendments required to the Commonwealth legislation but they are critical in ensuring the ongoing operation of the national electricity market, which uses a cooperative legislative model with South Australia as the lead legislator. Amendments are also required to correct references to Western Australian legislation, which will enable key elements of the national gas access regime to apply to parts of the Commonwealth’s offshore area. The amended name and year of enactment of the Western Australian legislation were made necessary by delays associated with the proroguing of the Western Australian state parliament in 2008.

In order to strengthen the national character of energy market governance the Council of Australian Governments has agreed to establish this national energy market operator. The operator will be a company limited by guarantee. It is proposed that statutory functions will be conferred on it by way of amendments to the National Electricity Law through a schedule to the National Electricity (South Australia) Act 1988 and the National Gas Law through a schedule to the National Gas (South Australia) Act 2008. Throughout legislation the references to the former NEMMCO—for example, in the Renewable Energy (Electricity) Act 2000 and the Trade Practices Act 1974—are going to be replaced by references to the Australian Energy Market Operator.

I think it is excellent that we see a spirit of cooperation in the COAG process concerning energy markets and the move towards this national energy market governance. That spirit of cooperation was present at the public meeting in Canberra on 29 November last year. I want to point out to the House that it reached agreement on national principles for feed-in tariff schemes. In that agreement, governments indicated that microrenewable generation should receive fair and reasonable value for exported energy. It was also agreed that feed-in tariff policy should be consistent with previous Council of Australian Governments agreements, particularly the Australian Energy Market Agreement. This included arrangements and jurisdictions for PV consumers by the Ministerial Council on Energy, and there was a further undertaking from the Ministerial Council on Energy to advance fair treatment of small renewables by continuing to implement the regulatory arrangements for small renewable customers. That meeting followed an earlier COAG meeting in March 2008, where it was agreed that Australia should have a harmonised approach to feed-in tariffs.

I want to say a few things about feed-in tariffs. They encourage individual homes, factories, schools and building sites to become minipower plants, meeting their own power needs through the production of renewable energy, which does not emit global warming emissions. Feed-in tariffs can reflect the real cost of carbon: they can be based on either so-called avoided costs of nonrenewable power producers or the electricity price charged to the end user, supplemented by a bonus or premium in order to account for the social and environmental benefits of renewable energy. It is quite possible to make a feed-in tariff apply across all technologies, but the best-known one is solar photovoltaic—that is, solar PV. Feed-in tariffs build community awareness as individual households feel empowered in making a contribution to the mitigation of climate change. The potential of increased renewable energy power
production has the obvious benefit of reducing carbon emissions and atmospheric pollution. Furthermore, by decentralising alternative power generation, you minimise the problems of the geographic concentration of such facilities. That will provide a security dividend. Small on-site generation makes the electricity system less vulnerable, for example, to terrorist attacks because it reduces the number and degree of high-value targets where a single strike could cut power to many users, it reduces the grid instability that can result from the loss of a large power generator or transmission line and, finally, it reduces the use of dangerous fuels that create additional potential hazards.

The feed-in tariff is intended to drive the cost of solar PV down. Solar PV generates power when it is most needed. It evens out the power load and reduces the extreme peaks of the hot summers. The supply of energy will ordinarily be highest in the warmer periods, and of course that closely matches the increased demand to electricity that you get in the form of significant airconditioning use. PV output over summer peak load weeks has been shown to correspond well to system loaded regional nodes in Victoria, South Australia and New South Wales. It avoids transmission losses; it avoids the need for poles and wires infrastructure; it offers job creation in production, distribution and installation. Personally, I think the job creation potential of renewable energy is not adequately realised. For example, a little over a decade ago Germany had a solar PV industry on a similar scale to Australia’s. Germany now has an industry of 110,000 jobs generating 15,000 megawatts of solar PV. Australia has fallen behind. It was estimated in 2005 that our solar PV industry was responsible for just 1,300 jobs.

There is, quite naturally, concern about the cost to consumers resulting from feed-in tariff schemes. As the Alternative Technology Association has noted in a document, Cost to Victorian consumers of a gross metered feed-in tariff:

With increasing electricity prices resulting from the drought (with hydro power declining), increasing demand, mandatory renewable energy targets and the impending cost of an emissions trading scheme, it is understandable that governments are wary of what may be seen as an increased cost burden on consumers.

So, when we are thinking about setting a fair price for the feed-in of electricity, we need to be mindful of the impact on consumers. I think we also need to be mindful of the benefits of grid-connected solar PV in reducing global heating emissions, reducing the growth in peak demand, avoiding the need for expensive network infrastructure augmentation, industry development and employment creation. We need to be mindful that a fair price sees the homeowner rewarded for the value of the electricity at the retail rate at the time of production and for the benefits I have just referred to. According to the Alternative Technology Association:

An effective feed-in tariff scheme needs a fair price paid for a guaranteed period of time on total generation, in order to create the certainty required to drive increased investment.

The document goes on to say:

Funding a feed-in tariff would be recovered from all electricity consumers on a consumption basis via a small increase in electricity tariffs. However, due to the broad base of consumers in the state, the final cost to average consumers is quite low.

The ATA did some calculations about costs in relation to Victoria and concluded that, ‘Victoria would achieve a 100-fold increase in solar capacity, or 250MW,’ on an average of a little over $9 per year over the life of the scheme. That equates to a price increase of less than $1.50 per month.
These calculations include an exemption for cost recovery for low-income households (those eligible for energy concessions), as well as large electricity users connected directly to the electricity transmission network. Even with these exemptions which effectively concentrate costs to typical domestic and commercial consumers, typical increases in electricity bills resulting from the feed-in tariff will be in the order of less than 0.6%.

The Alternative Technology Association adds:

Whilst the greenhouse benefits are often touted, the benefits of grid-connected solar PV are far greater than just greenhouse gas reductions.

In addition to being a clean source of electricity generation, widespread adoption of solar will result in significant economic savings to all consumers through:

- Reduced wholesale electricity prices, as output of solar PV systems corresponds closely to peak demand when the wholesale electricity price reaches its maximum; and
- Avoided network augmentation (new power stations and transmission infrastructure) by generating electricity close to the point of consumption, and at times of greatest stress on the network.

Australian electricity networks are committed to spending in the order of $24 billion dollars over the next 5 years on network upgrades, and with network charges accounting for around 45% of consumers' retail electricity bills … this represents a significant cost impost to retail customers in the National Electricity Market.

Ultimately, much of this network augmentation is being driven by peak demand. As such, there is a strong case for the adoption of electricity generation which is both close to the point of consumption and matches the demand of the network. Solar PV fits this bill.

The other advantages, which I have talked about, include:

- Increased supply diversity and security, as renewable energy is inherently lower risk in the long term than traditional fossil fuel fired generation;
- More jobs per MWh as solar PV generates at least 30 jobs per installed MW …
- Development of a high-tech solar industry in Australia, with significant export potential; and
- Greater economies of scale from the expansion of the solar industry locally and reduced real costs, eventually enabling solar PV to reach parity in the Australian market.

I come back to the German example:

… reports from Germany’s environment ministry, the BMU, have estimated that the savings achieved from the adoption of feed-in tariffs—reductions in the wholesale electricity prices, reduced energy imports, and savings resulting from reduced greenhouse gas emission—outweigh the costs of the feed-in tariff by a factor of three to one …

The savings achieved from reduced wholesale electricity prices alone exceed the costs of the feed-in tariff to consumers, resulting in a net benefit to consumers from the laws …

Whilst it is acknowledged that Germany’s feed-in tariff applies to all renewable energy, and different rates apply for different technologies, the economic benefits to arise from reduced peak demand is greatest for solar where generation closely matches these peaks.

The German feed-in tariff scheme is by far the best established and most successful. Germany has installed 300 times Australia’s total solar capacity at a cost to consumers before factoring in these economic savings of less than half a euro per month. In Germany, renewable sources of energy are nearly 11.5 per cent of German electricity generation, and the German renewable energy target has increased from 20 per cent by 2020 to 27 per cent by 2020. This shows what is possible. It shows that we can change the way we do things. I hope that more people
become interested in the national energy market and the Australian Energy Market Operator and do not just allow their eyes to glaze over every time this topic is mentioned. It is great that the Australian government and the state governments, through the Council of Australian Governments, have turned their minds and their energies to this issue. This bill is a further component in the broader energy market reform agenda. It highlights the benefits of cooperative reforms between the states and the Commonwealth, and I commend it to the House.

Mr PERRETT (Moreton) (10.41 am)—I am pleased to speak in support of the Australian Energy Market Amendment (AEMO and Other Measures) Bill 2009. I will not speak at length on this bill, as it contains only relatively minor amendments to bring legislation up to date with the establishment of the Australian Energy Market Operator. The Australian Energy Market Operator will replace the previous body, the National Electricity Market Management Company, and assume the retail and wholesale gas market operation performed by the states and territories. In such operations, it is always very important right from the word go to correctly pronounce the acronyms. We have the ‘NEM’ and now we have the ‘AEMO’. I commend the department on its choice of pronunciation there. With ‘emo’ in the title it is a very modern title! It embraces generation Y! For those older people here—

Mr Secker—We know what emos are.

Mr PERRETT—Emo is the gen Y version of goths. That is my understanding. Obviously, in Queensland, having a warmer climate, we do not have as many goths as there are in the UK or somewhere like that—although you still see a lot of capes in the middle of summer in some parts of Brisbane. I was hoping for a combination of the ‘NEM’ and ‘AEMO’ for the sake of my younger children—perhaps the ‘Nemo’—but we did not come up with that, unfortunately. We are stuck with AEMO.

The references in legislation to the old body must be updated. This will apply to two separate acts, including the Renewable Energy (Electricity) Act 2000 and the Trade Practices Act 1974. COAG agreed to establish the Australian Energy Market Operator to strengthen the governance of the energy market and to help achieve a more consistent national approach to energy sector regulation. I must admit, as someone who is very supportive of free markets to a certain extent, the national electricity market is a great example of it. Anyone with a computer can have a look at the NEM on their screens and see the price changes in operation. It can be right in front of their eyes. They can see the decisions made by people in power stations on whether to press buttons to start up some of the peakers to create electricity. I am sure those opposite would be very supportive of the NEM and how it operates. In my previous job as an adviser at the Department of Mines and Energy, outside the office of the Director-General, Dan Hunt, one could see the NEM on television screens. People would always be quite amazed to see how it was operating all around the country, apart from Western Australia.

Back to the topic before the House. The new Australian Energy Market Operator reflects a convergence of regulatory frameworks for gas and electricity. It makes good business sense for the energy industry to deal with one body, as AEMO will assume the functions that are currently undertaken by mostly state based energy market operators. I also understand that it will undertake new functions for electricity as a national transmission planner and for gas it will produce an annual gas statement of opportunities. That is very important for Queensland, because we have so many great coal seam gas and other gas opportunities. I am sure many of the constituents of the member for Dawson would work in these projects.
Mr Bidgood—Absolutely.

Mr PERRETT—These additional functions will help the energy sector plan ahead for new investments in infrastructure.

This is all part of COAG’s national reform agenda, put in place by the Prime Minister. The Rudd government is all about ensuring that we work together harmoniously—and I am going to say something that might upset the member for Oxley—as one nation. I use that term deliberately because I wish to reclaim it for the Australian Labor Party. Could I just say as an aside that hopefully the election that is taking place in Queensland will be the last election in which we hear from that failed businesswoman from Ipswich.

COAG’s national reform agenda is about bringing leaders together through COAG to remove the duplication that exists between Commonwealth and state regulation and service delivery. This has heralded a new era of Commonwealth-state cooperation that has ensured greater consistency across the board on health, education, banking and environmental issues. The new era of cooperation has also put an end to the blame game. The Rudd government believes that it is simply not an effective way to govern a country to point the finger at state governments, be they Labor, Liberal or Liberal National. The blame game is not the way to go. It is far better for citizens and much more productive to get around the table, thrash out the issues with a bit of give and take and come up with a solution that works for everybody. Of course, there are not as many short-term political points to be scored, but it is better for the country in the long run. After all, that is what our constituents put us in this place for—to look after the long-term interests of the country.

The bill also amends the Australian Energy Market Act 2004 and the Administrative Decisions (Judicial Review) Act 1977 to reflect a change in the name of the Western Australian gas legislation. As Western Australia has already adopted elements of the National Gas Law, Commonwealth legislation needs to correctly reference WA legislation. The Western Australian legislation will enable parts of the national gas access regime to apply to parts of the Commonwealth’s offshore area.

I understand that there are some time constraints with this legislation. The Australian Energy Market Operator, AEMO, is scheduled to commence operations on 1 July, and the Western Australian legislation, intended for the end of this month, requires immediate consequential amendments from the Commonwealth. Obviously, as a cooperative Commonwealth government, we are always happy to help our good friends in the Liberal Party in Western Australia and look after their concerns.

Since the election of the Rudd government, we have seen a lot more cooperation between the states. The Western Australian government understands this. Unfortunately, there is still a rump, in Queensland particularly, that just does not get it. The Liberal National Party are all about kicking the Commonwealth. Just the other day I noticed that the leader of the Liberal National Party, Lawrence Springborg, had announced a change to an intersection in my electorate. The traffic engineers had recommended that Kessels Road go underneath Mains Road, but he spontaneously announced that the recommendation by the traffic engineers would be reversed. It is good to see that very early on in the election campaign he was happy to start the blame game.
Today he said that he is very much a climate change sceptic. He was speaking with the authority of the fact that he is a farmer and therefore—he was almost paraphrasing Bob Dylan—‘you don’t need a weatherman to know which way the wind blows’. Fortunately, the world has moved on a little bit since then—

The DEPUTY SPEAKER (Mr S Geogonas)—Order! It would be remiss of me if I did not ask you to come back to the legislation that is being debated.

Mr PERRETT—Certainly, Mr Deputy Speaker, but you do need a scientist to know the way the wind is not blowing. As I said at the outset, this bill is minor but it ensures that the Commonwealth legislation is in synergy with that of other jurisdictions. I commend the bill to the House.

Mr RIPOLL (Oxley) (10.49 am)—Before speaking on the Australian Energy Market Amendment (AEMO and Other Measures) Bill 2009, I want to thank the other speakers for their contributions on the bill. They have made some very good points about how important the Australian energy market is and how important even some minor consequential amendments, the measures contained in this bill, are to the proper governance of energy markets across Australia.

This bill is part of a range of measures and, very importantly, is part of a great policy direction about providing uniform policy and regulation across all states in Australia in line with the Commonwealth to ensure that we get the right characteristics of proper market governance—in this case, energy market governance. So, while these amendments before us are termed ‘minor consequential amendments’, and that may be the case, they also have an important role to play in the broader policy direction for energy generation, especially the future of energy generation in Australia.

This bill makes a number of small amendments to existing Commonwealth legislation, particularly as a result of the cooperative energy reform legislation that is being passed in other jurisdictions across the country. The bill amends the Renewable Energy (Electricity) Act 2000 and the Trade Practices Act 1974, replacing specific references to the National Electricity Market Management Company Ltd, NEMMCO, with the Australian Energy Market Operator Ltd. It is expected that the AEMO will commence operations, replacing NEMMCO, as of 1 July this year. So, while it may be just a case of a simple name change and some other amendments in those areas, it is, as I said, part of a broader policy direction in aligning energy markets, energy policy and the way forward for energy generation across Australia.

The bill also amends the Administrative Decisions (Judicial Review) Act 1977, the Australian Energy Market Act 2004 and the Trade Practices Act to reflect the change in the name of the Western Australian gas legislation. In terms of Western Australia, as we heard from the previous speaker, we certainly make no bones about our willingness and our capacity to work with all Australian states, regardless of their political persuasion. My view has always been that there are certain matters in the national interest that go far beyond pure political ideology or political directives and are about trying to set Australia on the right path for the future, and energy generation is one of them. So it is very good that the Liberal government of Western Australia have worked closely with us. They have been willing and able and had the capacity to make the right sorts of changes and amendments that we needed to provide—

Mr Bidgood—In the national interest.
Mr RIPOLL—Absolutely; in the national interest—to provide a more consistent, better governance model for energy markets across the country. That truly is good news.

This bill is here for two basic reasons. The first is the changes in relation to the Australian Energy Market Operator, scheduled to commence operations in July this year, as I said, and the legislative changes necessary for AEMO’s establishment. They will also need to be in force on that date, so there is an alignment of a number of policies that need to take place and therefore some timing issues for enactment of this bill. As we heard from opposition members, there is no opposition to this bill. It is widely supported, for good reason: it is a good bill that does the right things. The second is that Western Australia also intends to pass legislation by 31 March which will require consequential Commonwealth amendments to be enacted.

So, across the country, from state to state, we are now seeing the right sort of national character of energy market governance, and we have done that through the right process, and that is through the Coalition of Australian Governments with an agreed platform to establish a national market energy operator, the AEMO. Before I turn to other parts of the national gas law and also the national electricity law, I want to take the opportunity to make a number of comments about how important these new directions are because of the great changes taking place not just here but across the world, particularly in the area of renewable energy.

While solar PV energy has been around for many decades, it is really only now that we see it coming into force and becoming a significant energy provider across Australia. That is happening at the same time as wind energy comes into play in Australia as well as a range of other energy sources, including wave energy, which is being developed in Western Australia, geothermal, solar thermal and a range of other thermal-type energy generation systems. There are other systems that may not seem at first glance to be able to provide baseload power, but I have heard of some recent fuel cell technologies that can provide baseload power. In fact, in the United States a company has developed some very sophisticated stand-alone fuel cell units that can power complete hospitals, villages or small towns. There are some real opportunities for Australia to look at how these systems work.

Being a Queenslander I will play at being parochial here. As we heard, gas, coal seam energy and, of course, coal still play significant roles. I am keen to see government policies continually looking at ways to improve the way we use energy and the way that we encourage new energies to come on line. The Rudd government has already made a substantial move in the right direction in terms of solar energy with the Solar Schools program and with getting solar PVs on people’s roofs. By 1 July this year we will see some more amendments coming into place that will provide a different mechanism for people to receive a rebate for installing solar PVs in their homes. Gone will be the means tested one kilowatt type mechanism for a rebate—

Mr Secker—Which we always said was stupid.

Mr RIPOLL—which has provided a really sound policy basis for initially getting people to come into the market. I heard the comment from the opposition that they always thought that was stupid. Well, it is interesting that they say that because when they were in government their rebate system led to a very tiny take-up of solar PV systems on people’s roofs. In fact, it was miniscule. When we came to government and introduced our policies, we saw a massive take-up. People actually engaged for the first time in a real way. In fact, so successful was our program that you could say it was overheated and overrun. It is always easy for the
opposition to say that they thought it was stupid, but the reality is they did not have a better idea. If it was so stupid, why did so many ordinary Australians take it up? I will answer that rhetorical question: they took it up because it was actually a really good idea and provided some real benefits.

But we have moved on. You do not need to keep policies static, particularly in the area of renewable energy. We have moved on, we have tweaked our policy, we have improved the policy direction and made it a much more sophisticated and better policy and we have removed the means-testing mechanism and linked it to the output that is generated and a type of feed-in tariff to actually measure the rebate. We are certainly travelling in the right direction, but there is more to be done. Our work does not end there. We need to have a closer look at a national scheme for feed-in tariffs more broadly that is complementary to the sorts of national characteristics we are providing through this legislative change. We also need to look at schemes that acknowledge that solar PV is not the only method of alternative energy in Australia, particularly for those micro, home based systems. There is the potential for wind energy generation on a micro level and there is also the potential for people to use fuel cells in the not too distant future. Perhaps in a matter of just a few short years these systems will be available in Australia. There is a real opportunity for us to look at this more deeply, and I have great confidence in our policy direction. We will continue to improve, advance and change our policy direction and legislation to meet people’s requirements.

We heard from other speakers the importance of feed-in tariffs. I will not speak a lot on this but concur with them that feed-in tariffs are exceptionally important for proper pricing, particularly for greenhouse gas reduction. If we are going to give people the proper access they need then I think feed-in tariffs are the way to do it. We need to provide real incentives through that mechanism and do it on a national basis. I think we have the framework right here in front of us with this policy. With the alignment of national energy markets and the proper governance, we can do that.

Talk about national energy markets tends to glaze the eyes over a little bit for most ordinary people. I kind of agree with that. I do not know that I have talked about this at too many barbecues, though occasionally I venture into this area. But there are two particular areas where people’s eyes do not glaze over, and the first is when you start talking to them about the cost of energy. People are very conscious about cost today and cost in the future. There is a generally accepted view that energy will be much more expensive in the future, so we have to be very conscious of how we best manage the efficiency of energy markets and make sure that at the very least as a starting point our policy direction is aligned across the country and that we provide the efficient networks and the right frameworks to make the cost of energy as cheap as possible for consumers.

The other area is that of demand, which links back to what I was talking about on renewable energy. Demand in peak periods at particular times of the day or week, or for that matter during different seasons, summer and winter, varies greatly. This causes a range of either brownouts or blackouts or extra stress and extra maintenance needs on our energy providers. It is important that we look at ways of alleviating that particular demand. It can be done in a number of ways, such as educating people and providing the right incentives in different areas to make sure people consume the least possible energy and providing the right products to give people the incentive to buy the right types of products for their homes, such as energy-
saving fridges and freezers, and understanding how to save energy in the home. There is an even more important way that people can save a great deal of energy and actually had a positive benefit to the market, and that is through solar photovoltaic on their roof, wind energy, whatever it might be, but whatever they can do at home at a micro level, in becoming a mini power provider themselves. It helps if people can imagine the benefits to the broader community, not just to your own home, your own pocket, but the benefits to the environment and the benefits to the energy markets themselves, if more and more people can come online by reducing the amount of energy they use and then producing energy as well. I think that is a really important way forward for us to have a future-proof energy market in this country.

In conclusion, I say that I am really pleased to see important bills such as this, important legislative change that is very much in line with the broader policy direction of the Rudd government of working through COAG, working with the states with some uniform regulatory mechanisms across the country which produce efficiency and better transparency, better governance. That all the states are working hand in hand through the COAG process with the federal government is commendable. We are prepared to have the policies in place and also to put the money on the table to ensure that ordinary consumers can be a part of our policy direction, and they could save money in the process. I commend the bill to the House.

Mr BIDGOOD (Dawson) (11.03 am)—I rise to speak on the Australian Energy Market Amendment (AEMO and Other Measures) Bill 2009. This bill makes amendments to a number of Commonwealth acts to facilitate a nationally consistent approach to energy market regulation, as it is in the national interest to have a standardisation, a universal approach. Obviously this is efficient, avoids duplication, avoids unnecessary administration and promotes good service. The amendments are required for the establishment of the Australian Energy Market Operator, which the Council of Australian Governments at its meeting on 13 April 2007 requested be established by 1 July 2009.

Although the AEMO will be a company limited by guarantee, it is proposed that statutory functions will be conferred on it by way of amendments to the National Electricity Law, a schedule to the National Electricity (South Australia) Act 1996, or the NEL, and a schedule to the National Gas (South Australia) Act 2008, known as the NGL. The NEL and the NGL form part of a complementary scheme of regulation in which they are templates enacted by South Australian law and adopted and applied, as amended, from time to time by South Australia and other participating jurisdictions.

Upon its establishment, the AEMO will assume the responsibilities and functions of existing electricity and gas market operators, including the National Electricity Market Management Company Ltd ACN 072 101 327, known as NEMMCO, along with the retail and wholesale gas market operation functions performed in the various jurisdictions, except the Northern Territory and Western Australia. The AEMO will also undertake a number of significant new functions to enhance investment decision making on the need for and location of new infrastructure in the energy section. The most significant are the National Transmission Planner function and the production of an annual gas statement of opportunities.

Although only minor amendments are required to Commonwealth legislation, they are critical to the ongoing operation of the national electricity market, which uses a cooperative legislative model, with South Australia as the lead legislator. Amendments are also required to
correct references to Western Australian legislation, which will enable key elements of the national gas access regime to apply to parts of the Commonwealth’s offshore area.

Following on from the comments made previously by the member for Oxley, I do concur that once we have a national approach, a united approach and a national standard of regulation across the whole country, it will create huge efficiencies in regulating and monitoring what is happening with our energy sources. Also, there are issues such as cleaner coal, which we are actively supporting. We had an agreement between industry and government that we would put in half a billion dollars and industry would put in $1 billion in order to create cleaner coal. I think that is a more accurate description. ‘Clean’ coal does not sound quite right. What we are doing is achieving cleaner coal, which, when it is burned, releases less carbon into the atmosphere. We know full well that the coal industry is absolutely vital to our economy.

To its credit, the Rudd Labor government has put forward a stimulus package of $42 billion. It has been absolutely welcomed by the community. It was particularly welcomed by the green section of the community when they saw the investment in insulation in 2.2 million homes. We are going to help every home across the nation that does not have insulation to be more energy efficient. This energy efficiency means that between now and 2020 we are going to reduce the carbon going into the atmosphere by 49 million tonnes. That is efficiency. That is a good investment. Perhaps the other side of politics do not realise that this is going to reduce 49 million tonnes of carbon in the atmosphere, which fulfils our obligation under the Kyoto agreement to reduce the amount of carbon in the atmosphere. That is absolutely vital.

We are going to be producing cleaner coal from Western Australia, from the coalfields of the Bowen Basin and various other areas of Australia, along with gas and thermal coal. We need to be conscious that we have efficient regulation and no duplication. These amendments just tidy things up to make a more streamlined, efficient system. As the member for Oxley said earlier, not only do we have cleaner coal, with the research that has been done on it, and the investment in insulation in every home across the nation—2.2 million homes—also we have a commitment to solar hot water systems and photovoltaic research. So there are lots of things going on, particularly with thermal coal and the thermal mining possibilities which I am conscious of, particularly in Queensland. It does annoy me that the other side of politics does not seem to get it that this is all about jobs—in this case, it is about creating thousands of green jobs. When we, with our political determination, put forward our policies on an emissions trading scheme—and how we are going to cost that and what efficiencies it will bring—we will be seen as making clear, decisive decisions in bringing forward a system which will account for carbon escaping into the atmosphere. That is the responsible but not the popular thing to do. It is very difficult to get the balance right between the green lobby groups and the business lobby groups, but someone somewhere has to stand up to be counted.
Senator Penny Wong for an excellent, thorough and exhaustive job in preparing this. She has covered every single base, she has given wide opportunity to many groups to come on board and she has given full consultation so that no-one can say that they have not had their say. This is going to be the most important economic decision this country will make for decades to come—bigger than the GST, bigger than any other tax reform. This is so big that it will create millions and billions of dollars of money flowing through the economy. How we manage this, how we legislate for this and how we handle accountability is very important. In that respect the role of an independent national auditor to look into it is absolutely vital.

In conclusion, I commend this bill to the House. These amendments are required to correct references to Western Australian legislation which will enable key elements of the national gas access regime to apply to parts of the Commonwealth’s offshore area. It is comforting to see Minister for Resources and Energy sitting beside me, because I know he is passionate about having an energy efficient country which is going to lead the world in all our new technologies and in creating thousands of green jobs—and I know this minister is passionate about jobs. The opposition do not realise that it is all about j-o-b-s—jobs, jobs, jobs—green jobs. I commend the bill to the House.

Mr MARTIN FERGUSON (Batman—Minister for Resources and Energy and Minister for Tourism) (11.14 am)—in reply—I seek to make a few comments in response to the issues raised by the members for Groom, Wills, Moreton, Oxley and Dawson during this debate. In doing so, I also express my appreciation for their contributions to a very significant and ongoing process of reform in the operation of the national electricity market in Australia. By way of background, I brought this bill to the parliament with the support of my colleagues on the Ministerial Council on Energy, representing all state and territory ministers in association with the Commonwealth, for the purpose of continuing our progress towards the creation of an efficient and effective national energy market. At this stage, I would also like to table some corrections to the explanatory memorandum which have been circulated and conveyed to the member for Groom, the shadow minister for industry and energy, Mr Macfarlane. I thank the House for its cooperation on that front.

In passing the Australian Energy Market Amendment (AEMO and Other Measures) Bill 2009, the House will play an important role in facilitating the cooperative approach by the Ministerial Council on Energy to national energy reform. Lead legislation to be enacted in South Australia will see essential functions conferred on the Australian Energy Market Operator. This lead legislation will amend the National Electricity Law and the National Gas Law, and it will then be applied in all remaining jurisdictions, excluding the Northern Territory and Western Australia, through legislation to be known as the application acts. AEMO will assume the functions carried out by the Gas Market Co. in New South Wales, the National Electricity Market Management Co., the Victorian Energy Networks Corporation, the Gas Retail Market Operator in Queensland and the Retail Energy Market Co. in South Australia. The Australian Energy Market Operator legislative package is itself currently the subject of a rigorous consultation process engaging all relevant stakeholders. The Australian Energy Market Operator Implementation Steering Committee of the Ministerial Council on Energy has sought stakeholder comment and will be finalising legislation in the near future, taking into account this input.
The bill that the House has been debating amends the Renewable Energy (Electricity) Act 2000 and the Trade Practices Act 1974 to replace references to the National Energy Market Management Co. Ltd with the Australian Energy Market Operator Ltd. The bill also makes minor amendments to the Australian Energy Market Act 2004, the Administrative Decisions (Judicial Review) Act 1977 and the Trade Practices Act 1974 to ensure that those acts correctly reference Western Australian legislation which will apply to the Commonwealth’s offshore area, with Western Australia adopting elements of the National Gas Law.

In summary, passage of this bill, which makes minor technical amendments to Commonwealth legislation, will allow for the smooth implementation of the cooperative energy reform agenda. This bill has the full support of all my state and territory colleagues on the Ministerial Council on Energy. For the purposes of the record, I will also comment on a couple of issues raised in the contributions of a range of members, including the members for Groom, Wills and Dawson. I firstly express my appreciation for the support for this bill of the opposition and of the member for Groom in his role as the shadow minister and as a former energy minister and member of the Ministerial Council on Energy. More generally, I acknowledge the role played by all other state and territory ministers in progressing energy market reform. In doing so, can I say that the member for Groom correctly identified the role that the Ministerial Council on Energy has played over many years in pursuing energy market reform, with the creation of AEMO being an important reform. On that note, with respect to the issue of the Australian Energy Market Commission’s Review of energy market frameworks in light of climate change policies, I want to assure the House and the Australian community that this is not a politicised review but a serious look at the impact that climate change policies will have on the energy market. It is a matter of serious concern to the Ministerial Council on Energy and it is being taken seriously through the AEMC’s market review.

I also note the comments of the member for Groom about the failed privatisation process in New South Wales. For the purpose of the record I want to clearly indicate that the Commonwealth, through comments made not only by me as the Minister for Resources and Energy but also by the Treasurer and the Prime Minister, gave full support to then Premier, Morris Iemma, in his endeavour to bring the New South Wales electricity market into the 21st century. I think it is appropriate that for historical purposes the position of the government across the board be placed on the record in response to the remarks made by the member for Groom, which were far from correct or accurate in the context of that very tough and serious debate.

I also note the contribution to the debate of the member for Wills. Can I say that often when residents are, as he said, ‘excited’ by electricity it is because supply is interrupted. We saw that with the recent difficulties in both South Australia and Victoria following the heatwave earlier this year, with load shedding put in place for the purpose of the integrity and security of the national energy market. I simply say that, as the minister for energy, I am quite happy to take that excitement out of the equation, provided electricity is supplied to households in a reliable, efficient and cost-effective manner.

In the context of a cost-effective manner, I refer to the comments of the member for Wills on feed-in tariffs. The government’s policy—and the member for Wills is a member of the government—is to encourage the rollout of: renewable energy through our 20 per cent renewable energy target, which is quite an ambitious target; the $500 million Renewable Energy Fund, which is now out for competitive bids; and the $150 million Energy Innovation Fund.
That also includes the Solar Institute that opened in January this year in Newcastle, representing cooperation between CSIRO and a number of universities, including the University of New South Wales and the ANU.

With respect to those renewable energy grants, I encourage all those who are interested in competing to actually establish commercially demonstrable opportunities and to have discussions with the department for the purposes of trying to make sure that they are part of the process, and then on merit we have a capacity to select the best possible demonstration opportunities from a renewable energy point of view for the foreseeable future. But, having said that, can I say on behalf of the Commonwealth government that it is not our position to introduce a national feed-in tariff, with the mandatory renewable energy target achieving renewable rollout at a lower cost than prescriptive feed-in tariff schemes.

Reference was made to Germany’s solar subsidy, but let us deal with a few facts. That scheme is not cheap. That scheme saw around half of one per cent of Germany’s gross electricity consumption come from solar PV in 2007. As to the cost—and this is where consumers actually get excited—it is interesting to note that German consumers that year paid more than €1 billion in additional power bills to cover the cost of that excessive German government policy. That is more than $2.5 billion in one year. Feed-in tariffs, so far as the Commonwealth government is concerned, have a number of unintended consequences, and the position that we have advanced with our renewable energy target of 20 per cent, in association with Commonwealth dollars to encourage the development of the renewable energy industry, is a far more comprehensive and well-thought-out position than the ill-thought-out position of the German system.

I simply say that artificially pricing one source of energy 300 or 400 per cent higher than others—including other renewables, I note—could divert investment from technologies that might in fact produce better environmental outcomes at lower cost. Solar PV is interesting but I must say that potentially more interesting from a baseload point of view are solar thermal and geothermal industry developments because they are about reliability and the question of consumers not getting excited because of a lack of reliability in the functioning of the national energy market. So let us focus on a real, practical debate rather than ill-thought-out policies pursued by some minor parties in Australia.

The DEPUTY SPEAKER (Mr S Georganas)—Is the member wishing to ask a question?

Mr Laming—If the minister has not concluded, would he take a question? Would you take a question under 66(a)?

Mr MARTIN FERGUSON—No. It is not normal practice during a minister’s concluding remarks.

The DEPUTY SPEAKER—The minister will resume his speech.

Mr MARTIN FERGUSON—It is therefore the Australian government’s objective to deliver renewable energy to Australian consumers at the lowest possible cost by allowing a wide range of renewable technologies to compete in the race to commercialisation and market. That is our endeavour, and I think that is the right way forward not only for the operation of the national energy market but also in terms of doing the right thing by Australian consumers and by our environment.
I note the good support given by the member for Dawson to the coal industry and the fact that he is very supportive of the Australian government’s low-emission coal endeavours, which also have the support of state and territory governments and industry generally. We are absolutely committed to this process because 83 per cent of Australia’s energy actually comes from coal fired power stations. One of our priorities is to improve the capacity of carbon capture and storage. The Prime Minister is to be commended for the international leadership role he has taken in establishing the Global Carbon Capture and Storage Institute.

I am also pleased to advise the House that, in the very near future, as a result of the parliament’s support of our offshore carbon capture and storage legislation, we will be in a position to release the first round of potential offshore storage areas for commercial consideration, which is a further step forward because that legislation, aimed at the capacity to store carbon, is a world first. I commend the bill to the House and thank all those members who have participated in a constructive and cooperative way in the facilitation of the passage of this bill.

Question agreed to.
Bill read a second time.

Ordered that the bill be reported to the House without amendment.

APPROPRIATION BILL (No. 5) 2008-2009

Cognate bill:

APPROPRIATION BILL (No. 6) 2008-2009

Second Reading

Debate resumed from 10 March, on motion by Mr Bowen:

That this bill be now read a second time.

Mr CHAMPION (Wakefield) (11.26 am)—Last night in the House I was speaking about some of the theories about the international financial crisis, and in particular Mr George Soros’s speculation that there may have been a ‘superbubble’ building over the last 20 years in credit markets which has now imploded. It is interesting that over the last 20 years we have seen the slow deregulation of international credit markets and the removal of protections and provisions that were put in place during the Great Depression. Often these measures seemingly had good results in the short term and were apparently able to resolve crises like that which existed in 2001, but they may have fed into a prevailing bias that markets could grow indefinitely and self-regulate without any difficulty. We have now found that to be misguided. So, too, there was a notion that banks were too big to fail. There was an idea that, if you allowed commercial banks and investment banks to amalgamate, the resulting financial entity would be too big to fail. That has been proven to be absolutely wrong.

So I think we need to look critically at market fundamentalism and realise that in large part it was an ideology, not some economic certainty, and we need to be pragmatic and sceptical about any economic model that says it is absolute. We had the famous book about the end of history, but I think absolute models, whether communism or market fundamentalism, are prone to both spectacular flaws and catastrophic failures. That is why we need international regulation of the financial markets.

This is particularly apparent when you look at the source of this implosion, the subprime mortgage sector in the United States and collateralised debt obligations. We had a situation
where the originators of mortgages, the brokers, were separated from the sources of capital. The banks trusted those brokers to do their job properly. We know that in many instances they did not, inflating the assets of properties, inflating people’s incomes and in some instances engaging in fraud. There were banks that moved loans into special lending vehicles off their balance sheets and then onsold those loans in packages to investors, who were other banks and institutions—hedge funds and the like—that then onsold them to other banks and institutions. All the participants, including the ratings agencies, trusted all the other participants because of the financial rewards that were present at every stage of the process. Because those rewards were so large, there was encouragement for banks, brokers and rating agencies to participate. There was a problem where banks felt that, if they sat it out, they missed out on profits.

In effect, the world created the financial equivalent of a chain letter: one that promises huge rewards but turns out to be too good to be true. We know people fall for those sorts of scams, sometimes in defiance of reality, because they believe they can gain. That belief is a bit of a fantasy, but that fantasy is very hard to remove up until the point when reality collides with it. We know that this sector has caused both great losses and great confusion in the markets. Last Thursday I was out on a farm in my electorate, down at Singing Creek Road, with a farmer named Mac. We were out on his property and he was telling me about a particular section of his property and the title on it. That title, he recounted to me, held the history of who had bought and sold it, including him. He had both bought and sold it and had bought it back. It showed when he had borrowed money against it and who he borrowed money from. That piece of paper, that title, held a financial history of the value of the property and what had gone on and there was some certainty to that title. This is one of the things that I think has been missed in the analysis of the financial crisis: we are not sure exactly what many of these financial instruments are now worth.

It is a matter that is taken up by Hernando De Soto, who is the author of *The Mystery of Capital*. In an article called ‘Toxic Paper’ in *Newsweek* last week, he said that one of the difficulties is:

… policymakers in the White House seem to be coming to grips with the real enemy: the debasement of legal financial documents that represent value, allow it to be transferred and signal risk.

He continues:

It is through paper that we connect and know the global economy. It is impossible to do business on a national level—never mind in a globalized marketplace—without reliable legal documentation. Yet this worldwide web of trust is now crashing down. In recent years, governments have debased paper by carelessly allowing into the market a biblical flood of financial instruments derived from bad mortgages nominally valued at some $600 trillion or more—twice as much as all the rest of the world’s legal paper, whether it represents cash, traditional financial assets, or property, tangible or intangible.

The astonishing quantity of these documents, and the fact that they’re so tangled up and poorly recorded, is making it difficult to determine how much there is, what it’s worth or who holds it. Given that the volume of these derivatives dwarfs all other paper, the mess is also undermining one of the greatest achievements of property law: the power to identify and isolate with precision every asset and every particular interest on that asset.

I think that is a really good quote. It goes to the heart of one of our problems in this financial crisis—that is, just the sheer confusion around these derivatives and the fact that it has become very difficult to find out exactly what the losses are and exactly what the assets are
worth, and that is undermining trust and confidence in international banking. It seems to me that the only way you can overcome that is through international cooperation, because finance is now largely international.

We know that the current economic crisis and banking’s central role in it is, in essence, nothing new. In 1935 Ben Chifley, a former Prime Minister of this country, was appointed to a royal commission on banking that was set up by the Lyons government, a conservative government, in the wake of the Great Depression. That helped to set the scene for a whole lot of debates on banking; it also set the scene for the Menzies government to regulate banking after the war. A great deal of good sense came out of that royal commission. I would like to quote Chifley’s remarks on the banks. He said:

Private banking systems make the community the victim of every wave of optimism or pessimism that surges through the minds of financial speculators.

I think that is certainly true of the present international situation. What action is the government taking in its approach to this unprecedented challenge? Firstly, we are making sure that our domestic financial market is stable and that private credit continues to flow. That is essential to jobs; it is essential to small business. Secondly, we are injecting an economic stimulus into the economy as part of the Nation Building and Jobs Plan. In the short term this will stabilise the economy but in the longer term it will help to set the ground for productivity growth. Thirdly, we are providing additional support for those who unfortunately do lose their jobs through no fault of their own. This is to ensure that they can maintain their skills or retrain for new jobs that will emerge as the economy recovers. Fourthly, we are implementing a medium-term economic and fiscal policy strategy which will maintain some borrowings, but there will also be a spending discipline along with that. Fifthly, we are engaging with other governments around the world—and this is a critical point—to help shape global decisions that have been caused by this economic recession. This is principally to restore global private credit markets and to make sure that the international banking system does not impair the real economy. There are a number of international proposals but it might well be that we need the international equivalent of the 1935 banking royal commission to look at a new international framework.

On the domestic front, one of the most important things that the government have done is to act to guarantee the banks. Before the guarantee, Australian banks were having some difficulty raising funds offshore. Prior to September last year, raisings had fallen to $1.7 billion from $13 billion a month earlier. In October there were no international raisings at all. The guarantee had an immediate effect on interbank lending between Australian banks and international lenders. Australian banks have now raised more than $75 billion under the guarantee that the government provided. This guarantee did two really important things: it gave some certainty to international investors in Australia, and it gave some certainty to deposit holders. That is an absolutely critical thing for a government to do. Likewise, with the Australian Business Investment Partnership with Australian banks, we are providing certainty to the commercial property sector for projects which, due to the financial crisis, might not have gone ahead. This is another particularly important partnership in order to keep credit flowing. In a very similar partnership we have acted to protect car dealerships, which is important to my electorate and, in particular, to General Motors Holden.
Obviously, there was a need for an immediate economic stimulus to the national economy. The majority of that stimulus will take place in the next two years. We have increased the home buyers grant. We have provided one-off payments to families, pensioners, students and farmers, and that is all beginning to flow. I think it is particularly important that those payments flow because they will underwrite economic growth in my electorate. I have talked to many small business owners, and one prominent furniture manufacturer in the town of Gawler tells me that his business has not dropped off at all. Part of the reason for that is that he runs a very good business but another part of it is that the government has acted to provide stimulus.

Likewise, we have a 30 per cent small business tax deduction, something that I know farmers in my electorate are very excited about. We have the largest school modernisation plan in Australia’s history. We are bringing forward investment in rail and road infrastructure. We are constructing 20,000 new public housing homes. We have provided an assistance package, which I have spoken to the Committee about before, to support jobs in the automotive industry. Most importantly, the Reserve Bank has lowered interest rates by four per cent in the last six months. That is providing families and small business with mortgage relief. We have seen a lot of speculation about the savings rates going up. I think the savings rates have gone up because people have banked those interest rate cuts. I do not think it is pensioners not spending their bonuses from December.

I just want to touch on the fact that most of the capital flows over the last 20 years have been from creditor nations in Asia and the Middle East to debtor countries in the West. I think that, in the mid term, future national savings will become increasingly important. I think that superannuation may well play a big role in our mid- to long-term strategy for dealing with this crisis because having superannuation and national savings establishes the confidence of international creditors. It provides a long-term growing pool of capital and assets. It will let us buy up undervalued assets in the current crisis. Some crises bring opportunity. With that, I conclude my remarks and commend the bills to the House.

Mr HUNT (Flinders) (11.41 am)—In addressing the Appropriation Bill (No. 5) 2008-2009 and the Appropriation Bill (No. 6) 2008-2009 I want to focus on two primary areas: water and energy efficiency in relation to climate change and the way in which these bills cost jobs rather than create jobs. I believe that the measures contained within these bills in relation to water and programs for energy efficiency cost jobs rather than create jobs.

Let me set this out with a very simple proposition. On 25 January 2007, the then Prime Minister, Mr Howard, and the current Leader of the Opposition, Malcolm Turnbull, laid out a $10 billion national water plan. That proposal contained at its core $5.8 billion for replumbing rural Australia—for piping, for the lining of channels and for the lining of dams. It provided for irrigation, whether it be drip or upgrades to the best 21st-century standards on farms. It contained measures for real water savings which could be shared between farmers, for their productivity and farm jobs, and the environment, for the benefit of those downstream, for the rivers and for the Lower Lakes at the mouth of the Murray. What we have seen since is a freezing of these plans.

I recently travelled from the top of the Murray-Darling Basin to the bottom of the Murray-Darling Basin, from Toowoomba down across to Dalby, St George, Bollon, Cunnamulla, Bourke, the Macquarie Marshes, Trangie, Nevertire, Dubbo and Parkes. I travelled down further to Condobolin and Lake Cargelligo. As you come towards the Victorian border you reach
Deniliquin and Barham, then you travel along to areas such as Kerang, Swan Hill, Mildura, Wentworth and, ultimately, Renmark, Waikerie and the Lower Lakes. What surprised me was not the disagreement between farming communities up and down the river but the desire to make real savings to help the system, so long as there is Commonwealth investment in replumbing rural Australia. We have seen a buyout of rural Australia rather than a replumbing of rural Australia.

What impressed me along the way was the willingness of farmers to save well over 600 billion litres of water—that is, 600 gigalitres of water or 600,000 megalitres of water—on a per annum basis if the Commonwealth made the investment set aside by the previous government. It was for modernising our farms, for piping, for lining of channels, for lining of dams and for on-farm irrigation upgrades to things such as pressurised drip irrigation, centre pivots or inline pivots rather than flood irrigation. That is what the farmers themselves have said. Every year going forward 600 billion litres of water will be wasted as a consequence of the freeze imposed by this government and perpetuated in these bills. Instead there is a so-called buyout of farmers. The perversity in this bill is that buying out farmers does not create jobs in rural Australia. It destroys jobs. It was absolutely clear when I was in Griffith and Leeton recently that those farmers who had left the land—reluctantly—rather than been given help to stay on the land had taken jobs, had taken local economic activity and were sadly taking the life and heart of those areas.

The message is very clear. If we want water security, if we want food security, if we want rural jobs, then we do not buy out rural Australia—which is exactly what happens to the tune of an additional $250 million in these bills—but we replumb rural Australia. The way in which this creates jobs is twofold. Firstly, our action, our proposal, our funding—which is not additional funding; it was allocated in the budget over two years ago—very simply does this. It is the fastest infrastructure spending in Australia. It goes directly to rural communities. The people who will do the replumbing of rural Australia are doing moderate sized jobs. They are the suppliers in towns such as Bourke, Dubbo and Deniliquin. They are the contractors who carry out the work in Bourke, Dubbo, Deniliquin and Mildura. They are the people who will benefit immediately. These are plans that have been already approved and are ready to go. As you travel down the Murray-Darling Basin you see firstly the potential for the jobs to be created in the immediate delivery of on-farm water infrastructure. Secondly, you see that the alternative that the government has proposed, of a buyout of rural Australia, will destroy jobs.

It is not my view. That is the view of the NSW Irrigators Council. They have said that in New South Wales alone the buyback proposed in these bills will cost 2,800 rural jobs. A cost of the buyback will be 2,800 rural jobs of people on the land. There is a clear distinction here: create jobs through replumbing rural Australia or destroy jobs by buying farmers off the land. Any other analysis is Orwellian. There is a position which has been put by the government that, if you buy farmers off the land, it will somehow magically create jobs in rural Australia. Of course it will not. There is no farmer who believes that. There is no rural mayor in Australia who believes that. There is no rural economist in Australia who believes that. What is proposed in Appropriation Bill (No. 5) 2008-2009 and Appropriation Bill (No. 6) 2008-2009 is to buy out farmers, to damage food security and to simply defer the necessary upgrade to Australia’s rural water infrastructure. It is real, it is important and it is needed. Again, do not take my word for it. The CEO of the National Farmers Federation, Ben Fargher, said recently:
Premised on the two simultaneous prongs of water buy-back and water efficiency working in tandem to achieve water savings, only buy-back has been on the Government’s radar—ignoring its own policy strategy of assisting irrigators and communities do more with less water through irrigation infrastructure investment …

In essence, the money which was allocated, the money which was promised, the money which was relied upon for investment in infrastructure has been frozen. Why would that be the case?

The answer is a very simple one, and it has come to me from farm groups and farmers repeatedly. That is, that they have been informed, by dealing directly with the minister, Senator Wong, or her department, that there is a philosophical opposition to investing public money in private farms. That sounds like a reasonable proposition on the face of it—although I disagree, and I will come back to the philosophical disagreement. But the underpinning proposition is flat, dead wrong. The reason I say this is very simple. If the farmers are willing to make a contribution to the health of the river by upgrading their systems and sharing the benefits, that is a public benefit. And that was the whole scheme: a once-in-a-century revolution in water; a once-in-a-century replumbing of rural Australia, so as to help the rural communities, the river, the environment and the Lower Lakes.

These are not mythical savings. The Queensland Murray-Darling Basin catchment management authority has offered up 120 billion litres. The little town of Bourke has offered up eight billion litres of annual water savings. Further south, Trangie-Nevertire, just north of Dubbo, has offered up 30 billion litres; the Griffith area, through the rice farmers, 23 billion litres a year; and Coleambally 30 billion litres a year. And then you come down to the Victorian border where, on the Kerang side, Goulburn-Murray Water is offering well over 30 billion litres a year—and I am told it could be as high as 70 billion litres a year, but the figures are not fully disclosed—and the Murray irrigation area, which is run by Murray Irrigation Ltd, the farmers cooperative, is offering 300 billion litres of water back to the Murray if they get investment in return. I met with the farmers from Wakool. They are willing to make real savings. I met with the CEO, with the chairman of the board. All these people want to make significant contributions to the river in return for investment in water security, food security and irrigation upgrades. These bills go in precisely the opposite direction. That is why rural jobs will be lost and why rural job opportunities are also being lost.

The second great area I want to focus on is that of the opportunities for jobs which could be created through a genuine energy efficiency program. What we see again here is the perpetuation of a myth. There have been three programs that the government set down in relation to environmental management, all of which have failed to effectively commence.

In October 2007 a Pink Batts program was announced by the new government. That program was re-announced in the May budget of 2008. As of February this year, not one pink batt had been installed anywhere in Australia under that program. Similarly, the rainwater tank program was announced in July 2007, re-announced on 13 May 2008 and re-announced again in January of this year, yet not one rainwater tank has been installed anywhere in Australia under the federal government’s program. So these are their programs. The solar schools program halted what was an active program at state level, of which we were very proud, which was putting different forms of energy efficiency and water saving measures into schools. Out of 10,000 schools, the latest advice from the recent estimates is that 99.8 per cent had had absolutely nothing done, leaving 20 schools out of 10,000. So 9,980 schools have had nothing
done. That is the difference between the impression of activity and real jobs. There are real things that can be done. But we have seen not one pink batt or rainwater tank installed and we have seen 99.8 per cent of schools miss out on government programs supposedly designed to save energy and water.

What we propose is very simple. There must be two things. Firstly, a green carbon initiative, which will save 150 million tonnes of CO2 by 2020 on a per annum basis. The opposition leader, Malcolm Turnbull, has set out that we can do this through looking at soil carbons, biochar, revegetation of mallee and of mulga and of forestry. If people doubt that this is possible, the government should look at its own Garnaut review. The Garnaut review in chapter 22 sets out 800 million tonnes of annual CO2 savings from 11 different sources of potential on-farm CO2 work. This huge set of opportunities, with an abatement potential of 150 million tonnes a year, with an on-farm income potential of $3 billion a year, is almost completely excluded under the accompanying legislation to this, the draft environment trading scheme legislation. So the biggest, fastest single thing on a cheap basis which we could do in Australia has been ignored and cut out and is not contained in either this legislation or the complementary legislation. Similarly the 50 million tonnes from energy efficiency which could be contained if there were activities such as accelerated depreciation, which could be achieved if there were genuine incentives, has also been ignored in this and in all other government legislative programs. We can be more effective, we can do more but at a cheaper rate, if we have a 21st century system for Australia rather than a 20th century blueprint for Europe. That is what we have: we have last century’s model from Europe rather than this century’s model for Australia. The result is that we are wasting opportunities to improve the efficiency of Australia’s buildings, of Australia’s homes and of Australia’s communities.

There is a very simple comparison: programs which have not delivered one pink batt 18 months after they were first announced nor one rainwater tank and have skipped 99.8 per cent of schools, or a genuine attempt to give our farmers the opportunity to improve their land, to improve the soil carbons, to improve their on-farm productivity and at the same time help minimise the cost and maximise the number and volume of Australian emissions saved. That is the difference. We have a very simple proposition. We want to re-plumb rural Australia rather than buy it out and in so doing create jobs and protect against the job losses which the New South Wales Irrigators Council and others have pointed to, and we want to produce an Australia based on a green carbon initiative with energy efficiency rather than on phantom programs which have not delivered a pink batt or a rainwater tank and have ignored 99.8 per cent of schools.

Mr KELVIN THOMSON (Wills) (11.58 am)—I begin my remarks on the Appropriation Bill (No. 5) 2008-2009 and cognate bill by saying that the Howard-Costello Liberal government squandered the good times of the resources boom, leaving behind a dubious legacy of massive foreign debt, high interest rates, poorly focused government spending and skills shortages. The member for Higgins’ 11-plus years as Treasurer were characterised by a lack of spending discipline and weakness and failure in his core responsibility of keeping the budget strong. The member for Higgins would have us believe that he was tough on spending. For example, he told the authors of a John Howard biography:

There hasn’t been a single day when I have been Treasurer that I haven’t worried about spending. That’s what Treasurers do.
But in reality the legacy is quite the opposite. Treasury in its *Economic Roundup Summer 2008* report gave a damning post-mortem of the former Treasurer’s budget management skills. I quote:

…real government spending has grown faster in the period from 2004-05 to 2007-08 than in any other four-year period since the 1990s recession.

The recent growth in spending stands out, along with the growth in spending under the Whitlam Government in 1974-75 and the increased spending following the recessions in 1982-83 and 1990-91.

The recent growth in spending is particularly noteworthy given that Australia has experienced 17 consecutive years of real GDP growth. The economy is currently operating at close to its limits of capacity.

The former Treasurer was either incapable of reining in or unwilling to rein in the spending of his Prime Minister and other ministers. He oversaw and presided over procyclical budgets which fanned inflationary pressures that the Reserve Bank was then required to tackle by increasing interest rates. His spending negated the effects of the automatic stabilisers, lower unemployment benefits and higher tax receipts in budget policy.

Jessica Irvine from the *Sydney Morning Herald* pointed out in March 2008 that of the $334 billion budget windfall delivered by the resources boom, over the period 2004 to 2007, $314 billion— that is, just about all of it— was matched by increased spending or tax cuts. Jessica Irvine wrote:

Treasury has also charted how the previous government abandoned the search for budget savings. Since the Coalition’s second budget, the number of budget measures with a component aimed at saving money fell from nearly a third to just 1.5% in its final years.

Furthermore, the number of budget spending decisions more than doubled from 359 to 825 in the 2007 pre-election bonanza. The number of decisions with a price tag of more than a billion dollars rose from one to nine. The increase in real spending over the four years to June 2008 was the biggest four-year increase since the aftermath of the 1990s recession. Commonwealth grants grew from just over 12,000 grants worth $729 million in 2004 to a mind-blowing 49,000-plus grants worth more than $4.5 billion in 2007. That is more than five times as many grants and something like six times as much money spent.

The Treasury paper also warned that continuing reforms are necessary to improve productivity and participation to ensure that the government’s finances can be made more sustainable. The Reserve Bank had repeatedly warned the Howard government that if it did not address the skills shortages, lack of capacity and infrastructure constraints in the economy it would mean slower output growth and the risk of higher inflation. There were no fewer than 20 separate warnings about capacity constraints driving inflationary pressures from the Reserve Bank over the period 2004 to 2007, but these warnings went unheeded by the former Treasurer.

The member for Higgins also claimed, as Treasurer, that the former government was ‘setting economic policy with a view to making sure that we are not overexpansionary, keeping the government in the business of building savings, making sure that growth is continuous and avoiding a return to the old boom and bust’. The member for Higgins’ claim that he was running a spending policy which would avoid a return to the old boom and bust is revealed by the Treasury analysis to be laughable. He was not alone in making that claim, however. The
former Minister for Finance and Administration, Senator Minchin, also claimed in 2006 that the government had spending and other settings which would avoid the classic boom and bust scenario of the early 1970s when Australia experienced a surge in metals prices. Like the former Treasurer, the former finance minister’s claim to have moved Australia away from the cycle of boom and bust was just absurd.

The writer George Megalogenis has reported on the previous Treasurer’s record as follows: … the Howard government reduced the scope for Rudd to manage the downturn. A deficit becomes inevitable, in part because it takes even more money to get the attention of the public. Think about it. The money voters received between 2004 and 2007 has, more likely than not, increased their exposure now that the bubble has burst, because they translated those handouts into more debt.

George Megalogenis goes on to say:

Taxpayers are best left to their own devices in good times. The funds they invest in the property or stock markets should be drawn from their own labour, not via a free meal ticket, the theory being that people are always more cautious with their own money than with someone else’s.

It is not as though the previous Treasurer’s spending strategy built our national infrastructure. It was always about cash handouts to voters at election time. Our national infrastructure has not kept pace with population growth and our skills have declined.

But it is when examining our foreign debt that the member for Higgins’ failure as Treasurer is most stark. Who could ever forget the infamous debt truck that the Liberal opposition used in the 1996 election campaign that criticised the Keating government for what was at the time a $200 billion net foreign debt representing 38 per cent of GDP. It now stands at $658 billion or around 60 per cent of GDP. Under the member for Higgins, the debt truck became a road train.

How is this important? Because we need to remind ourselves that the Howard government failed to progress the Keating government proposal to lift the superannuation guarantee from nine per cent to 15 per cent. Superannuation reform stalled at nine per cent after the election of the Howard government in 1996. Whether that was due to an underlying bias against industry funds and the ideological prejudice that unions should not be allowed into the domain of high finance, or for purely petty political reasons, in that it was a successful Labor reform, does not matter. What does matter is that that neglect has now come home to roost with a growing foreign debt and a dependence on foreign borrowings from toxic financial markets.

As David Love indicates in his recent book *Unfinished Business: Paul Keating’s Interrupted Revolution*:

We are not in the trim condition that we were in the 1990s, when major fluctuations of the Australian dollar could run their course externally, exciting currency markets in New York and London without leading to an adverse affect on the domestic economy. Pressure on domestic resources is already too tight and the demand for domestic credit is spilling over into ever unpredictable international financial markets.

In explaining the need to achieve 15 per cent superannuation, Mr Love gives a background on the economic thinking behind the original reform, described by Paul Keating as the golden circle—that is, ‘a line running through rising household savings to rising capital supplied to rising international strength to stable interest rates and back to rising household net wealth’. Today this golden circle is broken. The level of domestic savings is well below the level of expenditure. The current account deficit is six per cent, and this has exposed us to an excess
of tainted offshore money. The private sector deficit is a real problem, with the big commercial banks borrowing short-term funds abroad to finance such things as housing booms which are settled at about six per cent of national income, give or take a percentage point.

Mr Love points out that Paul Keating’s thinking behind raising superannuation payments from nine per cent of income to 15 per cent—that is, by six percentage points—was that it would make Australia less vulnerable to the current account deficit because our banks’ propensity to borrow that extra six per cent would be matched, roughly, or offset by the domestic workforce’s propensity to save an extra six per cent of pay. This would have contained our growing foreign debt.

Had superannuation grown to 15 per cent in 2000, it is estimated that it would now be worth $1.5 trillion, funding more domestic investment here and reducing the overheating in the economy and the excessive spillover into overseas borrowings. Australia’s vulnerability to the likes of currency hedge funds and therefore to the global financial crisis has been heightened due to our chronic tendency to spend abroad more than we save. I quote Nicholas Gruen from Lateral Economics in an article in the Financial Review on 2 February this year. He said our growth path from economic downturn ‘should be focused on investment, particularly in traded goods and services’ and:

Converting investment into strong net export growth also requires higher saving, which can be delivered with further increases in compulsory super.

Had the previous government followed through on increases in employee superannuation, we would now be directing the superannuation funds to spend them on productive investment to increase public confidence. This would have boosted the supply of domestic bank deposits relative to international ones, with a figure in the area of $500 billion extra potentially available. This would have changed the balance of supply relative to demand in domestic deposits, which would then lower their interest price. I regret the fact that the previous government did not move superannuation forward from nine per cent but preferred to spend money on election bribes, leaving Australia in a weakened and diminished position as a consequence.

These appropriation bills contain funding to accelerate additional water purchases in the Murray-Darling Basin—and I heard the previous member speak on this issue. I want to draw the attention of the House to recent comments by the Leader of the Liberal National Party in Queensland, Lawrence Springborg, during the election campaign in that state. Mr Springborg has warned that a Liberal National Party government would renege on the historic Murray-Darling agreement if it found that local farming communities were worse off. This is an incredibly irresponsible, backward-looking approach. It is a recipe for disaster. The Murray-Darling Basin is like a bridge which is carrying heavy trucks and starting to crack and subside. You do not say to the trucks, ‘Because we let you cross this bridge until now, we’re going to keep on letting you do this and take the gamble that the bridge won’t collapse completely, becoming useless to all traffic and possibly destroying trucks which are not on it at the time.’ The responsible thing is to say, ‘We might have made a mistake here.’ You close the bridge to heavy traffic, you fix it and you work out what weight of traffic it can withstand. It is the same with the Murray-Darling. You need to reduce the amount of water being extracted from the river, reduce the load it is expected to bear and work out what load it can sustain without collapsing. Mr Springborg is a backward-looking Liberal National Party leader—he is
not alone—unable to see beyond the destructive self-interest that has contributed to the plight of this great river system.

As reported by James O’Connor and Chris Tzaros in the March 2009 edition of the Birds Australia publication Wingspan, the Murray lakes, Lake Alexandrina and Lake Albert temporarily averted ecological catastrophe as a result of 200 millimetres of rain during August and September last year. This rain prevented the spread of acid sulphate soil brought about by dryness of the lake beds, but there is an ongoing need to inundate the lakes and maintain water levels. It is estimated that 30 gigalitres is required by the end of September 2009 to again avoid acid sulphate poisoning. One option gathering momentum is for the South Australian government to approve the opening of the Lake Alexandrina barrages to allow sea water through to inundate the lakes. The potential impact of this is unknown. The lakes have a freshwater history. To introduce salt water to the system could have major, long-lasting and adverse effects. Mr O’Connor and Mr Tzaros say:

Unfortunately it may come down to choosing the lesser of two evils—acid sulphate or salinity … Unless environmental water is delivered down the Murray, the lower lakes will suffer one of these fates. So there is an alternative: restoring river flows.

I am delighted that the federal and New South Wales governments have acted to restore water flows in the Darling River by purchasing the Toorale Station on the Warrego River, a major tributary of the Darling, with its 20-gigalitre storage capacity, last September. Floodplain habitats will be added to the New South Wales reserve system, and river structures removed, to allow flows to progress downstream. Other water entitlement buybacks are required. I welcome the Labor government’s commitment to this. I deplore Mr Springborg’s willingness to undermine this. It is ironic that the National Party is engaged in a campaign in Queensland involving bumper stickers which read ‘Don’t Murray the Mary’. How about Mr Springborg stops ‘murraying’ the Murray?

Finally, I want to comment on the appropriation in Appropriation Bill (No. 5) of $34 million in additional funding to support 241 childcare centres, threatened by the collapse of ABC Learning, till 31 March. The collapse of ABC Learning ought to be a matter of great embarrassment to the Liberal and National parties, who have their fingerprints all over this debacle. The founder and long-time Chief Executive of ABC Learning, Eddy Groves, donated $135,000 to the Liberal and National parties between 2002 and 2007. This included $10,000 he gave to the campaign of the Liberal candidate for the Queensland seat of Mount Gravatt, after Queensland’s then Minister for Families, Disability Services, Seniors and Aboriginal and Torres Strait Islander Policy and member for Mount Gravatt, Judy Spence, cracked down on poor standards at one of his childcare centres in 2002—a disgraceful thing for Mr Groves to have done.

It is not surprising that the collapse of ABC Learning has caused a lot of community unrest and soul-searching. A woman in my electorate from a political organisation called Solidarity, Judy McVey, was the architect of a forum held in my electorate a couple of weeks ago which found that community centres were more stable and resilient and offered fairer working conditions than the privately run centres. At that forum, people from a wide range of backgrounds—including childcare workers, unions, childcare educators, local politicians and the local community—discussed how to save the childcare centres in the Moreland area that had been threatened with closure. That debate had implications for the future of childcare provi-
sion in Moreland. A motion was passed at that meeting. I have been asked to convey that motion to the House, and I am pleased to do so. It says:

This committee meeting in Moreland Victoria notes:

Australia is now experiencing the most serious market failure in history. As Kevin Rudd has said in the recent Monthly magazine “… it is a financial crisis which has become a general economic crisis … clearly the days of effective non-regulation and unconstrained financial innovation are gone, and must not be allowed to return.”

We do not believe that such an important service should depend on the outcomes of the free market. The government has put millions of dollars into banks and financial services—it’s time to put money back into human services.

No child care centre should be allowed to close, for want of financial support.

We call on:

1. The Federal Government to provide quality fully-funded child care for all children who need care. Child care policy and services administration should be under the control of the public sector, and delivered by not-for-profit local government or community organisations.

2. The ACTU and child care centre unions to launch a campaign for the nationalisation of ABC Learning Centres.

Child care should be about kids, not profit!

At that meeting, Paul Slape, the National Secretary of the Australian Services Union, said that the collapse of ABC Learning had greatly disrupted the lives of children in care and workers. He believes local government is providing the best child care available in terms of stability, proper staffing and proper training. He made the case for local government to be the logical operator, saying local government is closest to the community it serves and is sensitive to the needs of ordinary people. The meeting also heard from Barbara Romeril, the Executive Director of Community Child Care Victoria. She said that services for young children and their families should be owned and operated by local communities, for the good of the community, and that the exorbitant rent of commercial buildings made the former ABC Learning centres a tricky proposition for community organisations wishing to take over operating leases. She said rent usually takes up one-fifth of operating income for private centres whereas community run facilities paid peppercorn rent to local councils.

There are a number of features in this appropriation bill which time does not permit me to explore, but I commend the bill to the House.

Mr BRUCE SCOTT (Maranoa) (12.17 pm)—It is with great pleasure that I rise to speak on Appropriation Bill (No. 5) 2008-2009 and Appropriation Bill (No. 6) 2008-2009. This is the second so-called stimulus package we have seen from a government which has no idea where it is going and no idea about how to manage the economy in difficult financial circumstances. The opposition side of the House supported the so-called stimulus package in December. The Treasurer and the Prime Minister commented at the time that that was all the economy would need and that they had taken the appropriate advice and that this stimulus would help the economy, help retail sales and underpin some 75,000 jobs. Since December, what have we seen? Rising unemployment. So I do not see how the $10 billion cash splash announced in December has underpinned jobs.

We should also recall that the government said the budget would go into a ‘temporary deficit’. So all was going to be well as we went away for Christmas: the $10 billion stimulus
package would ensure that Australia would not see a recession. We took the Treasurer and the Prime Minister at their word that it would be good for the economy. We know that the December retail sales were up, because it was Christmas time and people do spend a little bit more at Christmas time. It is part of the celebration of Christmas. There was $10 billion splashed around the economy. Some of it went to very worthy recipients. But, had there been more investment in real, hard infrastructure, I could have supported some of the comments of the Treasurer that it would help Australia avoid a significant downturn. That $10 billion was gone by Christmas. It was basically gone. We did not see anything left behind. We did not see a new road started.

Ms George interjecting—

Mr BRUCE SCOTT—You mention local government. Local governments were a very important part of the package, and we supported that. We took the Treasurer and the Prime Minister at their word that it was going to stimulate the economy, that we would only have a temporary deficit and that the economy would start to recover in the new year. They said that this was all that was needed. We are today debating Appropriation Bill (No. 5) 2008-2009 and Appropriation Bill (No. 6) 2008-2009. Eight weeks after that stimulus package prior to Christmas we are back in the chamber debating a $42 billion stimulus package. This is all borrowed money. I do not know where the temporary deficit went to. This is going to add to the deficit. It is going to add to debt. Generations following us in this place are going to have to repay this debt. The opposition said we would support a stimulus package, one that was well targeted, one that would invest in real, hard infrastructure and one that would create long-term jobs and a lasting legacy of investment that would benefit generations to come.

Ms George interjecting—

Mr BRUCE SCOTT—The member on the other side of the House ought to be aware that what the Labor Party inherited in 2007 was the strongest economy. We were considered at the time the ‘wonder economy down under’. We had no debt, we had money in the bank, we had low unemployment and business confidence was at record highs. What we have now, after 15 or 16 months of Labor administration, is debt spiralling out of control, rising unemployment and business confidence at its lowest level since records have been kept. And all that is meant to be because of a global recession. I say to the Labor members: charity begins at home. You should be looking at the domestic economy and talking about how you are going to manage the domestic economy rather than blaming other countries. You are blaming the world recession for things here at home. There are difficult economic circumstances globally. We acknowledge that. But, while you continue to talk about external threats to our economy, you obviously have taken your eye off the ball in relation to the domestic economy.

I well remember when Prime Minister Rudd was first elected and those first few meetings of the House. He was always reaching across the chamber, seeking bipartisan support from the opposition to become engaged in his agenda. It was always bipartisanship. We offered bipartisanship in relation to this stimulus package, but we were given 48 hours to consider a $42 billion spend. There was no bipartisanship. It was, ‘Pass it or else.’ He was going to get it passed; he was going to deal with the Senate and the Greens and the Independents to pass this package. We offered bipartisanship. We said that the tax cuts that were already legislated should have been brought forward. What would that have done? That would have given all taxpayers a tax cut. It would have been a stimulus to help them deal with their mortgage
stress. It would have given all taxpayers a stimulus and spread it across the economy. We said, ‘If you reduce income tax, you also grow the economy.’ But there was no bipartisanship when it came to this stimulus package. It was charge the barricades and crash or crash through. There was no more bipartisanship.

If only they had listened to some of the advice that we had received from businesses and small businesses and chambers of commerce in our own electorates, we could have had a package that we believe would have delivered the jobs that are needed. It would have delivered the support for jobs, the creation of jobs and the creation of new infrastructure that is needed when you start spending something like $42 billion.

As I travel around my electorate, and perhaps it is one of those very fortunate electorates— it is not all rural; there are a lot of mining opportunities; the Surat coal basin lies under almost the entire area of Maranoa; there is great activity going on there—small business operators say to me: ‘Why is everyone talking the economy down? What we need is some confidence out there so we can encourage people to have some confidence to go out and spend, have a night out, maybe go for a holiday, buy a new dress, buy some electrical equipment.’ We have to start to talk positively about the economy. There are many farmers in my electorate who say, ‘We know it’s tough, but we’ve been through tough times before.’ I can assure members opposite that those farmers have been through plenty of tough times before: drought, low commodity prices and corrupted world markets that they have to compete against. They know what it is like to be tough. And they are saying to me, ‘Yes, it’s a bit tough, but we’ve been through it before.’ They are not talking negatively about the economy. They say, ‘We’ll get through this.’ They have a positive approach because they are going to get out the other side. Farmers, small business operators and workers say to me: ‘When is somebody going to talk positively about the economy? Yeah, we know it’s going to be difficult; we know it’s tough.’ There is one thing that is very Australian: when the going gets tough, the tough get going. That is a very Australian thing to do.

Whether they are in business, whether they are people on the land, whether they are the workers out there, they all know it can be tough, but they all know how to batten down and get out the other side. But they need people talking positively about the economy, not always talking it down. And all we hear about is this global recession—another crash here, another crash there. It is not happening around them; they want some people to start talking positively about the economy. It is very important to try to ensure that the worst of the global economic circumstances do not manifest themselves because we have talked ourselves into worse economic circumstances and unemployment than otherwise would have been the case had we kept some confidence in the business community. We all know business runs on confidence. We have to start talking more confidently about the fact that we will come out of these tougher times. Farmers have been through it before; they have been through it hundreds of times. Many of them are going through it right now, but they are still positive about the future.

Talking of debt, one of the things that worries a lot of people out there is the magnitude of the capacity of this government, as a result of the passage of these bills, to borrow up to $200 billion of debt without a plan to repay that debt. It worries them because they know that it is they who will have the responsibility to repay it through their taxes. They also know that their children will be paying it. It is a generational shift of that responsibility to repay a debt, and it worries families greatly. But we always know with Labor that they just cannot manage
money. We are seeing that right now in the Queensland election. Here we have Premier Anna Bligh calling an election six months early. She says that she is the best placed to manage the economy of Queensland. Notwithstanding that we have been through boom times in Queensland—mining royalties, the GST flow and the stamp duty on sales and transactions—Labor have a $73 billion debt.

In Queensland, Treasurer Fraser announced just prior to the calling of the election that the budget is now in deficit. The state budget is in deficit. After the rivers of gold have flowed into the coffers of the Treasury in Queensland, not only does he have a $73 billion debt but he has also announced that he has a budget deficit. Of course, Queensland’s credit rating has been downgraded to AA. Not even Morris Iemma in New South Wales could do that, but they could do it in Queensland, and the Queensland Labor government is now in caretaker mode. So they are the best placed to manage the economy? Who are they kidding? I assure you, they are not kidding the people out there in the electorates, because people out there, proud Queenslanders, are very angry to think that their state is now in the situation of having a $73 billion debt when the government has not presented to the people of Queensland how that debt is going to be repaid. It is a tragedy for Queensland, but it will be another government—a conservative government, an LNP government—that will repay that debt and get the books back in order, as has always been the case.

I want to move on to the part of the appropriation that talks about the water appropriation, the $500 million. That was part of the package agreed to by the Independents—in fact, Senator Xenophon. Minister Wong, the minister for the environment and water, I think—

A government member—Climate change.

Mr BRUCE SCOTT—the Minister for Climate Change and Water, came to my electorate last week for a Murray-Darling meeting in Goondiwindi. There was quite a lot of excitement in town. At long last the minister was going to come to town, and people wanted to talk to her about this $500 million. How did she intend to spend it? She walked into the meeting, gave a speech and walked out. I would have thought that if she were fair dinkum about talking to communities—communities where the workers and families are dependent on water and agriculture—she would have spent some time talking to them, taking a few questions from the audience. No. She walked in, gave a 20-minute speech and walked out. If it is her plan and the government’s plan to spend this $500 million like they did buying Toorale Station at Bourke, it will devastate many rural communities not only in my electorate but across the Murray-Darling Basin.

As a coalition in government, we said that the appropriate way to deal with water entitlements in the Murray-Darling Basin was not with buybacks but through water efficiency measures. I was talking to a farmer in my electorate the other day about that very subject of water efficiency—investing in water efficiency, as opposed to just buying the water back, as they did with Toorale Station. They shut down the station and shut down the 100 jobs that were part of that enterprise. That is certainly going to impact on the Bourke Shire Council, because the station is now going to be a national park, and national parks do not pay local government rates. There has been no compensation for the people, the families or the small businesses that will lose their jobs or their businesses. The water has been bought as part of a buyback.
Had the minister spent some time the other day at Goondiwindi talking about water efficiency to farmers, who are very efficient in the first instance, she would have started to understand that we should invest this money—and this is what I plead with the minister for. We do not want you to buy water back and just take the water and run, leave town. We should be investing in water efficiency measures. This farmer I mentioned a moment ago grows cotton and a range of other crops—summer crops and winter crops but mainly cotton in the summer. He has invested, as some are now starting to invest, in lateral move irrigators. They are those irrigators that are large—they can be one or two kilometres long. They move down a laser levelled paddock. This is replacing the traditional method that has been used since irrigation commenced on the Darling Downs, which was flood irrigation. We have moved from flood to lateral move irrigation.

When they are growing a cotton crop, they will be growing it on stored moisture plus water they will put onto it when the crop needs it. If you were still using flood irrigation methods, you would have put 100 millimetres of water on—the equivalent of four inches in the old scale—because that is what flood irrigation would deliver. You cannot do anything less. It is going to flood down and it is going to be the equivalent of four inches of water on that land. By using the lateral move irrigator and knowing from probes in the ground that what the crop needed was about an inch and a half of water, about 37 millimetres on the new scale, it is able to deliver an inch and a half on this lateral move irrigator down the paddock and water the crop and finish the crop. That is a saving of 60 per cent of water by moving from flood irrigation to water efficient technology. If you apply that across the Murray-Darling Basin, not only do you get the savings from the farmers’ water entitlement; you can deliver part of that—not always all of it but part of that—as an environmental flow into the Murray-Darling Basin. That is a sensible way forward with this money. I urge the minister to forget about just going and buying an entitlement and having farmers bid to offer some water for some cash. Invest in water efficiency. Then we will start to see huge savings in water. As I demonstrated in what this farmer told me the other day, up to 60 per cent of water could be saved merely by moving from one form of irrigation, flood irrigation, to lateral move irrigation.

I know the Minister for Resources and Energy is coming to my electorate very soon. I will certainly be showing him the Warrego Highway when he is there and I will be calling on the government, if they want to really invest in hard infrastructure, to match what the coalition said they would do before the last federal election and invest some $126 million in the Warrego Highway. That is hard infrastructure which feeds right into the heart of the Surat coal basin. I know that Minister Ferguson will be interested in it and I would hope that he will be able to encourage Minister Albanese, the Minister for Infrastructure, Transport, Regional Development and Local Government, to ensure that there is investment in real infrastructure rather than splashing the cash around. That would certainly make a difference. The other thing I would like to mention is the Roma airport. I know that the Roma regional council would like some $6 million for an airport upgrade. That is the sort of infrastructure that will make a real long-term difference. It will underpin jobs; it will create an economic activity in the community that is slowing but certainly is not in recession. So when he is there I will be showing him those two projects as having the potential for real hard infrastructure spending rather than what we see as more of a cash splash. And I call on the government to look at my water proposals with great seriousness.
Ms GEORGE (Throsby) (12.33 pm)—I take the opportunity today to speak on these appropriation bills and to put them in the context of the greatest global upheaval that the world has seen since the catastrophe of the 1930s. I listened very intently to the member for Maranoa. I must say the reference to the so-called cash splash is a very pejorative way to describe a very concrete set of proposals that are meant to stimulate aggregate demand in the economy and to acknowledge that a lot of the people who were the beneficiaries of the package, particularly before Christmas, were people in great need.

He then went on to talk about the need for this government, the Rudd Labor government, to invest in substantial infrastructure. Obviously the member for Maranoa has forgotten the appalling record of the coalition government, which prior to the last federal election had multiple opportunities to invest in productive capacity. What they left instead was a whole range of bottlenecks across the country which impeded economic growth and development. For the first time ever the Rudd Labor government have taken the issue of investing in infrastructure very seriously, and I think we are all awaiting the final recommendations to come from the new statutory body that we created, Infrastructure Australia, to precisely address some of the missing investments that should have been made in nation building and in the nation’s infrastructure capacity.

The bills that we are debating, Appropriation Bill (No. 5) 2008-2009 and Appropriation Bill (No. 6) 2008-2009, are really a further response on the part of the federal government to unprecedented global circumstances. The total additional appropriation being sought through these bills is approximately $2.2 billion, or about 2.7 per cent of total annual appropriations. As the brief for this legislation indicates, there are a range of very important policy initiatives on which these additional appropriations will be spent.

The member for Wills earlier made reference to the $34 million that will be expended on supporting 241 childcare centres, which came with the collapse of ABC Learning. There is additional funding to go into the GEER Scheme. Unfortunately, this scheme will need to be put into operation to cover those situations where workers who are made redundant through no fault of their own are left—as, we know, they often are—in circumstances where the company is unable to meet their legitimate entitlements.

There is nearly $39 million to help trade apprentices find new employers, and that is a very welcome initiative. Already we are finding apprentices out of trades, and this is a means of trying to ensure that young people can continue with their trade training so that when there is an upturn in the economy we have the skilled labour there to capitalise on that upturn. It will also provide incentives both to group-training companies and to other employers to take on a young out-of-trade apprentice.

We are also providing additional funds in Appropriation Bill (No. 5) to provide redundant workers with earlier access to employment programs. Regrettably, in our own region of the Illawarra, we now find 281 workers, predominantly female, who over the course of the next year will be made redundant through no fault of their own by the very short-sighted decision of the company Pacific Brands to relocate large slabs of their operations offshore. Those are some of the investments we are going to make under Appropriation Bill (No. 5).

In Appropriation Bill (No. 6), there will be a huge investment to further our goals by providing for the expansion of the AusLink program, improving road infrastructure and increasing our investment in the highly successful Black Spot Program. While talking about the
Black Spot Program, I just want to indicate that last year in my electorate we were able to gain about $900,000 to provide for a range of road upgrades through the Black Spot Program. It is a very worthwhile program, and it addresses some of the very problematic roads that are often beyond the scope of local councils to upgrade. Driving down to Canberra this week, I came along Jamberoo Mountain Road, the site of a major accident not that long ago where people’s lives were lost. I am sure that Kiama council will benefit from the funding allocation that came under the Black Spot Program. I commend the Minister for Infrastructure, Transport, Regional Development and Local Government for his ongoing commitment to ensuring an expansion of AusLink funding, Roads to Recovery and the Black Spot Program.

I want to say a little bit about the situation that we find ourselves in, because I think it is easy for the opposition to sit back and take pot shots at the government. We know that from the very beginning their attitude was to oppose the economic stimulus package, and they still have not provided me with any kind of understanding of what they would do if they were in government. All they seem to be doing is sitting back, trying to score political points from the government and, in a sense, taking almost a terrible delight in the predicament that faces a lot of working people, who are feeling very insecure about the impact of this global recession not just on them and their families but on their communities.

For the first time, we are actually seeing what the global recession actually means in terms of its human impacts and human consequences. The member for Maranoa has suddenly discovered that there is going to be rising unemployment. The Treasurer made that very clear. In the Treasury projections, it was quite clearly stated to the Australian community—we had nothing to hide from them—that, as a consequence of a global downturn, our projections were in the order of seven per cent unemployment by June next year. Unfortunately, in some of my local government areas, we are already at or beyond that seven per cent projection. Those figures do shift on a month-to-month basis but it should come as no surprise that there will be rising unemployment as a consequence of the global recession.

No country can be immune from the impacts and we are very lucky that the banking and financial system in Australia is able to withstand the kind of worst excesses that we have seen as the cause of this global recession. And to the extent that the former government should take some credit for the sensible regulations that were put in place and the oversight by APRA and other bodies, I do not take that away from them. But it was amazing to hear some of the comments made by the member for Maranoa. It is almost like the sceptics in the opposition ranks about global warming. It is almost like the member for Maranoa is hard pressed to believe that we are in the midst of the worst global recession that has faced our country and other countries since the 1930s.

It is very disappointing that, despite Treasury projections, we did see a contraction in the economy in the December quarter in the order of about 0.5 per cent. But that contraction fared well in comparison to comparable nations. The US contraction was 1.6 per cent, the average contraction of the OECD nations was about 1.5 per cent and Japan, an important trading partner of ours, had a contraction of 3.3 per cent in that quarter. That has profound implications for a trading nation like Australia and for the region that I represent, which is heavily reliant on coal and our steel industry as export earners.

It should come as no surprise to anyone in the opposition that that contraction in the December quarter will lead to a range of revisions: revisions of revenue, GDP, economic growth

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and of deficit projections. With that, it is quite likely that there will be a revision, regrettably, in our unemployment rate as well.

Our challenge, as a government, has always been to contain this fallout to the best of our capacity but we have always said there is no silver bullet and no nation, including our own, can in any way be insulated from the biggest global financial crisis since the 1930s. The member for Maranoa made the point about the farming community being very resilient and having to cope with downturns in the past. I must say, it is great for the nation, coming out of drought, that the boost in agricultural production was the one positive note in those December figures. Without that boost, the contraction could have been far worse.

But the contraction is very serious in the manufacturing sector. Manufacturing, in my view, is in the eye of the storm, contracting by 4.7 per cent in the December quarter, which, if you annualise that rate, is almost a 20 per cent contraction on an annual basis. That indeed is very worrying. Machinery and other metal products, chemicals and paper industries all suffered drops of more than five per cent in one quarter; textiles, clothing and footwear, TCF, contracted 8.5 per cent in the year to the end of December; printing and media contracted 7.6 per cent and food production contracted 7.4 per cent.

It is very important that the government and the industry minister in particular continue to focus on the consequences of the downturn that we are witnessing in our manufacturing base. It is not surprising that in this climate businesses have raided their existing stock rather than risk boosting production levels. As one economist stated in the media recently: The best way to describe the current downturn is an economy-wide inventory adjustment. That is what is happening, certainly in industries in my region. It is precisely because of that downturn, the adjustment to inventories and the cutback in production that we have always focused on providing an aggregate stimulus to demand in our economy. So before Christmas in our package that was meant to be a fast-acting package to stimulate the economy, the largest beneficiaries were people in greatest need—the pensioners and carers in our community, among the range of people who benefited from the package. Without that stimulus I think we would have seen a far more severe economic contraction. As the economist I quoted earlier said:

Let’s give praise where it’s due. The $8.4 billion in direct payments plus the extra assistance for first-home buyers placed a floor under demand.

That was precisely what it was intended to do. Obviously we are a bit disappointed that early indications show that the package was predominantly used to pay down debt rather than for expenditure. But to the extent that it has been used to pay down debt there is also a positive light at the end of the tunnel: once people pay down debt they are more likely to spend their money and hence to boost the potential for production schedules to come back on track. With profits being hit, there is no doubt that business is cutting back on working hours, on inventories and on production. It is a very worrying trend for a region like the Illawarra, which, as I said earlier, is very reliant on manufacturing, on steel making and on coal exports. We have already seen job losses among contractors. Regrettably, 281 Pacific Brands workers, predominantly women of non-English-speaking backgrounds, will be made redundant through no fault of their own. We are seeing shift reductions. We are seeing cutbacks in the 24/7 operations in a number of local companies. All that paints a rather bleak picture insofar as unemployment is concerned.
But we have to be resilient, we have got to understand those trends and we have got to make sure that we have proactive policies that enable communities to weather the worst of this economic global recession. In that context, continuing demand stimulus is very important. It is more than just a ‘cash splash’, as people refer to it. It is part of a coherent strategy to stimulate demand, with that to stimulate production and with that to stimulate and hold onto employment opportunities.

As well as stimulating aggregate demand, this government, unlike its predecessor, understands the importance of investing in productive capacity and in infrastructure as a means of maintaining and growing jobs. Very importantly, also, after the collapse of the banking system, starting with the collapse of Lehman Brothers, internationally I think in the order of 20-odd banks have hit the wall. Domestically we have taken action to stabilise and support our domestic financial markets through such measures as guaranteeing deposits for a period of time and guaranteeing wholesale borrowings.

As part of our first stimulus package—the member for Maranoa did not mention this, but I am sure his local government authorities would have benefited from that package, just like mine have—we have seen for the first time a local community infrastructure fund that is going to provide funding for very important local projects. I know my two councils are very appreciative. The Wollongong council are very appreciative of the $2.15 million that they received. The contract was signed last week when the minister visited our region. Shellharbour council achieved almost $900,000 to upgrade community playing fields in their area.

Our Nation Building and Jobs Plan will continue this substantial investment in infrastructure through the largest school modernisation program ever seen in this country’s history. I cannot believe that members of the opposition voted against a bill which will provide for up to $200,000 for every school to undertake maintenance; provide every primary school with up to $3 million for a new library, multipurpose hall or classroom upgrades; and provide for 500 new science labs or language centres. When these investments are made and the work is beginning on these projects, I bet we will not find one member of the opposition who tells their school community the honest truth that they voted against Labor’s stimulus package, which, as I say, will provide the largest school modernisation program in the nation’s history.

As I came to the Main Committee to give my address I was delighted to read that in a press release today the Minister for Families, Housing, Community Services and Indigenous Affairs makes it very clear that from today families will start to receive their cash bonuses as part of the $42 billion Nation Building and Jobs Plan, which was voted against by the opposition. She says in her statement:

These payments will support families and local businesses across the country. Stimulus payments like these are a responsible way to quickly boost consumption in order to immediately reduce pressure to cut staff.

The Rudd Government is providing these cash payments to immediately support jobs and strengthen the Australian economy in the face of the global financial crisis.

Far from being just a cash splash that can be dismissed in a pejorative way with two simplistic words, these payments, which include the back-to-school bonus, payments to single income families and the one-off training and learning bonus, are all part of our calculated strategy to continue to support and boost aggregate demand in the economy.
In conclusion, we live in unprecedented times and the investments that we are making are in a sense unprecedented in that they are a response to a global financial crisis that is not of our making. We believe that we have an obligation to protect our citizens to the best of our ability and help them weather the storm so that Australia can emerge with productive investments having been made on which we can build the economic future for this nation.

Debate interrupted.

Sitting suspended from 12.57 pm to 4.01 pm

Mr BRIGGS (Mayo) (4.01 pm)—I rise to speak on Appropriation Bill (No. 5) 2008-2009 and Appropriation Bill (No. 6) 2008-2009, the bills that largely gave birth to the stimulus package that the government announced not too long ago. In this contribution I wish to address the failure of the government’s approach to the economy, but in the main I wish to address the complete and utter failure of the government’s approach to the issue of the Murray-Darling Basin—in particular its effect on the Lower Lakes, which are in my electorate.

Firstly, in relation to the stimulus package, what we have seen from this government is a panic strategy which has failed the Australian people. It has left our kids with enormous debt, which will damage their prospects for many years to come. We have seen two packages. We had one in October last year with cash payments directed in December. It has been proven that these cash payments failed—they had no economic benefit whatsoever. The second package was announced in February this year. Again, largely it will be one-off payments to people and it will fail again.

In the first package the government claimed that they were creating 75,000 jobs. Of course when they realised that was not going to happen, they changed the wording in this, the second package, to ‘supporting’ 50,000 jobs—I think that was the figure. Again, the evidence has suggested and shows that that is just not the case. What we have now is a large amount of future debt put on our credit card. The ability of this government to borrow up to $200 billion in debt in the future, which of course they will do, will hang over our children’s heads as higher taxes and less opportunity. So this strategy is failing—the government’s approach to the economy is failing. It is ad hoc; it is not well thought through; it is panicked. It has managed to turn what was a $20-odd billion surplus a little over 15 months ago into a massive deficit. That is, in itself, quite an achievement.

But now we are also seeing an approach by this government to policies, and one in particular, which is a payback to the union movement for a campaign that they ran. It too will cost jobs and impact on the economic opportunity of young Australians. We hear the rhetoric of the Prime Minister and the Deputy Prime Minister about fairness, but of course fairness in the workplace starts with a job. The policies that the government are pursuing are bad for our economy now and they are bad for our economy in the future. These bills give effect to that.

On the other hand, we have a balanced approach and we have the experience to manage the economy in difficult times. It is unfortunate that the Prime Minister is too arrogant to listen to the advice of the Leader of the Opposition, who of course knows this issue much better than he does. I was fortunate to have the Leader of the Opposition in my electorate last Thursday and I must say he was extraordinarily well received. We had a small business forum in Stirling with eight small business representatives around a table in a cafe. They really appreciated the 40 minutes that they had with the Leader of the Opposition to talk about the issues which
affected them. They talked about how the downturn in the economy is affecting them. They were able to ask the Leader of the Opposition what his ideas would be to take the economy forward with a better balanced approach. Every one of them expressed concern about a strategy of just handing out borrowed money, which has no real effect. They all commented that they saw no benefit in their sales from the failed stimulus package in December and they were very pessimistic about this approach also.

We are seeing a government without any idea of how to run the economy. We have a nervous Treasurer who is panicking at the wrong time. We saw them play politics early last year in raising and talking up the inflation genie. Now we see the completely opposite approach, and it too is failing. We have a government always doing things for political purposes, not for the good of the country. This will leave our children with massive debts and fewer opportunities in the future.

These bills give effect to these policies from recent announcements. In particular, this afternoon I wish to talk about the issue of water and the Murray-Darling Basin, which of course finishes in my electorate with the Lower Lakes. During the trip last week the Leader of the Opposition, the member for Barker and I went to Mannum, which is in the member for Barker’s seat in the lower reaches of the Murray River. We looked at a marina for houseboats; in fact, we looked at what used to be a marina for houseboats. At the moment you would best describe it as a dry dock with several houseboats stuck in mud or silt because of the low water levels. The water is about 1.5 metres below the average pool level at Mannum, which is below lock 1 in South Australia. It is seeing the real and genuine effects of many years of mismanagement by both sides of politics in particular state governments right across the nation, but I do refer to New South Wales and Victoria.

Unfortunately, what we are now seeing is the complete collapse of this government’s approach to the water issue. Last week we saw on Thursday, the same day that I had the Leader of the Opposition looking at the river and the Lower Lakes, the Premier of South Australia very desperately trying to get back into this game because for eight long years he has done nothing on this issue. He was announcing his government’s consideration of a High Court case against Victoria’s decision as to a four per cent cap. But what the Premier of South Australia has done, in highlighting this issue, is actually draw a line under the complete and utter failure of the Rudd government to address this very important issue. Last year we saw the announcement, with great hype and fanfare, of a historic agreement for the national control of the Murray-Darling Basin system when in fact what had actually been agreed was a half-baked agreement with the Victorian Premier to give the states the ability to still opt out of the Murray-Darling Basin Commission. That means there is no real change at all.

That was a very unfortunate decision for the Prime Minister and the state premiers to make because it leaves us with the same problem that we have had for over 100 years. Of course control of the Murray-Darling Basin was the bone of contention for South Australians back in the late 1890s when Federation was discussed, and very many of the debates that we have today were had back in those days. In fact, my local paper, the Mount Barker Courier, editorialised in the very early 1900s about the fact that we needed a national system to manage the Murray-Darling Basin because it was a national river system. Unfortunately, what we have seen since this government came into office has been a side deal with a recalcitrant Premier of Victoria which has now led to the complete and utter collapse of the Murray-Darling Basin.
agreement for which the Leader of the Opposition fought so hard when he was the minister for water, because it was the now Leader of the Opposition and the then Prime Minister who announced the groundbreaking Murray-Darling Basin plan in January 2007.

Had the Victorian Premier not played politics, along with the South Australian Premier, the National President of the Labor Party, and the then Leader of the Opposition and now Prime Minister, we would have been able to move forward under a national framework, and for the first time we would have had truly national management of the Murray-Darling Basin. Instead, we have seen over these last 16 months politics being played and no real effort made to fix the Murray-Darling Basin system.

The Minister for Climate Change and Water, a South Australian herself, is quite taken with buybacks. She has put her whole focus into buying back water entitlements, which of course are part of the answer and they were part of the $10 billion water plan. However, they are not the whole answer. In fact, a very significant part of the Murray-Darling Basin plan, the rescue plan announced by the Leader of the Opposition in January 2007, was the infrastructure investments. The infrastructure investments can deliver real water savings today that can come back into the system, which will mean that there will be more water in the Lower Lakes.

The Lower Lakes, for members’ information, are at the point of no return. They are in complete crisis. Last Friday I had a phone call from a local in Goolwa, Keith Parkes, a very hardworking small businessman, who told me that the Lower Lakes had dropped to minus 1.48 metres below sea level. The state government says that at minus 1.5 metres the soil in the Lower Lakes will go acidic, which potentially will poison what remains of the Lower Lakes. The salt reading at Clayton, which is around halfway up the Lower Lakes, for those members who are unfamiliar with the Lower Lakes, was up around 28,000, which, as members know, is not that far off sea water level proportions. So it is a complete disaster zone at the moment. It needs water. It needs 30 gigalitres urgently, and we have called for the government to purchase on the water market some temporary water to put into the Lower Lakes to keep them going. The state government is looking at all sorts of short-term and long-term options for the Lower Lakes. I urge them to take action and to quickly address these issues and stop procrastinating. The people of Goolwa and the Lower Lakes need action and they need action now.

Where the federal government has failed is in not having a coherent approach to this issue. It has failed to get the right agreement, which is a national system, a complete takeover of the system, not one with an opt-out clause. There is an opt-out clause there. When you hear the Prime Minister, the minister for water and the state premiers say that for the first time there is a national agreement, there is not really, because there is an opt out. The original 2007 plan from the Leader of the Opposition had a very clear position, which was that it needed to be a truly national system, independent of the states. That is the position we have to get to.

Of course the states are conflicted. Queensland, New South Wales and Victoria want as much water for their states as they can possibly get. Unfortunately, that impacts on South Australia. No-one is saying that this issue is easy. No-one is saying that there are easy solutions to this issue. We are some way into a significant drought. We hope that the drought ends soon, but we need to get the reforms in place so that this crisis never happens again. It would be a tragedy if the Lower Lakes were flooded with saltwater. We are opposed to that on this side of the House. We do not think it is necessary, and it is absolutely irreversible. There need to be reforms in the system. There needs to be an investment in on-farm and off-farm infrastructure
which genuinely saves water by piping rather than channelling. The Victorian water system is archaic in many parts. It wastes so much water that we could save and put back into the Murray-Darling Basin system, which could then of course become environmental flows for the Lower Lakes.

Buybacks in themselves will not solve this problem. Unfortunately, the government are obsessed with buybacks. What we have seen since they have been in government is that 98 per cent of the water they have bought is not real water; it is entitlement, which of course is not there at the moment because we are in a drought. So 98 per cent of the money they have spent is actually not putting water back into the system, yet there has been no real money spent on infrastructure. So there is an obsession with buybacks and an ignoring of infrastructure spending.

I welcome the deal with Senator Xenophon, who joined me down on the Lower Lakes and is fighting as a South Australian to improve this dire situation for the people of my electorate. I welcome Senator Xenophon’s support in that respect, but I must say that what Senator Xenophon did was bring forward money that the Leader of the Opposition had outlined in his plan in January 2007. I welcome the fact that Senator Xenophon was able to get some action—indeed, more action than the minister herself could get from her very own cabinet.

The other problem with buybacks of course is that Australia needs to continue to grow its own food. The Murray-Darling Basin is the food bowl of Australia—there is no doubt about that. We need to continue to be able to use water but we need to use it more wisely. We need to get more bang for our buck; we need to get more crop out of less water. We can do that with infrastructure investment and with better and more efficient farm practices. I support those investments and I support investments to help communities adjust to the buyback issue. It is a focus that the government has lost since it came to government and it is a focus that we pursued. You need to take people with you. For too long in this country it has been state against state in respect of the Murray-Darling Basin. That can no longer occur, because what we are doing is killing one of our great assets—the Murray-Darling Basin system and in particular the River Murray.

I plead with the government to take more urgent action to get some water back into the system. I plead with the government to spend the $9 million or $10 million it would take today to buy 30 gigalitres of water to put back into the Lower Lakes to help the Lower Lakes recover. I urge the state government to take some urgent action rather than talking and telling the community one thing. I urge them to take action to help save Goolwa and the southern part of my electorate. I urge the minister and the Prime Minister to address and to turn their eyes to the complete and utter disaster which we see in the lower reaches of the Murray-Darling Basin system.

Unfortunately, we have seen the result of the approach from the government thus far in the complete and utter collapse of the Murray-Darling Basin agreement, which is a bad thing for our country. I urge them to have an urgent meeting to sort out the problems and to avoid the High Court challenge that the Premier of South Australia is considering. That will help nobody. We need the Victorians to remove the four per cent cap. Farmers in New South Wales want that, South Australians want that and it would be good for the Murray-Darling Basin system.
It was a bad agreement last year. It was sold as historic. In fact, it was the wrong decision at the wrong time. We need a better agreement. We need a better focus from this government on the crisis in the Murray-Darling Basin system. More than spin, we need some action. I urge the government to act.

**Mr RAGUSE (Forde) (4.18 pm)**—It is with great pleasure today that I rise to talk on these appropriation bills. I will talk about the interaction between these cognate bills and the stimulus that they will provide to our economy. I support these bills that are part of our national government’s nation-building agenda. The total additional appropriation in both bills is $2.2 billion, which is a significant stimulus. There is $384 million in Appropriation Bill (No. 5) 2008-2009, primarily for employment initiatives, and $1.83 billion in Appropriation Bill (No. 6) 2008-2009 for infrastructure, including rail, road and some of our AusLink commitments. These bills are vital to support and secure the jobs and training of apprentices, trainees and adult workers, who are vulnerable to redundancy in an economic downturn. These bills will also provide assistance to workers recently retracted.

The Assistant Treasurer outlined in his second reading speech the intention of these bills. Appropriation Bill (No. 5) funds the Department of Education, Employment and Workplace Relations to provide a range of measures. These measures include an additional $43.7 million towards commencement and completion claims under the Australian apprenticeships system, which provides support to employers and apprentices. There is an additional $38.9 million to assist apprentices and trainees to return to the workforce and maintain their training. There is $34 million to keep 241 ABC Learning Centres open until 31 March 2009. There is $36.8 million to ensure that any Australian worker made redundant will receive immediate and personalised assistance to help them get back into the workforce. That is instead of having to wait three months to receive intensive customised assistance. All newly redundant workers will be entitled to receive this much needed support as soon as possible. There is $70 million to meet the expected increase in expenditure against the General Employee Entitlements Redundancy Scheme. This scheme assists employees who have lost their employment due to liquidation or bankruptcy of their employer, or who are owed certain entitlements.

The Department of Families, Housing, Community Services and Indigenous Affairs will be provided with additional funding to double the emergency relief program until 30 June 2011. There is $11.1 million to allow community organisations concerned to respond to the expected increase in demand for emergency relief due to the economic downturn.

Despite what the opposition says, all these measures are needed and needed now, during this period of economic downturn. These are circumstances beyond any government’s control, but it is our role as the government to assist those who need help right now and get people back into the workforce as soon as possible or give them the appropriate training to make them more employable.

Appropriation Bill (No. 6) 2008-2009 will provide additional funds for the Department of Infrastructure, Transport, Regional Development and Local Government, with $1.18 billion additional equity for the Australian Rail Track Corporation, otherwise known as the ARTC. This corporation is a wholly owned Commonwealth company and is undertaking a significant investment program in infrastructure. This includes 17 projects to improve the reliability and competitiveness of this nation’s rail freight network. This will provide much-needed jobs and
will put investment into much-needed infrastructure, and that will have a ripple effect on not only the national economy but also the local economies.

My electorate of Forde is one of those communities that were ignored for a decade in terms of infrastructure rollout. I know that the member for Forde before me worked very hard to represent her community, but she was frustrated by the lack of infrastructure that was provided on the ground. However, given the circumstances, the ability to roll out some much-needed funds in the way of a stimulus is certainly going to help my electorate to a large degree.

I have spoken on other occasions in this House about the industrial development region otherwise known as Bromelton. The ARTC, the Australian Rail Track Corporation, has significant interests in the standard-gauge rail that runs right through my electorate, crosses the border through the Kyogle loop and continues down to Coffs Harbour. There is a $55.8 million investment in rail upgrades. I have spoken on a number of occasions to this House about the need for increased infrastructure, infrastructure spending and the ability to provide transport support through the service of passenger rail et cetera. While this is firstly directed at freight movement and the freight effort in this country, it is also going to make it possible, at a future time, to put passenger services along that particular corridor. It is one of those projects that not only brings immediate jobs in terms of the upgrade but also opens up the local economy to a major area of industrial development. I should say ‘sustainable industrial development’, because it is about putting the right sorts of developments in the right locations, where they are supplied and supported by the right services.

In its initial stages this rail project will produce 120 jobs. The narrow-gauge passenger and freight service that we can provide through that service to Bromelton will be an amazing effort for all of us. This project shows that quite often an investment in maintenance alone can have a major impact, because this is about not only upgrading the line from wooden sleepers to concrete sleepers and reducing transit times but also opening up the corridor to a third rail to accommodate some of the standard-gauge freight movements that we will certainly require in the development of Bromelton.

Mr Deputy Speaker, you are probably aware that some months ago the Queensland state government declared Bromelton a state development area, an SDA, which means that it comes under a particular planning regime to open up that area to precise development on the basis of the sort of support and the sort of network required, certainly transport and road corridors, and the ability to interlink with our coastal shipping network—because one of the problems we have in South-East Queensland with the massive growth and the take-up of most available land is that intermodal facilities that supply port and road are very important. Of course, Bromelton will provide that to South-East Queensland. As Bromelton is almost a greenfields site, the predictions are that, once the economic cycle turns, up to 8,000 jobs can be created in that particular precinct. With the corridor that runs from Acacia Ridge to Beaudesert through those small townships, that sort of effort, that sort of economic injection, is going to be of major benefit to our region.

This is important for us at this time, and I am pleased to talk about any level of stimulation that we can bring to our economy. We are not sitting back. I support the stimulation of the economy wherever possible. We are living in unprecedented times. We have heard from the Prime Minister and from economic specialists who look at what is happening internationally
and what may potentially happen in our own economy. As the Prime Minister said in the chamber, this is very much about preventing any major economic catastrophe that may hit us through a whole range of uncertain financial movements. It is so important that we continue to look at ways of getting ahead of the game when it comes to economic stimulus.

These appropriation bills are necessary. We talk about stimulus, but this is about supporting jobs and looking after people who may otherwise fall out of employment.

Mr Robert—Don’t make me laugh!

Mr RAGUSE—I thought the member for Fadden would be keen to support jobs in his region. People who have lost their jobs—

Mr Robert—Show me one thing you have done to support jobs—just one.

Mr RAGUSE—I know that the member for Fadden would be quite concerned, given that I have contact with people from within his electorate who are suffering. While I refer them back to the member for Fadden, it is a real issue for our region. He is the member for a region that has massive growth. He knows that people are taking on large mortgages, and people need to know that they have some safety net if things get worse.

Mr Hayes—He supports Work Choices.

Mr RAGUSE—He supports Work Choices, and people in our local community—

Mr Robert—Am I on the record as saying that?

Mr RAGUSE—who live between our electorates and families that congregate at similar schools will be interested to know that the member for Fadden is not supporting this safety net. However, we can have a discussion about that another time.

This bill is about protecting jobs. As the Prime Minister said, it is about the cyclone. I know the opposition always laugh at these metaphors, but the reality is that this is about trying to predict an outcome. It is about safeguarding against uncertain changes. This stimulus package is about building a raft for the government to be able to act quickly in the event of possible unemployment through these global changes, and for those individuals who are somewhat affected by the changes.

During these sorts of events, manufacturing is an area of huge concern. Compared to the rest of the world, Australia has a small manufacturing base; however it is vital to some of the regions. My electorate of Forde has boat builders, meat processors and food producers—all industries that are part of the economic drivers that employ lots of people. For example, I have talked about Bromelton and Yatala as sites with a large number of manufacturers, and the member for Fadden would be well aware of Yatala as it borders our electorates. I talk to a number of businesses through the chambers of commerce and meet with individuals. At the moment they believe that they can move forward, but they are aware of what we are doing as a government not only to protect jobs but also to stimulate the economy to keep those businesses afloat.

My electorate has a large meat producer—the Teys Brothers have a major plant there—situated in Beenleigh. Nearly 1,000 people are employed at that particular site. That company has been there since 1946. They believe that they can weather the storm, but they are also very keen to know that as a government we are doing everything that we can to make consumers feel comfortable enough to spend money. It is one of those issues that we can argue
about politically, and we can look at different philosophical standards, but at the end of the day this is about confidence in the local market and in consumers. On a number of occasions just last week I spoke to a number of chambers of commerce. While there is a lot of discussion, questions and answers about what we are doing as a government, I am very proud to be able to say that we are committed to ensuring that we do everything we can for small and large businesses generally.

As I said, Teys is one particular organisation that is key to the employment success of our region. But there are much smaller businesses which hang off the retail and service sectors. I was talking to the Logan Chamber of Commerce President, Bill Richards, very recently about the chamber activities. They are very concerned and very keen to ensure that their members are kept well aware of the changes that we are making. Richard Somers at the Logan Country Chamber of Commerce situated at Jimboomba very much agreed that this is about giving people confidence—not only confidence for consumers but also confidence for those small businesses to continue to invest and to spend money. Any stimulus is very much a psychological thing as much as it is a policy or an ideological position. We need to ensure that we continue to provide confidence, not only for the consumers but also for those who provide the jobs and take up investment.

I should also briefly mention that while the seat of Forde is known as the Gold Coast hinterland because it sits on the Tamborine Mountain escarpment and goes west from that point, I have many representations from Gold Coast city businesses as well as the Gold Coast City Council. Their economic development office, who I meet with fairly regularly, are very keen for this chamber to be aware that, while the Gold Coast, for a whole range of reasons, seems to be a very flamboyant and secure economy, a downturn in construction hit the Gold Coast nearly 12 months ago. A major developer collapsed. Gold Coast businesses and construction developers are major employers so the council are very concerned that, because they are seen to be a very successful council, governments will not necessarily understand that they need support. So, today in this chamber I certainly pass on the concerns of the economic development office of the Gold Coast City Council.

But the council—a very competent council—is very keen to work in the public and private partnerships, through the PPPs. I think the money that this government is rolling out to local governments by default sets up a whole range of PPPs. We have councils working with private enterprise and with state and federal governments to provide a whole range of stimuli on the ground. In fact, I have some concern that in the current election campaign in Queensland the Leader of the Opposition, Lawrence Springborg, is talking about cutting back on infrastructure projects. While that sounds like a political statement it certainly is not. Our position is that we understand that investment—continued investment—in infrastructure is always important. I know that one particular project that I have been supporting—and the government has shown some interest in it—is the AFL stadium on the Gold Coast. I believe that the opposition leader is saying that they will not proceed with that particular project if they get into government.

Mr Robert—Health is stuffed, education is stuffed—and you want to build a footy stadium!

Mr RAGUSE—The member for Fadden has just interjected and said that we want to build a footy stadium. There will be 1,200 jobs in building that. It is an ongoing industry and it has
a centre on the Gold Coast that has a lot of interest. This will generate jobs, jobs and jobs, so I am not sure why the member for Fadden would fight against a project like this. It is supported by the current state government and the federal government and it is supported by the community. It is something that will bring an enormous amount of employment at all levels during the building of the project and it will be of ongoing benefit to the community.

Mr Robert interjecting—

Mr RAGUSE—I think the member for Fadden needs to talk to his constituency and find out their particular views on that project. I should also talk about the ability of different developers and investors in our region. You would also be aware of—I have spoken about them in this House before—the future residential development of Yarrabilba and the residential development of Greater Flagstone.

To give you some idea of the size of these projects, Yarrabilba—which many people might remember as the old Hancock pine forests—is some 2½ thousand hectares of essentially greenfields site for development. It will give the developers, planners and governments an opportunity to do something right in terms of development. I spoke to Rob Moore the other day, the man who is responsible for pulling this project together, from Lend Lease. It is a 30- or 40-year project, and it is expected that there will be some 70,000 residents, bringing billions of dollars of investment. He said that, given the notions of the ETS and CPRS, this is an opportunity to build a carbon-neutral urban community. It is a challenge that we as a government certainly support, as do companies like Delfin Lend Lease and people like Rob Moore, who are committed to providing investment to that region. The Greater Flagstone project is even larger. Some 80,000 people are projected to live there over the next 25 years. It is being done by a company called Tre Developments. They have said to governments and local authorities that they are willing to provide public infrastructure to ensure that economically we can drive these projects forward. I applaud Dave Cooke, the man who has been presenting this as part of the solution for the region.

Mr Deputy Speaker, you have heard me talk in this chamber about the great south-west and the notion of cross-border relationships from South-East Queensland down to Coffs Harbour. This is essentially a major project that brings rail, road, freight, passenger transport and those communities together into one major infrastructure project.

In conclusion, when we are talking about these appropriations it is important to have safeguards against events that may come our way. For a government to respond in the way that we have is certainly commendable. During the time of great economic growth, the lack of skilled workers was a major issue for employers, and we all know that it had a major impact on many businesses. That is something on which we as a Labor government have proven our ability in the past. We have made sure that we have provided appropriate training to get the skill levels of future workers to a point where they will benefit future employers and will certainly benefit our economy. Anyone who loses their job needs support. Anyone who finds themselves in a situation of concern about their future should know that we as a government will support them financially to retrain and that we will offer them a level of support during a redundancy period. We will certainly prepare people for the future and the time when the economic cycle turns. With that, I commend these cognate bills to the House.

Mr ROBERT (Fadden) (4.37 pm)—The bills before us this afternoon, the Appropriation Bill (No. 5) 2008-2009 and Appropriation Bill (No. 6) 2008-2009, are supply bills of $2.215
billion. Clearly the opposition will not stand in the way of supply bills. However it behoves me to make a few comments on the bills as they move forward. It must be understood that every dollar spent is borrowed money. In fact, the financial figures for the month of December showed that the Rudd government’s budget was already $14 billion in deficit. It took 11½ years for the previous government, the Howard government, to pay off Labor’s debt and to put the budget into surplus. And it took 12 months for the Rudd government to do what Labor governments always do—spend and throw the economy back into debt. It was the same with Whitlam, it was the same with Hawke, and it is the same with Rudd. It is what Labor governments do. And now we have $2.215 billion in two supply bills—every dollar borrowed; every single one.

The government has already announced that over the forward estimates its projected borrowings will be $200 billion. That is with funding and announcements that have already been put out there to the public—$200 billion without a single new announcement. With every new project, every response to the 163 commissions, inquiries, events and summits, if there is an outcome that costs a single dollar, that will be borrowed, and it will add to the $200 billion price tag.

If we look across the country at Labor’s largesse we see that the Queensland state government is $74 billion in debt, and commentators are suggesting that there is no way it can possibly be paid back. The state does not have the capacity to pay it back, considering its only two growth taxes are GST and payroll tax—as we know in economic terms, a growth tax to be. How can it pay it back? And we have the absolute and utterly disgraceful dysfunction of New South Wales Labor and their debt position well above $50 billion. Queensland and New South Wales, Labor states, and federal Labor have debts of almost one-third of $1 trillion over the next three years, and it all needs to be paid back.

If we look at the last 11½ years of economical miracle under the Howard-Costello government, we will start to get a glimpse of how difficult it will be to pay this money back and, because of the difficulty, how prudent governments should be before they start to splash cash around. In 1996, when the Howard-Costello government took the reins, the former finance minister, Minister Beazley, was saying, ‘The budget is in balance—in fact, in surplus.’ The result was that the Howard-Costello government found a budget over $10 million in deficit. So egregious was the budget position that an act of parliament was passed, the Charter of Budget Honesty Act, to ensure that no Labor government could again be so outrageous in its expenditure and so duplicitous in its statements that it could hide behind such a horrible financial mess.

From 1996 onwards, $96 billion of Labor debt was paid off. When that debt was paid off, $56 billion of interest had been paid. So, in real terms, that Labor debt was $152 billion. On top of that, the Howard-Costello government saved $60 billion in the Future Fund and had $27 billion in cash. During the Howard-Costello years, $152 billion, Labor’s debt and interest, was paid off; $60 billion was in the Future Fund; and $27 billion was in cash—that is, $239 billion; a quarter of $1 trillion.

How did this economic miracle that was to describe Australia as the ‘miracle economy of the world’ occur? Undoubtedly, there were some great boom times globally. Come 2001 we were able to enjoy the fruits of the mining boom because our industrial relations architecture was flexible, infrastructure had been put in place and we were seen as a reliable trading part-
We also sold 22 groups of assets. One group of assets was Telstra. From the sale of these 22 groups of assets, the Commonwealth retrieved $57½ billion—in fact, $45 billion from the sale of Telstra alone. There are no more assets to sell, unless of course Mr Rudd is looking at putting Aussie Post on the market. So, there is a mounting debt of $200 billion, plus the interest, and considering that government bonds are going out at 6.25 per cent—

Ms Hall—Mr Deputy Speaker, I seek to intervene.

The DEPUTY SPEAKER (Hon. AR Bevis)—Does the member for Fadden want to yield?

Ms Hall—Will you accept my question?

Mr ROBERT—No.

The DEPUTY SPEAKER—The member for Fadden has declined the opportunity to yield to a question.

Mr ROBERT—There are no more assets to sell. We sold them because there was $96 billion of Labor debt and $56 billion worth of interest. The total debt left by the previous Labor government was $152 billion. That was how horrendous the position was. Now the position is worse, with debts approaching $200 billion, and there are no more assets to sell. Bonds are being issued at a rate of between 5.25 per cent and 6.25 per cent on the sale of the bond maturing, with extended periods out to 10 years. So we are looking at an interest rate of six per cent on $200 billion of fully-fledged debt. Within three years the annual interest payment of that debt, at six per cent, will be $12 billion per annum and mounting. That is the position that we face. Those are the facts and they are indisputable. And here we have supply bills of money that is all being borrowed, much of it to help fund and put in place the architecture for the $42 billion cash splash.

We know that the original $10 billion cash splash did not achieve its desired end. We know from looking at the economic data that 80 per cent of it was saved—which, ironically, as we indicated it would be, was the same as what happened in the United States in July last year. When the United States did their cash rebate through their tax system, 80 per cent of it was saved. Considering the dire predictions economically, it is a fairly safe bet that of the other $13 billion—of which payments start today—80 per cent of it will be saved. That is $23-odd billion worth of cash splash that the Rudd government has put out there and which will not be spent; it will be saved. How does that stimulate an economy? I am sure that people who are receiving the money will derive some benefit as they pay down debt, as they retire debt from credit cards and as they invest or save, but it will not stimulate the economy at all. In fact, as a result of the $10 billion cash splash we saw a seasonally adjusted increase in retail sales of something like three per cent in December and January, but, in the December quarter, the economy contracted by 0.5 per cent. There is no question in most economists’ minds that when the figures come out for the March quarter we will see another contraction in place.

If we delve into the supply bills, we see $34 million for 241 ABC childcare centres up until 31 March. In 20 days time there will be no more support for those centres, yet there seems to be no plan publicly available as to what happens next. What if those centres are not sold? There is an enormous amount of evidence, including from prospective purchasers in my electorate of Fadden, that prospective purchasers are saying, ‘We don’t have enough information
from the receiver nor enough time to ensure a bid to purchase by 31 March.’ So what will happen to those centres post 31 March?

The government is also going out and competing against private industry to build hundreds of its own childcare centres—when we know that the government does not do it any better than the private sector. The private market is best able to ensure that centres work and run. It is no different from super GP clinics; they simply rob Peter to pay Paul.

We see $36.8 million in assistance to workers who are made redundant, which of course is commendable, but we do not see anything with respect to jobs, jobs and jobs. We have seen economic forecasts by the Rudd government of 300,000 jobs lost, yet with the $10 billion cash splash in December the Treasurer said, ‘It will create 75,000 jobs.’ If it was going to create 75,000 jobs, shouldn’t Treasury have immediately revised their forecast to say, ‘It is no longer going to be 300,000 jobs lost; it will be 300,000 minus the 75,000 we are going to create; therefore our forecast is revised to 225,000.’ That did not occur. Nor did a single one of those 75,000 jobs occur. Indeed, how could they when 80 per cent of the money was saved? How does retiring debt, paying off credit card debt or saving create a single job? It is ludicrous in the extreme. Not to be outdone, our erstwhile Treasurer came out with $42 billion—this time to support 90,000 jobs. I am not too sure about the mathematics, but surely $10 billion to create 75,000 does not equal $42 billion to support 90,000 jobs. And yet the current estimate by Treasury for job losses is still 300,000. It does not add up. There is nothing here about jobs.

On top of this, we have a government who refuse to guarantee that their industrial relations and ETS policies will not cost jobs. They refuse to rule that out. That begs the question: why would any government introduce a policy that would cost jobs? Surely the first line of any policy position that any government would put out across the developed world would say, ‘We guarantee this will create jobs,’ because, with the current downturn in the economy, creating jobs is the most fundamental and pressing issue. The introduction of any policy that would deliberately destroy jobs is both irresponsible and unacceptable.

There is $68.7 million for the government to implement its $42 billion cash splash. It is going to spend $68 million within the constructs of the Public Service, for the framework and architecture, so they can splash out $42 billion in cash which will not actually provide an economic stimulus at all. Social spending is always the poor cousin, in economic stimulus terms, to infrastructure spending. Pulling apart the $42 billion sees a dollar-for-dollar return on GDP of 30c. Some elements of President Obama’s package have a return ratio of one to 1.7: for every $1 of some parts of his economic package, there is a $1.70 return in GDP. The Rudd government’s package returns a whopping 30c! They must be so incredibly proud of pulling that one off!

There is $19.6 million within this supply-side bill to advertise Pink Batts. I have always enjoyed a pink batt and boom gate led recovery! There is $250 million for the department of environment and water for the Murray-Darling Basin. This is funding that is being brought forward because of the deal done with Senator Xenophon to get the $42 billion cash splash through the Senate.

Whilst the opposition will support the supply bills, because the opposition will not stand back from the supply bills to block supply, every dollar is borrowed. Every dollar is borrowed with interest of between 5.2 per cent and 6.25 per cent at the current bond issuance; that is the
That is the reality right now. The budget was in deficit by $14 billion in December; that is the reality. Every bit of extra spending is debt; that is the reality. There is nothing more to sell to pay off the debt, and the debt will grow and the interest will grow.

The expenditure is not well targeted. We know that most of the cash splash will be saved. The Prime Minister is not rolling out ‘spend, spend, spend’, as he so irresponsibly did before Christmas, because he knows people will save the money, and still he persists in rolling out the money from today. One could suggest, somewhat cynically, that the timing is linked to the Queensland government election—that it is somehow miraculously linked by some supercoincidence—with the payments rolling out 10 days prior to the state government elections. Heaven forbid I would be such a cynic! Every dollar spent is borrowed, with interest.

Ms LIVERMORE (Capricornia) (4.52 pm)—As I rise to speak on the Appropriation Bill (No. 5) 2008-2009 and the Appropriation Bill (No. 6) 2008-2009, I am mindful of a conversation I had last night at an Australian Hotels Association dinner—where I enjoyed your company as well, Mr Deputy Speaker Bevis. It was a conversation I had with one of the representatives from the AHA, a fellow Queenslander who runs a very large hotel in Brisbane and has done for 28 years, he was saying. Understandably, he has been through all kinds of circumstances, all kinds of ups and downs, in that period. But what he really impressed on me was his view that what he is looking for as a businessman, and I guess he wants his customers to feel the same way, is some confidence—not for the government to wear rose-coloured glasses and send a message that everything is fine but for the government to be realistic about the times that we are in and at the same time do everything we can to send the message that there is cause for confidence and cause to believe that we will get through this. That is what the government’s stimulus package is all about: telling people that we understand the difficulties that we are facing as a result of the global economic downturn or recession, but now is not the time to throw our hands up in the air and take whatever comes at us from overseas but to roll up our sleeves and do things that will boost activity in the Australian economy and in that way boost confidence.

The fellow that I was speaking to last night is employing 100 people in his hotel. He is seeing his takings decline a little bit year on year when he compares February 2009 with February 2008. At the same time he is trying to face these circumstances with confidence, and the Rudd government is really trying to support him in doing that by making sure that there is activity in our communities, in our cities, in our schools and in the building sector. It is about making sure that people can continue to spend and continue to invest. It is about seeing that we support jobs however we can through the government’s actions to make sure that the economy can stay as healthy as possible while we are dealing with the crisis overseas.

These two bills are about the government putting in place these stimulus measures. There is about $2.2 billion in funding included in the two bills. This goes to a range of different measures to support the government’s stimulus package. It includes funding for initiatives agreed with the minor parties during the debate on the Nation Building and Jobs Plan package. This is very much about not sitting back but rather doing everything that the government can to deal with the circumstances that we are faced with. We do not want to, as the former shadow Treasurer advised, wait and see what happens next as the global financial crisis unfolds. We actually want to get ahead of the game and put in place measures that will boost activity and protect jobs. So one of the key thrusts of this funding is to do just that: to secure the jobs of...
workers and in particular—and I will go through this later in my speech—to put in place measures aimed at assisting apprentices and trainees to keep their foothold in the workforce.

Whether it is in the manufacturing sector, as we have seen with Pacific Brands, or whether it is in mining or banking or retail and other services, there are men and women across Australia whose jobs will be at risk during this economic downturn that we are facing courtesy of the global financial crisis. There is no getting away from that in my electorate. Up in Capricornia there have been job cuts in the hundreds in the last couple of months, particularly in the mining industry. Most recently, in late February, the magnesite miner and magnesium producer, QMAG, announced a restructure of its operations and resulting job cuts. We are talking about 130 workers. A large proportion of those are contractors. They have been made redundant. The expectation is that the company’s Kunwarara mine and Parkhurst processing facility will operate at 30 per cent of capacity until demand improves. There is no doubt that these job cuts are attributable to the world economic crisis, particularly the cooling resources demand from China and elsewhere. In QMAG’s case, its major customers are part of the supply chain for steel production in Europe, where demand has fallen steeply in the last six months. The outlook for this sector shows little sign of improving.

The QMAG announcement followed similar cuts by Macarthur Coal and Xstrata in December, and Anglo added to the total two weeks ago by announcing cuts of up to 650 jobs across its Bowen Basin sites. These cuts will be felt in towns like Moranbah, Middlemount and Moura. So it is the unfortunate reality that at the moment the global financial crisis is impacting on resource based businesses such as QMAG and on the coal industry. This is having a ripple effect on jobs as companies deal with tough trading conditions.

But, going back to my opening remarks, to stave off the worst effects of the global financial situation the government has unveiled its Nation Building and Jobs Plan. This is about not pretending that we can stop what is coming at us from overseas. As exporting companies like QMAG and the big coalmining companies have found, we cannot stop what is happening overseas. But the government can take action to support economic activity and jobs here in Australia. We have acted very quickly in doing this. There was the $10.4 billion stimulus package last year and now we are backing that up, as international conditions have deteriorated, with this $42 billion package.

The impact of this package—the activity that it will generate—will be felt right across the country. A lot of these jobs will be in Central Queensland as people insulate their homes and connect their solar hot water systems and as schools begin construction of new libraries and community halls.

As I said before, we have not forgotten the particular plight of apprentices and trainees, who often find themselves the first to be let go—however reluctantly—by employers who find that they just do not have the work to support them. Part of the funding in Appropriation Bill (No. 5) will provide the Department of Education, Employment and Workplace Relations with funding for a range of measures, including $38.8 million to assist apprentices and trainees to return to the workforce and to maintain their training if they are out of work. Employers and training organisations will be encouraged to retain apprentices and trainees through an additional payment on completion of training. There is an additional $43.7 million for the expected increase in commencements and completion claims under the Australian apprenticeship system.
On the topic of apprentices, I would like to draw the House’s attention to some positive news from my electorate of Capricornia. I have talked about the job cuts and about the downturn that has been experienced in the coalmining and other mining sectors. But, on the positive side of things, at Plane Creek Sugar Mill at Sarina, the owner—CSR—is investing in the long-term future of the milling industry after years of struggling to compete with the high wages in the mining regions of the Bowen Basin and struggling to attract an ideal number of workers for its mill. With job vacancies still on its books, CSR is making the most of the opportunity to attract new labour—and not only that; CSR is investing in young people by recently employing seven new apprentices for 2009, which totals four more than its usual intake.

The apprentices—Clint Wheeler, Chris Buccholz, Zeb Shepperson, Lachlan McAulay, Dave Preston, Hayden Clair and Jeff Hodgson—have recently donned their hard hats and safety goggles and are at work after three weeks of safety training earlier this month. Most of them are actually undertaking cadetships, which have them working dually on apprenticeships and university study. It will see them undertake four years of apprentice work and two years studying engineering—so they are going to be highly skilled workers at the end of that training. Of this group of seven, there is an extra electrical apprentice and an extra mechanical apprentice. CSR is definitely making the most of the job market to attract workers after years of finding it so difficult to compete against the high wages in the mines in our region. CSR has also put on 19 new apprentices at its Burdekin operations and six new apprentices in the Herbert region.

I really want to congratulate CSR for its efforts and its commitment to the young people of Central Queensland, and of Sarina in particular. I know that the company will be rewarded by the hard work that these new apprentices will be putting into mastering their trades, and I hope we get to keep those highly skilled young men in our region once they have completed their apprenticeships and their university studies.

I also want to mention another aspect of funding that is being appropriated in these bills, and that is additional money for the Emergency Relief Program. The Department of Families, Housing, Community Services and Indigenous Affairs will be provided with funding to double the emergency relief program until 30 June 2011. The funding of $11.1 million will enable the community organisations concerned to respond to the expected increase in demand for emergency relief resulting from the recent deterioration in economic conditions.

I spoke yesterday afternoon to Major Laurie Robertson, who is the Divisional Commander of the Salvation Army for Central and Northern Queensland. Major Robertson told me that there is no doubt that the demand for emergency relief is increasing in our region, coming off those job cuts and the general difficulties that people are experiencing. The Salvation Army is just one of a number of organisations which provide that emergency relief funding to people in Central Queensland. All organisations involved will be eligible to apply for that additional funding. This is a practical measure from the government which comes, again, from the attitude that this problem is not of Australia’s creation and that it is coming at us as a result of what is happening in the international finance sector. That is not to say that we sit around and do nothing; we take practical steps to provide a safety net for people and to increase building and economic activity in our country domestically until such time as demand for our exports increases and other activity increases.
There is also funding in these bills, and of course in the broader Nation Building and Jobs Plan, for infrastructure. I think the previous speaker, the member for Fadden, was trying to make the point that somehow the government was—what were his words?—not doing anything. It was all about people just saving the money. It is handouts that people are saving. There is billions and billions of dollars worth of building activity in the package, so I do not really see how he can say that this money is not going to be felt in the economy. We are talking about billions of dollars worth of building, and among that is a lot of investment in roads and other transport infrastructure.

It was interesting to hear the Minister for Infrastructure, Transport, Regional Development and Local Government in question time yesterday highlighting the fact that we in Queensland know only too well as we drive around on the Bruce Highway or other significant transport links in Queensland that in fact the Howard government in its final year slashed road funding. It slashed road funding by 35 per cent in its final year. Road funding in 2005-06 was $4.3 billion and in 2006-07 it fell to $2.8 billion—a cut in road funding of 35 per cent at the height of the resources boom. So at a time when the Howard government was raking in revenue hand over fist it was actually cutting funding for the vital infrastructure that in my region was going towards supporting the activity in the resources sector.

By way of contrast with that shameful performance, I want to mention a couple of projects that are happening in my electorate. One of the important components of the Nation Building and Jobs Plan is the additional money for black spots. The Rudd government had already doubled funding for black spots in the previous budget; we are now tripling it under this plan. One of my local councils, the Rockhampton Regional Council, got funding just a few months ago of three-quarters of a million dollars for black spots in the last round. That was when the money for black spots had been doubled, so you can just imagine the allocation that my local councils can be looking forward to now that the money for black spots has been tripled. And it is not just the roadworks, of course, that are welcome when money is spent on black spots; it is also the increase in road safety and the reduction in accidents.

Something else that has happened—and this is us delivering on one of our election commitments in my area—is the upgrade to the Bruce Highway south of Mackay. Mackay is at the very centre of the mining boom that has been happening in Central Queensland in recent years. There has been an enormous explosion in traffic, heavy vehicle traffic particularly, on this section of road, and it is also a major section of road that is used by workers coming from Sarina and places like that into Mackay and out to the mines west of Mackay. The Rudd government committed to making that part of the Bruce Highway south of Mackay four lanes. That has been completed. The minister for infrastructure and transport was up there on 18 February 2009 to open that new road. It is a $14.4 million project that will boost safety and improve road access on Mackay’s southern entrance. Anyone who knows that part of Queensland, that part of Mackay, will know what a very busy and important, strategic road that is. That is very welcome news to the many people in my electorate south of Mackay who actually traverse that road each day on their way into the major industrial area on the southern outskirts of Mackay or further on to the mines west of Mackay.

Another road, which links Mackay to the mining towns out west, is the Peak Downs Highway, and a section over the Eton Range, 30 kilometres west of Mackay, is notoriously dangerous. It is a very badly designed road that seriously needs attention. Needless to say, it got no
attention under the previous government. I wrote letters; I made speeches; nothing happened. The Prime Minister came to Mackay for a community cabinet in the middle of last year, and I brought a delegation to see him representing transport operators who try to drive trucks over this range, where trucks are rolling over every couple of months. The Prime Minister said, ‘Right, we’ll look at that.’ On 25 February I had a letter from the transport minister saying, ‘Yes, we’ve agreed with the Queensland government we’re going to do a study to realign that road over the Eton Range which has been so dangerous in previous years.’ The good news from the Queensland government is that the Eton Range crossing will be included in Queensland’s Roads Implementation Program for 2009-10 to 2013-14. As such, it will see this work reflected as a state priority. So that is great news for those people who really take their lives in their hands every day crossing that very dangerous stretch of highway.

I will finish where I started, and say that we do not hide from the fact—we as a government cannot hide from the fact—that Australia is in for some tough times, but that is not to say that we should just throw our hands up and take whatever comes at us. We will do everything in our power through these kinds of stimulus packages, which, I might add, have been supported by basically everyone except for the opposition. For some reason, the opposition do not support payments to families or payments to workers; they do not support building infrastructure in schools; and they do not support improving our transport infrastructure, as seen by their cutting of funding for that infrastructure in the past. (Time expired)

Ms LEY (Farrer) (5.13 pm)—I appreciate the opportunity to speak on the appropriation bills before the House today, the Appropriation Bill (No. 5) 2008-2009 and the Appropriation Bill (No. 6) 2008-2009. Like other members who have spoken in the course of this debate, I would like to mention the effect of the government’s current policies, particularly its water policy, on my electorate in the southern Murray-Darling Basin. First up, I congratulate the Sydney Morning Herald for its good coverage of the situation in the Riverina and the Murray.

On Monday, 9 March, Debra Jopson, its regional reporter, devoted two or three pages to how tough we are doing it in our part of the world, with her main article headlined ‘The land runs low on livelihoods and hope’. I could not put it more accurately myself.

Recently, as I think both the member for Calare and the member for Parkes noted, the Minister for Climate Change and Water, Senator Wong, visited the northern part of the Murray-Darling Basin but not the southern part. I appreciate that the time constraints ministers face are enormous and sometimes communities do not fully appreciate that, but I believe that our communities have reached a point of desperation with this minister. That has been demonstrated by the Deniliquin Pastoral Times devoting almost an entire newspaper to the frustration of the community with Senator Wong’s lack of listening.

I think it is a desperate situation when communities just want ministers to listen. They know that answers are not necessarily going to be forthcoming immediately and they certainly understand that the single biggest problem we face is lack of rain. The front page of the Deniliquin Pastoral Times is headlined ‘Listen to our concerns, Penny’ and there is an open letter from the community of Deniliquin to the minister, and I would like to read that letter:

Dear Senator Penny Wong

This week the ABC’s 7.30 Report is in Deniliquin reporting on a struggling rural community.

In recent times we have been crying out for government support, but our cries fall on deaf ears.
Perhaps the national publicity the 7.30 Report will generate will be the catalyst to get your government to listen to our concerns.

We are not whingers and we don’t want hand-outs. But we do want you to show some understanding of the impact your policies are having on our community, and we would also like to work in partnership with your government to achieve its policy objectives.

We understand the need to equitably share the limited water resources available and to ensure the long term sustainability of the Murray Darling Basin. We live here, so it is in our best interests to work with you to give our children a future.

However, there are some issues we believe need to be addressed.

First is the water buyback process. Our community likens this to the ad hoc purchase of homes in a metropolitan or regional community.

What would happen if the government said it was going to buy 25 per cent of homes in a suburb over a 10 year period? Not sure where, when or how much it is willing to pay for them, but they will be acquired because the government believes it is in the best interests of the city as a whole.

Of course, this would not happen. It wouldn’t be fair, and it would have a devastating affect on confidence in that community.

Who would develop and invest there with such uncertainty? Of course, no-one.

Yet that is precisely what the government is doing to our most precious resource.

The lack of expediency in the water buyback process and the manner in which expressions of interest are being called is not in the best interest of the government nor our community.

But thus far all attempts to discuss or review the process are ignored.

Then we have the $5 billion in infrastructure funding that is to be made available for water savings and efficiency. We’re still waiting to see it.

From 1995 to 2008, landholders in the Murray Valley invested $441 million to improve farm efficiencies, primarily through Land and Water Management Plans, and the government provided a further $52 million.

The benefits have been proved, yet at a time when it is even more vital that the work is continued, the funding has dried up. And despite invitations, Environment Minister Peter Garrett cannot find the time to come here and see first hand the reasons why he should free up the infrastructure funding.

Senator Wong, you appear to also be avoiding us. Is it too much that we ask you to show us a little respect; a little common courtesy? We are Australians fighting for our survival.

Why won’t you come to our region with an open mind, listen to our concerns and solutions, so we can work in partnership with your government to achieve its objectives?

When Prime Minister Kevin Rudd won office, he pledged to govern for all Australians.

We believe your government is not providing our town, nor our region, with the support that would normally be expected in the changing environment which we are experiencing.

A chance to discuss the way forward would be gratefully appreciated.

I read that letter onto the parliamentary record today because I know that Minister Penny Wong will not read it. I would like her to but she has not, so far, even responded to mail, from the constituents that I represent, on the single-biggest issue to them—which is water and their livelihoods. This letter is quite polite, I have to say. Country people are polite; they are not discourteous. They have noted a couple of times that they want to work with the minister to achieve her objectives and the government’s objectives. They are not jumping up and down...
saying, ‘We do not like what you are doing to our community,’ even though that is the case. They are just trying to be included in the process, and that is not too much to ask.

I have been less polite with the minister in my media release, which I issued just before she did her whistlestop tour of the northern Murray-Darling Basin, and I have said to the minister that she has a lot of explaining to do. She needs to explain to the New South Wales Murray, Lower Darling and Murrumbidgee communities why her government has sold them down the river by agreeing to Senator Xenophon’s crazy water buyback, which, as it stands, will have to be fully met by New South Wales irrigators. The buck stops with the government and they have allowed a situation where Senator Xenophon has held and is holding the communities that I represent entirely to ransom, and the government has stepped back and allowed him to do this.

When I saw the result after that long night in the Senate, I felt sick because I knew that, in bringing forward a $400 million water buyback by four years, the target would be the New South Wales Murray and the constituents that I represent. All the pressure would be on them. I rang a few the next day, including the New South Wales irrigators councils and people who represent those communities, and they all shared the same stunned, horrified feeling. The result of Senator Xenophon saying that he was standing up for the Murray-Darling Basin—and I do not know whether the senator believes that; he has not responded to our calls—is that the government has promised to accelerate the water buyback. And that is pretty devastating. I say that it will fall on our communities, because water in Queensland is essentially unregulated. It cannot be bought. Victoria has a cap on water leaving districts and the state. That is the Victorian government protecting the interests of its irrigators and its agricultural communities. As I see it now, I have to say: good on them.

We then saw the New South Wales government decide to take the Queensland government to the High Court to force the release of flows within the basin—which makes me very sad. All this is telling us that the national water plan, which was so close to fruition under the previous government, is in complete disarray. It does not mean anything anymore. All of the states are saying: ‘We are going to protect our state interests.’ You cannot blame them for doing that. If this buyback is to continue to the extent that Senator Xenophon has demanded, it will decimate the towns along the Murray. There will be ghost towns along the New South Wales Murray. As the community of Deniliquin expressed in its letter, in an excellent analogy of buying homes in a suburb: people might say that it is all too close to home. But this is very close to home. When you live in a small town, the community does not stop at your front door; it goes down the street, it goes to the clubs, it goes to the service clubs that you are part of—and you feel that an attack on your community is an attack on your home.

I have also asked Penny Wong to explain what happened to the $400 million that she proposed for Menindee Lakes in the election campaign. She did visit Broken Hill on her tour, but the Broken Hill community was quite annoyed that she did not look at Menindee. Anyone who knows anything about the Murray-Darling Basin knows that Menindee is critical and that the re-engineering of Menindee Lakes is highly important. Water is now stored in the upper two lakes, and Lake Menindee itself is completely dry. But the government has made some silly suggestions about letting a small amount of water down from time to time. If you look at those large, dry lake beds, you can see that you simply would not get anything going past them in any quantity to make any difference to South Australia’s lower lakes. The minister

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should have gone to Menindee and she should have seen the Menindee Lakes for herself. Instead, she indulged in some grandstanding at Toorale Station, releasing water to demonstrate how the buyback of Toorale had released 11 billion megalitres into the river. That was grandstanding, because the water would not normally reach Menindee or South Australia, and the fact that it rained simply gave the minister a get-out-of-jail card. I hope the Bourke community told her what they thought of her. But, as I said, rural communities are very polite; they probably did not tell her what they thought of her.

The other thing I have asked the minister is: why will she not make details of her water buyback available on a water exchange so that there can be transparency and integrity in the water market? At the moment, people are invited to tender to sell their water to the government. It is an enormously convoluted and bureaucratic process. It involves continual exchanges of letters with government departments—and enormous time lags between them. When invited to tender their water, they may get a letter from the government saying: ‘No, we don’t want it; but if you suggest a lower price we might.’ So people who are squeezed between a rock and a hard place and are desperate to sell—or whose banks are telling them, ‘Realise your assets; put some money back into your business, or we will be selling you up,’—are obliged to continue this second guessing with the government and come back with another figure. But the result—as many have explained in the parliament and as is well understood by the coalition—is that you get the swiss cheese effect where somebody has given up their water here and somebody has given up their water there but there is no integrated plan. Governments always insist on plans whenever they do anything, but not when it comes to buying back water. There is no plan! It is just here, there and everywhere.

Murray Irrigation came forward to the minister with a perfectly sensible structural adjustment package. They represent the biggest diverter on the Murray River and 2,400 family farms, so if the minister wanted a lot of water bought back for the environment she could have accepted that package or at least negotiated with Murray Irrigation. They had a plan which kept our rural communities intact, which freed up water strategically and which had a structural adjustment component. The minister must have thrown her hands up in the air and said: ‘Not the structural adjustment component! We don’t mind buying your water for a bargain basement price; we don’t mind disrespecting your communities; but provide structural adjustment? No way!’ There seems to be a complete block on funding for on-farm irrigation efficiencies—which is what the previous government had put aside, recognising that the National Water Plan would not work at all unless you had money to upgrade farms. And that was not necessarily money being given to landholders, because there would have been conditions attached and it probably would have included dollar-for-dollar funding on the part of the farmers.

But this government, as I said, has a complete mental block about it and refuses to do it. It makes no sense, because the on-farm efficiencies now need to be realised in upgrading irrigation efficiencies. We have done the piping and we have done the delivery. Yes, there is money available in the sensible measures happening now around metering and measuring—and that needed to be done years ago—but the real savings are to be found on farm. So the government needs to partner with farmers in this and then it will realise the water that it wants. It is not coalition policy to have this level of water for the environment. As someone who is part of
these communities, I have to say that it hurts very badly. But if that is what the government wants to do then at least do it in a way that does not leave the community in tatters.

My next point to the minister is: why is she taking the local catchment management authorities out of the decision-making process regarding environmental water and centralising decision making in government departments? This relates to a specific issue in the Murray, where the Wetlands Working Group had allocated a certain amount of water and, in conjunction with the catchment management authorities, was going to direct what happened to that water from a community perspective. But the distribution of that environmental water has gone back a step into the bureaucracy and into government departments. I think that is a shame. It is certainly in keeping with the approach of the Minister for the Environment, Heritage and the Arts to these catchment management authorities. Who would have thought that, when the Labor government got in, funding for land care, funding for land and water management plans, and funding for the on-farm activities that farmers and communities have done for years to revegetate and look after biodiversity and production and have that perfect balance between the two, would all go out the door? And it was long before the global financial crisis—it went long ago. But who would have thought that it would be a Labor government that did it?

The next point I want to raise with the minister is: why does she not consider the fish kill in the Wakool and Neimur rivers and the Colligen and Merran creeks to be of environmental significance? These are tributaries of the Murray; they are anabranches, if you like. They are very close to the Murray River and they have been disconnected from it by the New South Wales government. I am not being particularly critical of the New South Wales government, because they probably had no choice. With the way the water is now being managed, they simply do not have the water to put down these tributaries. But if you travel to these areas, you see it is just shocking. We had an environmental fish kill because, in trying to keep a bit of water down these creeks, the New South Wales government released the water in pulses. It was an extremely hot day and the pulses of water almost boiled as they ran through the creek bed. An enormous nutrient load was added to it and the temperature made things worse and the fish died in their thousands. We were successful in getting this highlighted in the *Daily Telegraph*, so hopefully the people in the city had some idea of what was going on. We had waterholes along the river containing dead Murray cod—some of them 90 to 100 years old. One old lady said she used to talk to the fish. The fish had been there her whole life, so she knew what was happening. These fish were doing what the Murray cod were always doing in a drought, which is to go to their waterhole and wait it out.

There was appalling mismanagement and no proper scientific studies done. I am going to take a swipe at the CSIRO in the process. They get millions of dollars, but where are they? They are all sitting in Canberra. Somebody should have been there. Somebody probably was there, but they were not there in time. Thousands of Murray cod died. It was an environmental disaster. It was no less an environmental disaster than other things that we see along the rivers and the Lower Lakes—and I agree that the acidification there is tragic—but it would not have taken a great change of policy from the government to keep a constant flow down these tributaries and to keep the Murray cod alive. But instead we have the water being managed by various environmental managers.
If you look at the plethora of organisations that deal with this issue, it is frightening. We have got the Murray-Darling Basin Authority, which has replaced the Murray-Darling Basin Commission. I have written to them a couple of times about the fish kill and other matters and they have not replied; I do not know if they have set up their organisation, but perhaps the bureaucratic red tape they have to go through to set themselves up is so amazing that they cannot even respond to mail. We have got the National Water Commission—they are in Canberra. We have got the department of the environment, with an environmental water manager and a whole lot of bureaucrats all knowing so much about the basin! We have got the New South Wales government department with practically an identical set up. And, of course, we have got the other state governments. We have got thousands of bureaucrats who know all about the Murray-Darling Basin, but we do not have anyone who is prepared to make tough decisions—and the tough decision that could have been made in this case is for the environmental water to be attributed to these creeks. It is certainly there. It is being held—I do not know what for, but when there is water and when you have a need for it, I think some sensible decision-making has to take place. But there was no decision-making, so the fish died.

Why is the minister continuing to punish New South Wales irrigators and communities? I do not know, but I imagine she does and that is why she refuses to visit us. Why will she not support sensible water recovery proposals that are linked to upgrades of farm infrastructure which I have already talked about? It was enormously disappointing that we did not have a visit from the minister and that we did not have our concerns listened to.

I want to conclude by addressing some remarks to the member for Wills. There have been many members of the rural communities in my electorate who have worked towards better water and environmental policies—their contribution has been outstanding—but I want to refer to a recent attack—on October 14, 2008—by a government member who blatantly abused the system while speaking on the Water Amendment Bill 2008. He spent most of his time attacking people who had been part of the debate some five years ago. I refer to the member for Wills and his attack on rural community leader Bill Hetherington.

A disgruntled science group led by Professor Jones apparently has not got over the House of Representatives standing committee on agriculture’s decision not to accept his report and to call for further science on the need for a quantity of environmental flows in the Murray. Professor Jones apparently complained and showed indignation that others dared to challenge his science. Murray Irrigation Ltd commissioned a report which discredited the Jones report, and the member for Wills made allegations, with parliamentary privilege, that Mr Hetherington—as chairman of Murray Irrigation Ltd—paid consultants for a contrived report. This is false, unfair, unfounded and outrageous. The member for Wills attacked a person with the highest credibility, but he himself had to resign as a minister because of his involvement with—(Time expired)

Mr BRADBURY (Lindsay) (5.33 pm)—I rise in support of the two bills before the House, Appropriation Bill (No. 5) 2008-2009 and Appropriation Bill (No. 6) 2008-2009. I note that these bills are supplementary—and, indeed, complementary—to the earlier bills that were introduced in relation to the Nation Building and Jobs Plan, which the government seeks to implement. It is, I think, significant that I rise to speak on these matters today, because today marks a couple of significant occasions. First, today begins the process of the payment of the first round of cash payments under the Nation Building and Jobs Plan, otherwise known—and
certainly in my community people have come to know the Nation Building and Jobs Plan by this name—as the ‘Rudd government stimulus package’.

Those payments begin to flow, and will continue to flow, over the next two weeks. The first round of payments will be made to those single-income families that are eligible for family tax benefit part B. Those families will be receiving bonus payments of $900 over the coming fortnight. In addition to those payments, payments will be made to families that currently receive family tax benefit part A who have children of school age—children between the ages of four and 18. Those payments will be made to families at a rate of $950 per child.

These are significant payments. They are the first tranche of payments to be made under this plan, and I simply make the observation—and I do this frequently as I talk to people in my community—that the cash payments represent an important part of the overall package, but they are a reasonably small part when viewed in the context of the overall expenditure that has been set out under the Nation Building and Jobs Plan—or the ‘Rudd government stimulus package’.

If we break down the figures, we will see that some two-thirds of the funding announced by the government will go into medium and longer term investment. On the one hand we have a short-term stimulus which is designed to protect jobs and secure, in the medium and longer term, some employment for people in industries that may otherwise be struggling if the cash flow coming into household budgets were to see a contraction in people’s spending patterns. In the medium and longer term, the infrastructure spending will have a significant impact in assisting the Australian economy to emerge even stronger from the current difficulties that the world economy faces, not only providing jobs along the way but also securing longer term infrastructure investment that will be of lasting benefit to communities such as my community in the electorate of Lindsay.

I note in particular the investment that is to take place in relation to our schools. Let us not take these initiatives—the education revolution, the School Pride program and, indeed, the proposals to roll out funding for science labs and language learning centres—in isolation. Let us consider them in the context of the trades training centres initiatives and the computers in schools initiative. We will see that in such a short time the Rudd government has gone a very long way in delivering on the promise of an education revolution. There were those on the other side who laughed at the expression, but as I travel through the many local primary and secondary schools in my community I see a revolution occurring. I see a revolution in technology through the computers that are being rolled out. I saw the beginning of a revolution in relation to trades training just last week, when the Deputy Prime Minister came into my electorate and visited Cambridge Park High School and announced that two local trades training centres would be funded in my electorate. There are not just two schools involved in these two centres. The first centre, which was sponsored by the government schools and involved government schools, is a major facility at Kingswood High School and involves upgrades and complementary works at six other government schools within my community. So we are talking about seven schools that will benefit from over $7 million in that instance, delivering trades training in schools for those particularly interested in metals and engineering. We also have the Catholic school proposal, funded through a program that was brought forward, and the author school for that was McCarthy Catholic College at Emu Plains. The other participat-
Bringing all of these schools together—and that was certainly something that I sought to achieve in convening a number of meetings with local schools and local service providers—we were able to secure funding for projects that leveraged the entitlements that those schools could have individually tapped into. In pooling their funds and their resources, we now have clustered facilities that are of a very significant scale. I noted that there were a very large number of projects approved in New South Wales by the federal government in the second phase of the first round of funding under this program, but two of the largest programs were in fact the two within my local community. I certainly congratulate those people involved on showing the initiative to collaborate with other schools within their community to try to secure the maximum outcome for our local community—and I am certain that that has been achieved with the centres that have been delivered.

That is an important part of the education revolution that we are delivering. I want to re-focus my comments to the post-Christmas stimulus package, but, before doing that, I said earlier that this was a significant day. It is significant not only because of what has been achieved in relation to the commencement of the payment of the cash payments but also because there are some figures that came out today from the Australian Bureau of Statistics that relate to housing dwelling commitments. What we saw in those statistics today is that the January 2009 trend compared with the December 2008 trend in the number of commitments for owner-occupied housing finance increased by 2.4 per cent. In the current climate, that is significant. The number of commitments for owner-occupied housing finance, excluding refinancing, rose by 2.6 per cent. In trend terms, we saw the number of commitments for the purchase of new dwellings increased by 5.2 per cent. In the context of a global economic recession, which has followed all of the chaos that the global financial crisis brought to countries all around the world but which eventually made its way to our shores, in the context of those difficult economic times, one must ask the question: why would housing commitments for new dwellings be increasing at a time of such uncertainty? The answer is simple: the package of policies that the Rudd government has delivered for working people around this country has ensured that there continues to be incentives for people to make that very big decision that any individual or family makes when they sign a contract to commit to building and/or moving into a new home.

We see that what the government has done in relation to the first home owners grant has provided that stimulus in the housing sector. I know that there are many on the other side who will comment on the so-called ineffectiveness of the stimulus package. They generally confine their comments to the cash payments, but I want to directly address the issue of the first home owners grant. There has not been a lot of commentary on this, but I want to make the point that in discussions I have had with local organisations, local businesses and local developers, some of the figures I have come across are just startling. Most people would be amazed to hear what is going on in parts of Western Sydney, which includes my electorate.

Take, for example, the Delfin Lend Lease project at Ropes Crossing, which is a project that has endured many difficulties and many challenges over the years at a planning level. Despite those difficulties, it has now reached a point where a quality community is being delivered to local people wanting to move into a new residential estate. At the Delfin Lend Lease Ropes...
Crossing estate we have seen a 175 per cent increase in sales since October, which is astonishing. The proportion of first home buyers increased from 13 per cent to 55 per cent since October 2008.

I hear those on the other side on occasions come into the parliament and say: ‘Show us where you’re creating these jobs. Show us where the Nation Building and Jobs Plan or the Economic Security Strategy has delivered one job.’ Well, if those on the other side are prepared to listen, I am about to share with you an instance where at least 36 jobs were created. That is right: at a time when all of the talk is about uncertainty in people’s workplaces, we are seeing some businesses out there, with the stimulus provided by the government, increasing their workforce. Delfin Lend Lease have put on an extra 36 full-time staff to cope with the extra demand. That is significant and that is significant for my local community, because I would be certain that a reasonable proportion, if not a very large proportion, of those 36 jobs have been filled by local people in my community.

I note that Ralph Saporito of Glenmore Park Realty recently commented that he has been flat out. Sales have picked up by 20 per cent since last October. He has indicated that homes under $400,000 are selling within days of listing. The interest from first home buyers has had a flow-on effect on demand across the market. I make this point: what the government has done in relation to the first home owners grant has effectively put in some support at the base of the residential property market.

From talking to many small businesses in my community, I know that many of them are doing it tough, mostly because of cash flow issues. They are finding it is harder to get their creditors to pay them within the periods they need them to pay in order to maintain that cash flow. Many of them have been forced into seeking additional finance with the banks. One of the biggest barriers to securing that additional finance is the revaluations of the assets against which their borrowings have generally been made. When property prices start to decline, the ability of small businesses to put up their property—the assets they own—as security to raise finance is affected. It is a massive issue, but one that is in large part being dealt with by the good work that the first home owners grant has been delivering.

I would like to make some comments in relation to the Economic Security Strategy cash payments. Those on the other side say it was a cash splash, a sugar hit. I have to say that, from talking to people in my community, I know many of them spent the money that they received before Christmas and, frankly, I think most of them would be offended by the suggestion that it was a sugar hit or a cash splash. If we cast our minds back to when the announcement was made, back in October of last year, that these payments would flow through, it had come on the back of a concerted campaign by pensioner groups right around this country for some assistance. The biggest beneficiaries of those payments were pensioners and seniors. In addition, many families also received some benefit from the cash payments. Despite all this talk about cash splashes, I can tell you that the people who received those payments are not swimming in cash. The people who received those payments saw much-needed relief in those payments, and a very large proportion of them, in my community at least—if I can offer my anecdotal intelligence on this matter—spent that money.

I refer to some articles that appeared in my local papers at the time. Margaret Trafford, who is a pensioner, said: ‘It is certainly hard to live on a pension and this new grant pays for a few extra things.’ Kevin Finlayson, a disability support pensioner, said: ‘It’s come at the right time.
and will help put food on the table and make Christmas brighter.’ Anne Stratton said: ‘Thank God for this grant as it will help me a lot. I desperately need a new bed and will use some of the money to buy one.’ I know of people who used this money to get air-conditioning for their property. There was recently an article in the paper that indicated that Penrith was one of the hottest places in metropolitan Sydney.

Ms Neal—On earth!

Mr BRADBURY—‘On earth,’ I hear the member for Robertson suggest—it is not quite that hot. The centre of the earth is the hottest place, but we do consider ourselves to be at the centre of the universe! But it does get very hot, and air-conditioning is vital. I know of many pensioners in particular who went out and used that money to install air-conditioning in their property. It was a good thing that money came through when it did, because we had a very hot January in Penrith. I know that those people sitting in the comfort of their new air-conditioning, installed as a consequence of the ESS payment, were not swimming in a cash splash, but they were living with some dignity, having also stimulated the local economy.

I met a lady at a function who told me: ‘Go and speak to Mr Rudd and say thank you to him. Say, “Thanks, Mr Rudd; I used that money you gave me to go and fix my teeth. I haven’t been able to get my teeth fixed for 30 years.” ‘Thirty years! She used that money to go and fix her teeth. I am assuming that the local dentist or orthodontist participates in the local economy and I am assuming that that money has generated and stimulated some local activity—contrary to the views of those on the other side.

Before I conclude, I would like to comment briefly on an initiative that I am supporting within my local community. With the latest stimulus package, the $42 billion Nation Building and Jobs Plan, I see tremendous opportunities for my local community to take advantage of the money that has been set aside and allocated. That is why I have been in discussions with many of the local groups within my community to try and initiate a gathering on 25 March this year. We will be meeting at the Panthers club. That meeting will be designed to provide local organisations and local individuals with an opportunity to understand what the stimulus package contains and how they and/or their business or organisation might be able to tap into that package to secure benefits for our local community.

I am organising this event under the banner of ‘Keep Penrith Working’. I have got tremendous support from local business leaders within my community. I have had some meetings with representatives of the Penrith Valley Chamber of Commerce and Industry, the Penrith Valley Economic Development Corporation, the Penrith City Centre Association, the St Mary’s Town Centre Management Committee and the Schools Industry Partnership. In particular I recognise the efforts of those on Penrith City Council such as Mayor Jim Aitken, and I recognise him for his leadership, and also the General Manager, Mr Alan Stoneham. I am convinced that working together as a local community we can play some part in securing employment for people within our community into the future. That is why I want to keep Penrith working. I want to get as many local stakeholders as possible together. They could be potential beneficiaries, whether it be from the spending on schools, through the refurbishments and through the repair work that is going to be undertaken under the School Pride policy; whether it is going to be through the Building the Education Revolution, with the benefits that will flow to local contractors and local builders; or whether it will be through initiatives in defence and social housing. It could also be through initiatives in relation to opportunities for natural
heritage projects for local environmental groups or opportunities for packaging together programs to assist the unemployed and those that are vulnerable as we brace ourselves for the economic downturn that is beginning to engulf the world. There are so many opportunities and I want to make sure that local groups and individuals are aware of what they are and that, as a consequence of this work that is being done locally, we will see a number of very attractive grant applications being submitted which hopefully in time will lead to us securing some great outcomes for my local community.

Before concluding, I wish to say, in relation to this initiative, that I am very grateful that the Parliamentary Secretary to the Prime Minister, Senator Mark Arbib, will be attending the ‘Keep Penrith Working’ gathering. As we know, he is the parliamentary secretary responsible for overseeing and assisting with the implementation of the plan. I am sure that he will receive a lot of good feedback on the ground from local businesses and local organisations about how the implementation of this package needs to provide those opportunities for people in local communities. These are difficult times, they are uncertain times and we hear a lot of bad news. But in the context of all of that bad news I say let us do what we can to work together as a community to make the most of the opportunities that present themselves so that we can keep securing employment for local people and we can ultimately achieve that goal of keeping Penrith working. This is something that I look forward to, and I will update the House on the progress of this matter.

Ms MARINO (Forrest) (5.53 pm)—I rise to speak on Appropriation Bill (No. 5) 2008-2009 and Appropriation Bill (No. 6) 2008-2009. The March 2009 quarterly figures are expected to confirm that Australia will indeed be in negative growth for two consecutive quarters and is in recession. In fact, many believe we are already in recession. Job losses today in my electorate of Forrest will be included within the March 2009 figures. They were announced on ABC Radio this morning while it was reporting that the Harvey Beef abattoir will cut its workforce by more than a quarter by sacking 160 workers in the very short term. They will include 120 full-time and 40 contract workers. The company will also cut production from seven days to five days a week. The majority of these workers live in my electorate, and I personally know many of them and their families. They now do not have a job at all or will not have one by the end of this week.

So the first package that was supposed to create 75,000 jobs has not even saved the existing jobs in my electorate, let alone created new jobs. Harvey Beef is WA’s largest beef producer and exporter. It commenced production in 1919. This is a business with the capacity to process over 4,500 head of cattle per week. So what initiatives and assistance have there been for exporters like Harvey Beef in either the government’s first $10.4 billion cash splash or the $42 billion cash splash that we are about to see?

On behalf of those 160 workers, who will lose and have lost their jobs, I ask: what did the government’s first $10.4 billion handout do to keep them in a job at Harvey Beef? Where can they apply for one of the 75,000 jobs the Prime Minister said were created by that first package? In recent months the only sector that has kept Australia out of a technical recession has been the exporting, agricultural sector—something that is known but not necessarily respected or valued appropriately as the backbone of our economy. What is worse, I understand that the government has actually cut export market development grants for small to medium companies.
The ANZ’s latest monthly survey showed there was a 30 per cent fall in newspaper job ads in WA in February. In fact, only the Northern Territory recorded a bigger decline. In last year’s budget, one of the major saving measures from the Minister for Finance and Deregulation was to cut funding to employment services by $279.8 million. Clearly, the government, at that time, was more concerned about the imaginary inflation genie than real global financial issues. Many small businesses in my electorate have not seen any benefit from the government’s first cash package. I visited one such business last week and this business has seen no benefit at all from the package. Their existing and forward orders have dropped from 50 to 10, and the size of the orders has declined significantly also. Only one of their regular clients has maintained their orders and their order size. Their loyal staff know by the amount of work they are doing—or, rather, not doing—that their jobs are at risk. I asked the owner what use the 30 per cent tax deduction for eligible new assets over $1,000 gift is to his small business. His response was, ‘I can’t afford to buy any new equipment.’ He actually wanted to know what the federal government was doing to assist his business in real terms.

Federal government handouts will not save these jobs. Funding to manage unemployment is no substitute for having a job in the first place. Small businesses have also been saying for many months now that they are not seeing a reduction in their overdraft and finance interest rates. We all know that small business is in fact big business because it employs nearly half the workforce in Australia. The Prime Minister said that the first $10.4 billion cash splash would create 75,000 jobs, and all we have seen since is an increase in unemployment—just like the 160 workers this week at Harvey Beef. The Prime Minister, who told people to go out and ‘spend, spend, spend’ the first package, in question time could not answer the question of whether his advice on the latest over $12 billion taxpayer-debt-funded cash giveaway is to spend or to save. He also said the $42 billion package would support 90,000 jobs, yet the government could not, when asked twice in parliament yesterday, categorically state the government’s industrial relations bill would not cost Australian jobs.

We saw the national accounts for the December quarter released this week. Gross domestic product fell by 0.5 per cent. Business profits fell by 3.3 per cent. In other indicators, building approvals fell by 3.7 per cent in January and car sales in February fell by 21.9 per cent compared to the same month in 2008. WA was the hardest hit, with the economy falling significantly, according to the ABS. Commercial car sales declined significantly, a further indication that businesses are cutting spending. I noted the editorial in the Australian on 18 February which stated:

In no way can increased government borrowing kick-start the economy into recovery or revive the stagnant credit market. That can be achieved only by private enterprise—individual businesses and their employees—responding to incentives that allow them to benefit from the wealth they create.

I now want to specifically speak on matters relating to the Appropriation Bill (No. 6) 2008-2009 and the $250 million from the Department of Environment, Water, Heritage and the Arts to bring forward water purchases for the Murray-Darling Basin—something I know is of interest to you, Mr Deputy Speaker Secker. This was part of the deal the government made with Senator Xenophon to pass the government’s second $42 billion spending package and, of course, the associated $200 billion, put-it-on-the-credit-card, borrowings bill.

I am very concerned about the effects of the accelerated buybacks, and I believe that there are far more questions than answers. For instance, what will this mean for food security in
Australia and the loss of production in the areas the water is purchased from? What will be the effect and cost of stranded irrigation assets? What will be the additional fixed and service costs to the farmers and growers who retain their water allocations along the same system where water purchases have occurred or are occurring?

Which agency is responsible for the social and economic analysis—those social impacts so important and so critical to regional communities? When will this analysis be available to the parliament and the individual communities affected by the accelerated buybacks? Why is it that this analysis will only be available after the water has been purchased, not on the date of the release of the analysis itself? What additional resources will the government apply to communities and regions that are found to have been negatively impacted by the government’s current accelerated buyback process? Or are we to assume that there will be no genuine analysis and that a preconceived, deliberately superficial and benign analysis is a foregone conclusion? Will it be a superficial analysis that ignores the Owens Valley experience in California and deliberately and clinically short-changes rural and regional communities and puts at risk our national food security? Where is the extensive planning necessary for the buyback process that will have permanent negative impacts on food security as well as on those same rural and regional communities?

How much of the water that will be sourced in this accelerated buyback process will actually come from New South Wales? How much of the water in the accelerated buyback process will come from South Australia? Given Victoria’s four per cent water trading cap, the majority of the water will have to be bought from New South Wales. The Goulburn-Murray water is unavailable because the cap is applied over several separate zones. The cap is often reached within a season, so there is no water available from this source before 1 July. There are very real expectations that the four per cent cap will be exhausted immediately after 1 July, so water purchases will still not be possible. I understand that the imposition of the four per cent cap in Victoria is discretionary, not compulsory. This could be done if the government agreed to do so. I understand that the terminology in the regulation in Victoria actually states ‘may refuse’, not ‘shall refuse’.

The federal government, I understand, has been buying general security water—water that is available only when the actual water is there—and not high-security water. I understand that the government has not processed or transferred the water it has purchased so far—or certainly not all of the water. I would like to know what the turnaround time for purchases and transfers is, including those outside the four per cent cap. How much has actually been transferred in a physical sense? What process is being used with willing sellers and how long is it taking? What impacts is the uncertainty around settlement and transfer having on those selling the water? How much actual water allocation and physical water has the government achieved for the amount of water purchased? How much allocated water is actually committed? There is no doubt that the federal government’s presence is distorting the water market. The accelerated buyback process will distort this even further, and the irrigators, growers and their communities are bearing, and will continue to bear, the costs. The federal government is doing far greater damage to these communities than it actually needs to do in the process.

As I said, Australia’s food security is also at serious risk with this strategy. We have already seen the debacle of the federal government’s controversial purchase of Toorale Station—that same station that produced 8,000 tonnes of wheat, 2½ thousand tonnes of sorghum and 1,250
tonnes of maize. I am told the local council estimated that this would cost the economy $4 million and up to 100 jobs. Has the local council sighted the government’s cost-benefit or socioeconomic analysis of this purchase? I would really like to see that myself.

One key question in this accelerated environmental water purchase issue that is not being addressed is: what is the environmental impact and cost of removing the water from the land itself? What was the environmental damage to the land caused by water stripping in the Owens Valley, in the United States? What are the broader implications of the buybacks and where are they occurring? Can the economic, social and environmental impacts be managed? Where, as a result of this analysis, should water actually be purchased from? Because that is what it would tell you.

The Australian people know that this government is indeed building debt for current and future generations, and the Australian public is becoming increasingly nervous about this ‘Eva Peron’ style government. The IMF has said that fiscal stimulus packages should be temporary, targeted and timely. How long will it take to repay the Rudd government’s ‘temporary’ deficit and how long will it take to repay the $200 billion-plus borrowings? This government’s $200 billion-plus borrowings bill means debt and deficit for our children—and all this from a self-confessed economic conservative Prime Minister.

Mr Murphy (Lowe) (6.05 pm)—In speaking on Appropriation Bill (No. 5) 2008-2009 and Appropriation Bill (No. 6) 2008-2009, it is appropriate to address these bills in the context of the global financial crisis, which continues to confound even the most optimistic of economists and commentators. There is no doubt that the worst of the crisis is not over. There are many dangerous phases left to go, with inevitable consequences for the Australian economy.

We are now truly confronting the reality of a global economic recession. This is a crisis that has migrated from the financial system to infect the wider economy, with broad ramifications. The plummeting of values on balance sheets, portfolios and stock exchanges has resulted in a lower demand in consumption and, understandably, much lower investment. In an Australian Industry Group report entitled National CEO survey: a tough year ahead, Tom Imbesi, notes:

The global economic crisis will test business in 2009, as it starts to impact more fully on sales and earnings.

Expectations of weaker demand and earnings require a rapid and well targeted response. This means handling short-term easing of cash inflows through effective account management and deft management of costs.

He goes on to say:

While there is a natural tendency during a downturn to cut costs and reduce investment, this action often defers growth and causes opportunities to be overlooked.

Mr Imbesi’s observations highlight the need for strong, sustainable and responsible economic growth measures in the face of an insidious economic crisis. However, it would be unreasonable and unrealistic to expect an open economy like Australia to single-handedly resist the global economic tide. If anything, the crisis has demonstrated just how closely the world’s major economies are linked.

Our nation’s prosperity is built in no small measure on a strong international trade performance, particularly in agriculture and commodities. Yet six of our 10 largest trading part-
ners are already in recession, significantly contributing to the $150 billion hole in Australia’s budget. Clearly, opening the door to global opportunities also means exposure to global risk, and Australia’s fate is now inextricably linked to that of other world economies. Our largest export market, Japan, has seen its GDP shrink to an annualised rate of 12.7 per cent in the December quarter—its worst result since 1974. The United States, the Euro zone and Britain are not far behind. Seventeen of the world’s advanced economies are in recession and 27 have had at least one negative quarter of economic growth. The cumulative effect of all these figures will be a likely fall in Australia’s export volumes, prices and revenues.

The global recession is not one the world had to have, but it is a recession that can no longer be avoided, as a result of the excesses of unbridled and unhindered capitalism. As the Prime Minister has previously mentioned, the financial crisis has proven that ‘it falls to social democracy to prevent liberal democracy from cannibalising itself’. Responsible governments around the world have recognised this. Responsible governments have intervened in these dangerous and uncertain times to secure industries, to secure jobs and to ensure that their respective countries are prepared to make the most of economic opportunities when they present themselves again.

There is still a great deal of value in the productive capacity of well-regulated, competitive markets coupled with appropriate government intervention. The Labor Party—the party of social democracy—has long stood for promoting the productive capacity of competitive markets, and rebuilding confidence in markets when necessary in order to save jobs. The current crisis is a global problem that requires a global solution.

For its part, however, the Rudd government has devoted all its resources to stimulating Australia’s economy and insulating it from the worst possible effects of global recession. Rather than stand idly by while the global recession wreaks havoc, the government has developed a broad range of initiatives to support families, to support small businesses, to assist first home buyers, to protect our financial sector, to improve the energy efficiency of Australian homes, to build social housing for the poorest Australians and to drive the biggest social modernisation plan in Australia’s history.

The common denominator in all these initiatives is that they are strong, sustainable and responsible economic growth measures designed to support Australian jobs. The Prime Minister has stated that he will move heaven and earth to support growth and employment in Australia, and no-one can doubt his conviction. The measures contained in these appropriation bills are a continuation of the government’s policy to manage the economy in order to achieve decent social outcomes—be they jobs, houses or schooling.

To support those people who have recently been retrenched and to secure the jobs of apprentices and adult workers who are vulnerable to redundancy in the current climate, Appropriation Bill (No 5) 2008-2009 will provide the Department of Education, Employment and Workplace Relations with funding for a range of measures—including an additional $43.7 million in financial support for employers and their apprentices, $38.9 million to assist apprentices and trainees to return to the workforce, $36.8 million to ensure that any worker made redundant receives immediate and personalised assistance to help them get back to work, $70 million to assist employees who have lost their entitlements due to the liquidation or bankruptcy of their employer and $11 million to community organisations which may face

MAIN COMMITTEE
an increase in demand for emergency relief resulting from the deterioration in economic conditions.

While the government is doing all it can to limit job losses through the economic stimulus package and the Nation Building and Jobs Plan, it is also important to take action to help those who lose their jobs through no fault of their own. Immediately connecting Australians who have lost their jobs with employment services will make a big difference to their chances of finding work. Early intervention is the key to ensuring Australians remain ready for work and are well placed to find employment. In addition to one-on-one employment assistance, the Rudd government has committed to creating 66,000 new training places in 2008-2009 as part of the $2 billion Productivity Places Program.

Australia’s unemployment still remains low by international standards. However it is forecast to increase to seven per cent by 2010, representing 300,000 more Australians who could find themselves out of work than in December of last year. Unemployment has obvious economic implications for those that lose their jobs. However, the loss of one’s job transcends mere economics. Families could find themselves struggling to hold onto their homes, their possessions or, indeed, their aspirations.

That is why the government is investing record levels of funding into training, so that people can upskill in order to keep a job or get a job. It is also why we are investing billions of dollars to stimulate economic activity in every local community in every corner of our country. And, to that end, Appropriation Bill (No. 6) 2008-2009 will provide the Department of Infrastructure, Transport, Regional Development and Local Government with $1.189 billion in equity to the Australian Rail Track Corporation. The corporation is currently undertaking a significant infrastructure investment program, including improving the capacity, reliability and competitiveness of the nation’s rail freight network. By combining immediate cash payments with an investment in longer-term drivers of productivity, the government’s stimulus package strikes the right balance between immediate support for jobs now and delivering long-term investments for future economic growth.

Despite the crisis, now is the time to shape our future. No economist would doubt that the economic cycle will turn, and that Australia will be well positioned to benefit from the economic opportunities of tomorrow. The time is right for the Rudd government to focus on long-term nation building, to counter the likely reduction—as a result of the economic crisis—in business investment in training, research and development, and infrastructure.

As an export oriented country, the importance of free global trade as a driver of local economic growth—and a concomitant improvement in our international competitiveness—should not be in question. There has long been bipartisan support for the notion that world trade has been one of the drivers of global growth over the past six years. There has also long been bipartisan support for the view that trade is itself a stimulus because it has a multiplier effect on domestic activity. Yet, the former government could not understand that improving market access globally would be useless if Australian companies were not productive or competitive enough to take up global opportunities. The former government, in my view, did not understand that companies in Australia were continually hamstrung by capacity constraints because of its failure to invest in the drivers of economic growth, such as skills, innovation, information technology and infrastructure.
As the Australian Industry Group’s national CEO survey demonstrates, we cannot expect our exporters to carry a disproportionate amount of the weight in the current economic climate; and nor should we expect them to fight global competitors with one hand tied behind their back. Initiatives contained in this legislation alone will more than double the amount of coal that is capable of being transported to the Port of Newcastle from the Hunter Valley. This is the sort of nation building—capacity building—that will translate into job creation in the short, medium and long term.

So too is the government’s school modernisation program, which includes the building or upgrading of large-scale school infrastructure, the building of 500 new science laboratories and language learning centres, and the provision of up to $200,000 to every Australian school for maintenance and renewal of buildings. Schools are in every corner of our country and these works are an effective investment for creating construction jobs Australia-wide in the short to medium term. However, these works are also a long-term investment in our country’s future—an investment in our international competitiveness. Economists around the world are telling us that the 21st century will be about human capital—about knowledge, skill and innovation. So there can be no more important place to start our investment in human capital than in our children and in our schools.

The temporary costs of these initiatives are a very small price to pay for the security and the confidence that will be provided for Australian industries, Australian jobs, Australian families and Australia’s long-term economic performance. In my view it is outrageous that the opposition would rather risk plunging the economy into an even deeper downward spiral than offer its bipartisan support. Let us not lose sight of the central organising principle of each of the government’s stimulus packages: to do what is necessary to stimulate immediate growth, insulate our economy from the global recession and invest in the long-term drivers of economic growth. They are all important policy responses, not political fixes, to a global crisis that is not of Australia’s making.

The opposition need not rely on the Prime Minister’s or the Treasurer’s assurances; there is a veritable body of opinion from impartial observers. The Australian Industry Group has said:

The nation building and jobs plan announced by the Federal Government today is simple and substantial, and will provide a big stimulus to help keep the economy moving.

The Council of Small Business Organisations of Australia said:
The worst thing we can do is not to do anything. I think half-hearted action is not required as well. We want someone to get out there and do something big, and this is big.

It does not stop there. Deutsche Bank Chief Economist, Tony Meer, said, inter alia:
… we cannot afford to make unforced errors, and not listening to Ken Henry would be one of those.

The opposition’s track record throughout the crisis in my view has left a lot to be desired, particularly the contempt it has previously shown to the Secretary to the Treasury and one of Australia’s pre-eminent public servants and celebrated economists, Dr Ken Henry. We have had the International Monetary Fund, the Reserve Bank of Australia, the Treasury of Australia, the Australian Chamber of Commerce and Industry, the Australian Industry Group and the Council of Small Business Organisations of Australia all say the government’s packages, including measures contained in these bills, pass muster.
And it does not stop there. There are many neutral economists like Ross Gittins in the Sydney Morning Herald who write in support of the government’s package almost on a daily basis. If you examined Ross Gittins’ history, you would not say that he was a champion of the Labor Party. He is a very respected economist. Yet we find the opposition persists with providing a political response to a policy problem. This is serious. We can only hope that, with these bills, the opposition takes heed of the independent voices and organisations I have just cited, not the views of the Prime Minister, the Treasurer, the Minister for Finance and Deregulation or anyone else, and votes for these bills in the public interest, not the political interests.

Mrs HULL (Riverina) (6.24 pm)—It will be no surprise that today with the Appropriation Bill (No. 5) 2008-2009 and Appropriation Bill (No. 6) 2008-2009, I want to talk about Senator Xenophon’s amendments in the Senate and the implications that those amendments have had on people both in the area I represent and far wider. The implications were very poorly thought out, if thought out at all. In the past I have talked many times about irrigation, water, the need for food security and the way in which the Riverina is generally structured in the majority of my electorate.

I want to put this on the record while I stand here today: I am very proud to represent the irrigation companies in my electorate. I am very proud to represent Murrumbidgee Irrigation and Coleambally Irrigation, who I believe have never opposed change and adaptation. They have continued to respond in a positive manner to the changes in our national resource management policies, both state and Commonwealth, and a full national agenda. They have never stepped sideways or looked back and have never complained. As a result, these irrigation companies have become enormously efficient. In the example of Murrumbidgee Irrigation there has been a 35 per cent real reduction in costs since the privatisation took place in 1999 and there have been more savings in other areas. Coleambally Irrigation put in a total channel control system at an enormous cost but it has provided significant benefits. The technology that has been delivered on farm has been huge and in the distribution system it has saved thousands upon thousands upon thousands of megalitres of water. The environmental controls and the environmental initiatives that have been undertaken have been absolutely extraordinary. Barren Box Swamp has now turned into a significant water-saving device in itself. That was once a cost in water.

So what we have are companies and people who have adapted and adapted and adapted. They have done everything that has been asked of them, and in doing so they have reduced the cost to their shareholders and to their licence and entitlement holders. As a result of the Xenophon amendment that was so readily accepted by the government without a clear understanding of the implications, we now see that in particular my electorate is and will be the key target for the water savings, for the accelerated water buyback. It is absolutely devastating. I have in front of me many articles out of the newspapers. The government’s actions in undertaking to give Senator Xenophon what he wanted without first exploring the impact of this have seen the normally compliant irrigation companies go out saying that they are now slapping bans on out-of-area water transfers. They have no choice. They are saying that they will not be bled dry. As directors looking after shareholders’ interests they have to take this unprecedented step.

We have an article in the Sydney Morning Herald on 9 March 2009 wherein the regional reporter says:
HUNDREDS of thousands of fruit trees have been pulled out, rice production has plunged by 93 per cent and vineyards lie abandoned as the “irrigation drought” continues unabated in Australia’s southern food bowl.

Farmers and the regional towns that rely on them in the giant Murray-Darling Basin are suffering from a cruel, unprecedented combination of low rainfall and severe cuts in water allocations as the reservoirs dry up, leading to a population exodus in the worst-hit areas, including the southern Riverina.

That pretty much sums up the issues that we are confronting and that we have been confronting for a very long time. Now we have had forced upon us the government’s agreement with Senator Nick Xenophon to bring forward $500 million of the announced $3.1 billion for the Water for Future fund into the next financial year to be spent over four years, in addition to the $200 million for stormwater and $200 million to assist communities adjust. The only place to draw from is New South Wales. The only place to draw from is from these efficient irrigators that have undertaken everything that governments past and present, state and Commonwealth, have asked of them. Because they have done all this they now have the cheapest termination fees. The termination fees in my electorate from the irrigation companies that I represent are so much lower. The efficient people get thrown out of business and the inefficient people stay in business. It just seems extraordinary, in my view, that this could happen.

We also have Minister Wong adopting water market rules and rules for termination fees as recommended by the ACCC. Now the ACCC have recommended a reduction of the annual infrastructure access charge from 15 times to 10 times. It was difficult enough at 15 times. It was going to create enormous difficulties and it was going to be a burden on the remaining entitlement holders, shareholders and stakeholders. But to reduce it from 15 times to 10 times is purely irresponsible. For the minister to accept this makes it obvious that there is no understanding and certainly no appreciation of water and how it works.

In doing so, the ACCC have said, ‘We are going to ensure that we provide irrigators with the right to request irrigation infrastructure operators to transform their water shares into individual entitlements.’ Irrigation companies have no difficulty in allowing and enabling transformation; that is fine. But the ACCC do not leave it there. They say the irrigation infrastructure operators must allow transformation to take place but also, ‘Although you lose the money, you must offer them substantially the same service that they were getting when they were in your system.’ I just do not understand how they can have their cake and eat it too—how these companies can be expected to continue to operate. Providing substantially the same service is a significant impost on these irrigation companies and has resulted in all these headlines like ‘We will fight to protect our jobs’.

These are towns and communities not of 100 or 50 people; these are towns and communities of 11,000 people and more who are absolutely dependent on ensuring that production exists. But not only do we need production to continue in order to provide livelihoods and keep rural and regional Australia together; we actually need production to take place to ensure food security. We need production to take place to ensure that we can feed our nation.

A combination of our ROCs, our regional organisations of councils, have banded together. They are calling themselves RAMROC and they have employed consultants to come out and assist them to get the message across. They are calling this a taxpayer funded tsunami. They are saying the federal government’s buyback scheme is a ‘tsunami of taxpayer funds’ that threatens to wash away our jobs and cause irreparable damage to local farming communities.
and local towns—and there are very large towns as well. Basically, they have started a program called Water4Food to try to get on the front foot and educate the people of Australia who may not understand the tyranny of the issues associated with water here but maybe should. It is quite a complicated issue. But they should be able to expect that the minister responsible understands it will ensure food security and sustainability and can make decisions commensurate with enabling food security and sustainability.

This is not just an issue for Australia. There is an absolute obligation on Australia in terms of food programs for our nearby Asia-Pacific neighbours as well. I get incensed when I hear ridiculous comments about rice, and I will turn to another article that is literally driving me crazy. While one *Sydney Morning Herald* article depicts the dire circumstances and conditions confronting my electorate and the electorates of Hume, Farrer, Calare and many others, there is another article, the cover story in *Good Living*, which I will take the time to say here in this House contains garbage and misinformation. I hold the editor, Sue Bennett, responsible for allowing that to be put forward in this article from Angela Crocombe. I rang Ms Bennett, who has not returned my calls. I have left messages for her to rectify the absolute and disgraceful untruths in this magazine. It is an attack on almost all production. You are told in the article not to eat steak, to skip it altogether if possible, because of climate change, with beef emitting so much, and because it is feedlot beef. It says that to eat ethically you should not eat steak at all. The article goes on to have a bit of an attack on pork and the way sows and piglets are handled, which is fair enough. Then it goes on to the biggest and most disgraceful attack, with misleading and incorrect figures, on rice. The article says:

According to the Water Footprint Network, 3400 litres of water are needed to produce one kilogram of rice.

That is absolutely and categorically untrue. It is not even half of that. The article says:
Rice fields consume 21 per cent of global water used for crop production. About 1.3 million tonnes of rice is grown in Australia every year …

Well, it is, primarily in my electorate and some in the electorate of Farrer. But it goes on to say this is by:
… using irrigation water from rivers in crisis—the Murrumbidgee and Murray rivers.

Can I say to you: there is no rice grown when rivers are in crisis. My rice growers have not been growing rice for years and years because they do not grow rice when there is no water. This article is so misleading. It says:
Even though buying locally is recommended for most foods, rice is one product better sourced from a country such as Thailand, which doesn’t have our water crisis.

Have you ever seen rice grown in Thailand? Have you ever seen the conditions and the environmental devastation that takes place? Have you ever seen a less regulated industry in your life? Yet we have this kind of reporting. If it seems that I am incensed, I am. The article goes on to talk about vegetable oil. It says we should not buy canola oil. Another big crop in my electorate, of course, is canola—when we get a bit of rain and there is not a massive drought. But it says not to buy canola oil because it could have GM in it: you steer away from canola oil; you just choose quality Australian olive or sunflower oils instead. The article has a bit of a whack at the dairy industry and the way their milking sheds are washed out so they are disinfected and kept clean. It is a pretty devastating article.
I want to come back to the issue of rice and Thailand and the way in which rice is generally grown. Rice is the most regulated crop in Australia. You cannot grow rice unless you are approved to grow rice. You must have an impervious clay liner. You must undertake the environmental champions program. Rice growers are the most efficient users of water. They have a completely dry processing process. They have just a little blanket of water as a protective cover until the rice can shoot through the water. The water is absorbed down and then is used again—it has double the bang for the buck. After you take your rice off, your subsoil moisture is then used for the next crop to feed the nation.

You know how you get the bread and those things on your shelves? Well, that pretty much happens in Hume, Farrer, Riverina and all of those places. It does not actually come out of those plastic bags that sit on supermarket shelves—it comes from a product. So rice has a significant control process taking place, and I am proud of it. I get knocked down all the time because I am proud of it, but I am proud of it. As I said, it is a dry process. There is not one waste product from rice. Every single bit of it is used. There is horse feed, dog food, husks and hulls—not me!—and rice cakes and things. Everything is done in Leeton; everything is packaged. We have the largest packaged and branded product to leave the port of Melbourne. Jobs are not exported. Nothing goes out in bins. Not one grain of rice goes out in a major bin and provides a job somewhere else. It provides the jobs right here in Australia.

That is the most irresponsible reporting I have ever seen in my life, and I feel aggrieved for the people who have not had the ability to grow rice and who only grow rice when there is water. In summation of my frustration with all of these issues that are constantly working against us at the moment, I seriously do not know when there will be a time that people will understand and make changes to their thought patterns for their own future. I do not know when people will understand that these articles are simply not ethical. To do this to people and to portray them as environmental bandits, environmental vandals, is just so unethical. I do not know when the Australian people are going to realise that there is a world food shortage. They think that it is okay to let all the regional people dissolve into a mass of nothing, a mass of dust, and expect them to go and live in Melbourne, Sydney or wherever—nobody is going to produce their food.

Do they really think that other countries are going to produce food for us and allow us to import their food? They are prohibiting food from leaving their own borders. They have a food shortage. They have no idea how they are going to feed their masses, so why do Australian people think they have a right to make choices and judgments about rural and regional farmers and producers, who are doing the most magnificent job, and say they can be expended? ‘We’ll just import our food,’ the people say. I honestly believe that the Australian public have to have a decent wake-up call. I rise today to raise these issues of fairness and equity for the water users of Australia and to rectify the record. They are indeed the environmental champions; they are not the environmental vandals. (Time expired)

Mr PRICE (Chifley) (6.43 pm)—I did not think when I came up here I would be so interested in the contribution of the honourable member for Riverina, who should ever after be known as ‘Kay Husks and Hull’. But I do support her and I want to place on the record that the New South Wales rice industry is a very efficient one. It certainly is a very environmentally concerned industry and it seeks constantly to improve not only its product but the way in which it is grown and manufactured. It not only depends on the Australian market for its live-
lihood but is a quality exporter to Japan and to Italy with the specialised rices. It has come a long way and I think, if my memory serves me correctly, it still has a single-desk marketing organisation. May I express the hope and the wish that it will always be so.

Like the honourable member, I too am a little aggrieved about a story I saw in the papers over the weekend. It referred to Westmead Hospital, which is of course one of the very big tertiary teaching hospitals in Western Sydney. If the honourable member for Parramatta were here, she would say that of course Parramatta is the capital, the beating heart, of Western Sydney, a region larger with a population than South Australia.

The article went on to say that Westmead Hospital is over budget and is being forced to restrict the number of operations at the hospital. I need to place on record again that this hospital is controlled by the Sydney university medical faculty—that is, a university whose existence is many kilometres outside Western Sydney. In fact, I refer to it as the university of east Sydney because that is a more geographically accurate description.

Part of the reason why they have run out of money is that they are doing operations that they should not do. What do I mean by that? Westmead should be doing the most complex of operations, the ones demanding the most skill. In fact probably today there would be between 80 and 120 patients who, quite correctly, should be in Blacktown Hospital given the nature of their illness not in Westmead Hospital. They should not be operated upon in Westmead Hospital. And what is the reason? The reason is that Blacktown does not have the equipment that it should have to be able to fulfil its mandate to the city of Blacktown.

Blacktown City, by the way, is the largest local government area in New South Wales. There are nearly a quarter of a million people living in Blacktown City. It is only the last redistribution that has brought my attention to the lamentable state of Blacktown Hospital and I say again and place on record my concern with the officials of the Sydney West Area Health Service that they have been captured by the medical faculty at the University of Western Sydney. Arguably, it is absurd that when we are building a medical faculty—and we have one and we are building it up—at the University of Western Sydney, why should the university of East Sydney control Westmead Hospital and Penrith Hospital? Surely, in our own region we should be able to control our own facilities, and it concerns me that equipment and budgeting money are skewed in favour of those hospitals dominated by the university of east Sydney.

I am aware that the state government and the Sydney West Area Health Service have applied for some $200 million of Commonwealth funding to bring Blacktown up to scratch. I think it should be brought up to scratch because we are the heart attack capital of New South Wales. We place at risk people who have heart attacks in Blacktown City because, essentially, they can be transported to Blacktown Hospital, they can be admitted but they cannot be dealt with and have to be on-transported to Westmead. Any delay in treating heart attack victims places at risk the severity of the attack and, indeed, even the possibility of a fatality. So why should so many people be transported out of Blacktown City away from Blacktown Hospital to Westmead? It is not good enough.

Also, Mr Deputy Speaker, the demographics of New South Wales show that we have the largest number in any area, city or country, of premature deaths of adults. People are dying in Blacktown who should be living. There is a complex solution to that. Part of it relies on community health; part of it relies on preventative health. But it also has to do with the acute facilities that are available to them.
I have never believed, ever since I have been in this place, that somehow the people of Western Sydney are second-class citizens or should be treated by any government as second-class citizens. Blacktown Hospital has been long neglected and I will support to the greatest extent possible these applications for funding. But I say to the New South Wales government that you have a serious problem in the highest echelons of management of the Sydney Area West Health Service. I note that Clair Blizzard, who I think was formerly at Mount Druitt Hospital—there is a twinning arrangement between Blacktown and Mount Druitt—has resigned because of the budgetary situation. But the budget is not the problem; it is the lack of facilities at Blacktown Hospital that has been ignored by the Sydney Area West Health Service for years and years. That is the biggest problem. Do not worry so much about the budget; start worrying about saving people’s lives and providing them with decent health care.

These appropriation bills involve implementing the government’s nation-building package, in particular the package introduced in December last year. One of my great disappointments in this unprecedented time of economic turmoil in the world is that, as Australians and members of this federal parliament, we were unable to come together in a bipartisan way. I do not believe there was any manual we could refer to or any aspect of history that would have benefited us in dealing with what is in modern times a very unique and difficult problem. But the truth is that we did not come together as a parliament. We could not sit down in a bipartisan way and agree that we had to take action and take that action with mutual support from both sides of parliament. Indeed, one of the criticisms was that we were taking action prematurely. We were jumping the gun; we were not waiting for modelling; we were in haste. Ironically, given the level of those arguments, it has turned out that we were on the money—that we had to take action. It was a proper and right thing for us to do for the Australian people to ensure that all deposit-taking institutions had a rolled gold guarantee.

It did not happen in other countries. Banks and insurance companies have folded in other countries, but not in Australia. Why? Because we decided we had to take action, unprecedented as it was. We wanted to cushion the inevitable hardship that will beset some of our fellow Australians. We wanted to boost consumer demand. What was the great criticism? ‘This is just a cash splash. You won’t get any benefit from it. The December figures did not show anything and it is all a great waste of money.’ That money, by the way, was in two parts, with some going to assist individuals and some going to nation building. One of the criticisms, of many criticisms by the opposition, was that it was poor-quality spending.

As the Minister for Finance and Deregulation said today in the House, in the December quarter figures only a few days captured the spending that occurred as a result of this package—only 13 days out of the quarter, if my memory serves me correctly. Even so, we still saw a benefit. Even so, we finished the year in positive territory. I think it is unfortunate that we could not adopt a bipartisan approach to it, but the opposition have opposed these measures. In terms of the global financial crisis they have said, ‘Let it rip.’ I suppose their argument is essentially that, if there is going to be unemployment, it will be better if the unemployment occurs in even greater numbers than we anticipated. We have taken a different approach.

We value every job in Australia. Sadly, there are people who are going to be jobless. But we are trying to cushion the blow. We are trying to ensure that domestic demand is kept at a really high rate. There are a whole raft of payments that are going out today. If my memory serves me correctly, 21,000 farmers will be having cheques sent in the mail to them today to
try and see them through tough times. I am sure those farmers and the communities in which they live and will spend the money are going to be very grateful that that is the case.

These appropriation bills, I think, spend money on some very decent projects. The Black Spot Program was a very good project. We started it. One of the great mistakes we made—I think in 1995 or 1996—was to get rid of it. History shows that it was brought back in by the Howard government. The Black Spot Program gets an extra $60 million worth of investment. The essence of the program is that by spending money we are going to save lives. This money goes to the most accident-prone intersections, roads or whatever they may be, to ameliorate the situation, reduce the level of accidents and save lives. Is that a poor-quality investment? It has been described as such. Mr Deputy Speaker Schulz, can I say that in our own state the Bulahdelah bypass, a notorious stretch on the Pacific Highway, is receiving funding. In Queensland, the Douglas arterial on the Bruce Highway in Townsville is receiving funding, as are other projects.

I think there is some really good spending on workers, particularly apprentices. Not only are we trying to give employers and group training organisations all the money they currently receive for taking on an apprentice but we are now providing additional money for those organisations, small businesses and individuals who take on an out-of-work apprentice. In a downturn there can be nothing worse for someone who is an apprentice than to find themselves out of work and unable to complete their indenture. We are increasing the completion payment for apprentices to $1,000. This will make a total benefit of $2,800 for apprentices or trainees.

So I guess my argument would be this: the one thing that the Australian people can rely on is that the government are absolutely focused on doing the best that we can through nation-building projects in infrastructure and education. I have not spoken about education. As a member for one of the more disadvantaged electorates in Western Sydney, I am absolutely delighted by what we are doing for public schools and private schools. We are providing up to $200,000 for each school for maintenance. We are providing $3 million for each primary school. We are also funding science labs and language labs. Sadly, in the case of my electorate, some of the high schools would have to have a new emphasis on science and a new emphasis on language. But I hope they do. I think they are very important for this nation’s future. Sadly, they have not been emphasised enough in the high schools in my electorate, but this funding is available for all of them. I have always said that the most important thing in a school is actually what happens in the building—that is, the teaching. But isn’t it a great thing that we can actually offer modern facilities for them?

Of course, we also have the program providing computers for our high schools. If there is an information-poor electorate, I regret to say that it is mine. Getting these computers into schools and having them available for students is just terrific. We are in an information age and anyone graduating from school, at whatever year and in whatever they are inspired to do—whether it is entering the world of work, whether it is undertaking a diploma at TAFE, whether it is doing at apprenticeship or whether it is going to university—will need to be computer literate. They all need to be familiar with IT. Of course, our younger generation are much more skilled at it than you and me, Mr Deputy Speaker Scott. But you have to start somewhere and, unfortunately, a lot of homes in my electorate do not have a computer. I suspect there may be the odd one in yours, Mr Deputy Speaker. It is so important that they have
access to this. It staggers me that the opposition would have voted against this proposal for all our schools. I am delighted about this program and I know that teachers, principals, parents and the community are delighted about it. It is going to make such a difference to my electorate. I commend these bills and I look forward to voting in support of them in the House.

Dr STONE (Murray) (7.00 pm)—I rise to participate in this debate on Appropriation Bill (No. 5) 2008-2009 and Appropriation Bill (No. 6) 2008-2009. Appropriation Bill (No. 5) 2008-2009 provides additional funding for ordinary annual services, while Appropriation Bill (N. 6) 2008-2009 appropriates funds for other annual services in support of the Nation Building and Jobs Plan. The minister noted this in his second reading speech on the bill. I want to focus on Appropriation Bill (No. 6) in my remarks. There are in fact three components to the additional appropriations that we are dealing with in this bill. The largest is for the Department of Infrastructure, Transport, Regional Development and Local Government and it involves an equity injection of $1,188.9 million into the Australian Rail Track Corporation. Investment in the Hunter Valley coal lines is a major component of this proposed investment.

After years of neglect under previous Labor governments, it was the coalition that understood the importance of rail and the fact that without a significant injection of funding into the nation’s rail grid there would have to be an extraordinary additional road transport task. Of course, with road use comes emissions and urban congestion, and a great deal of danger too when you mix large transport with domestic vehicle use. So we are pleased to see that the Labor Party, after a very long period of complete neglect, is beginning to focus on rail. I am concerned, though, that this injection into rail system need is very much focused through the lines in the Hunter Valley. They are important, but that is not all of the funding. In fact, what has been identified in this injection of funds is less than what was committed by the coalition funding our transport sectors, as the Labor Party understands I am sure, but usually fails to acknowledge.

Australia also has massive problems with its ports. Our sea transport lines, immediately offshore and further out to sea, have been so neglected over the years and have been subjected to so much bullying and pressure from trade unions demanding higher wages that sea transport has become uncompetitive. I am sorry that Labor have failed to grasp that besides rail and road there is an opportunity to develop sea transport as an alternative for moving freight in Australia. But sea transport does not get a mention at all in this particular package. We will have to wait for the coalition to be back in power to deal with the problems there.

The second component of the appropriations also for the Department of Infrastructure, Transport, Regional Development and Local Government is the bringing forward of $711 million for spending on roads and, of this, the bill provides for $391.989 million in 2008-09 to be paid to the states, territories and local government. The coalition took on the years of neglect and the problems involved with inheriting over $90 billion of debt and servicing that debt and understood that they had to end the neglect of essential infrastructure for the nation. Our roads were chronically neglected under Labor, in particular in rural and regional areas.

As the previous speaker said, black spots programs were seen as a good idea by Labor. They invented black spot funding and then they let it go. It took the coalition to understand the significance of that funding of small, local government roads—gravel roads and small, single-lane bitumen roads—servicing the economies of rural and regional Australia as well as, of course, the ‘danger’ places, no matter where they are in the country, where chronic acci-
idents occurred. We brought back black spot funding to Australia and we made sure that we reduced accidents at railway crossings and on road intersections. We also made sure, through black spot funding, that our local councils in our drought-stricken eastern Australian regions could afford to put gravel on roads and could afford to have bitumen replaced. They had suffered so much under the Hawke-Keating regime. Nothing had been done for them, and they did not have the capacity to raise rates to make up the difference. It is good to see that this Labor government has continued to fund the Black Spot Program, to the tune of some $60 million—a piffling amount but at least there is acknowledgment of the importance of that program.

I am concerned that this road spending fails to acknowledge or understand that the road task right across the nation varies from small to very large and significant pieces of road infrastructure. We are seeing work on the Pacific Highway bypass, which is important; Melbourne’s Western Ring Road; the Douglas arterial on the Bruce Highway in Townsville; Adelaide’s Northern Expressway; the Brighton bypass on the Midland Highway in Tasmania. All are important spends, but I am concerned that the comparatively small amount of funding that is required to finish the Goulburn Valley Highway in my electorate and also going through the electorate of McEwen—commenced by the coalition—is in fact committed. This road service was what was the food bowl of Australia, which is now in chronic drought—but which will be permanently in drought due to the Melbourne pipeline and the policies of Senator Penny Wong, the Minister for Climate Change and Water. I am concerned that this permanent ‘droughting’ of the region will be even more unpalatable and impossible to live with if our Goulburn Valley Highway continues to have a start-stop characteristic, with the Nagambie bypass completely neglected.

I will give you an example of what I mean. The coalition had committed over $200 million to making the Goulburn Valley Highway—which becomes the Newell Highway, the major Brisbane to Melbourne highway. That stretch of highway, a dual carriageway, is now in fact one of the best pieces of freeway in regional Australia. But there was a small piece left out of the jigsaw, and that was the Nagambie bypass and then the Shepparton bypass. At the last election, the coalition had committed $318 million for the duplication of the Goulburn Valley Highway and, of that, $288 million for the Nagambie bypass. That money was going to continue to flow to do the job. We had another $30 million committed to meet the cost of the Shepparton bypass and Strathmerton deviation planning.

We were not surprised when, just before the last election, the Labor Party committed $216 million for those same works. We thought, ‘That’s $100 million less than the coalition committed but perhaps if they are making a commitment of $216 million they must understand the significance of continuing this work’—after all, it takes some of the heaviest B-doubles and other heavy transport freight loads from the food manufacturers of the Goulburn Valley to the ports at Geelong and Melbourne. That freight task earns billions of dollars for the state government annually in export earnings. Milk powder has been their biggest export in volume and value. So we thought that, with a commitment of $216 million—in writing from the then shadow minister—Labor at least understood the importance of this piece of infrastructure. You can imagine our shock when, in the last budget—the one and only budget so far from the Labor government—some months ago, when we were expecting $216 million to be on the books, we found that just $5 million was there. It was a joke—although many were not laugh-
ing, because they came from the region. We were stunned. We wanted to know why. We were told, ‘Be grateful you’ve got $5 million.’ Of course, $5 million does nothing to continue this invaluable project.

I could add that some dozen lives have been lost where the freeway turns back to single lane, where this road pushes through the town of Nagambie at 40 kilometres an hour. We consider those lives important but quite clearly the Labor government either did not care or did not know. So we got $5 million committed. I have to say we continue to be very apprehensive about this injection of funds in the second component of this special appropriation because we have to see it in writing to believe that the Labor government is going to make good on its pre-election promise.

I turn to what is perhaps the most difficult thing in this bill for someone in the coalition to stomach, certainly someone who represents a rural and regional electorate in northern Victoria. The third component is $250 million for the Department of the Environment, Water, Heritage and the Arts. There will be a total expenditure of ultimately $500 million over four years, beginning in 2008-09, ‘to expedite the return of water to the Murray-Darling Basin’. The $500 million is in response to the agreement with Senator Xenophon to bring forward expenditure to buy water and to return that water to the Murray-Darling Basin.

If you are ignorant or if you are unaware that the Murray-Darling Basin is dying, you might think: ‘That’s a good idea—let’s buy the water from downriver. The water must be lying around. Perhaps it is being stolen.’ I have heard a lot of South Australians suggest that an irrigator water is being stolen. But you need to be aware of the facts. The problem is that the Murray-Darling Basin has been in drought some seven years now. It is in a critical state of environmental or ecosystem stress. The red gums are dying from Echuca to the mouth of the Murray. You have Ramsar listed wetlands on the river, for example, in the Barmah Forest at Gunbower and the Kerang Lakes, and finally you get to the mouth of the Murray, where there are the Lower Lakes and the Coorong. Those places are all regarded as internationally significant wetlands.

So what is this Labor government’s solution to this critical ecosystem problem? What is its solution to the social and economic disaster that is facing the human communities in the Murray-Darling Basin who are trying to manage these ecosystems and who produce the ecosystem services for eastern Australia? This government’s solution is to go to the drought stressed farmers who are being leaned on by the banks and say to them: ‘You know, you have got a liquid asset in your water. You can sell your water. Sure, you will have to get out of farming. You will be left with a dryland property that is comparatively valueless. You will not be able to sell it. It will roll with weeds. The dust will blow in a few months time without the water. But, hey, we’ll buy your licence. We’ll buy your water right. The greenies will feel good. It will look like we are doing something. We’ll all be happy.’ I am sorry: we are not all happy.

You have probably heard of Toorale Station, the property that was purchased up in the north of the Murray-Darling Basin. The loss of 100 jobs is associated with that purchase and there was not a drop of water, in fact, added to the ecosystems downstream. Even more critical in my part of the world is the sale of Madowla Station. It was probably one of the most productive properties, and Madowla Park homestead on that property is of great historic significance. Madowla Park was established in 1859. It has been grazed from as early as 1841. It
was a showpiece of irrigation layout. It was hugely efficient. It had all that you would expect
to see in terms of reuse systems, special irrigation layout and whole-farm planning. It was a
superb example of how to irrigate carefully, not allowing accessions to the watertable, and
how to be a highly productive and valuable piece of secure food production in Australia. That
property has been bought by the government. It had a 10,000-megalitre water entitlement and
that is going to go to the Snowy River and the Murray River. That might sound like a great
solution for those dying red gums and for the stressed fauna and flora in the great Murray
River. It would have been far better if that property had been allowed to continue to produce
food and to create employment in the region and if the government had adopted the coalition’s approach and invested in on-farm water use efficiency across the
basin and in public irrigation infrastructure, particularly in Victoria, which, for example, has
developed state-owned Goulburn-Murray and Coliban water supply systems. But

It seems to be a philosophical thing that, while this government is happy to put public fund-
ing into the automotive industry, into the retail sector and into businesses which are privately
owned and which are competitive between themselves, it refuses to put funding into family
farms or even into corporate farms to help them to become the most efficient users of water
possible. To give one example, if in my electorate we could afford to invest in what we call
subsurface irrigation—it is not new technology; it has been around for 20 to 25 years—we
could be twice as productive on half the water. We are going to have to live with half the wa-
ter because the north-south pipeline—Mr Brumby’s dream—is going to take water out of the
Goulburn Valley and push it up over the Great Divide to Melbourne, because Melbourne re-
fuses to recycle or use its stormwater. So we are to sacrifice production in the coalition elec-
torates of McEwen, Indi, Mallee and Murray to put water down the toilets in Melbourne.

I believe—and in fact the vast majority of my constituents believe—that if only Minister
Wong would look at on-farm water efficiency and use the $2.5 billion that was there from the
coalition government, we would have a win-win scenario. The water saved off those farms
could be used for the environment and it would be real water. It would be water that could be
counted through a meter; it could actually be put into a system, because it would be water
transferred from dams and farms to the environment. It would not be a matter of hypothetical
licences. When I put to Minister Wong a few days ago. The question as to why she couldn’t
see the sense of on-farm water use efficiency investment rather than just buying back wa-
ter from so-called willing sellers—who, I am sorry to say, do not exist in a drought this bad—
her response was: ‘Well, it’s the Victorian government’s call in relation to your part of the
world.’ The Federal government has asked the states—New South Wales, Queensland, South
Australia, Victoria—to tell it what they want to do with their proportion of what we used to
call the national water plan funding.

So I am not sure whether to blame entirely Prime Minister Rudd, Minister Wong and his
other ministers who are to do with the environment portfolio, such as Minister Garrett. Can
we blame them totally for their ignorance and disregard for the future of the social and eco-
nomic circumstances of eastern Australia’s rural and regional people, or is it also the fact that
the states are culpable? I am afraid that Mr Brumby, as Premier of Victoria, has said: ‘No, I’m
not interested in on-farm water use efficiency measures with a part of the $1 billion that I’m
getting from the Commonwealth. I’m going to put it into the food bowl modernisation stage
Stage 2 is all about their own aged infrastructure investment—the state-owned infrastructure—which they have neglected. So it is a massive cost-shift from the Commonwealth to the state government to patch up their irrigation infrastructure—something they should have done years ago. The water users themselves are to miss out. We do not have a stage 2 on the books. There is no business plan available; it is a never, never scenario.

I am deeply concerned that, while Senator Xenophon is no doubt feeling very proud of himself and has had lots of pats on the back from people who do not understand the water implications of the so-called water, the drought stressed farmers, particularly those in the southern Murray-Darling Basin, are in despair. They know that this spells the end of a non-corrupted water market. They know that they cannot survive if they are trying to farm in neighbourhoods where half of the neighbouring irrigators have sold their water. This is called standing assets. It is creating buy-back inefficient water supply systems. It is about losing Australia’s capacity to maintain its own food security.

So when in the future our dairy products all come from New Zealand, when we are competing with the rest of the world to get our vegetables from Africa or China or our canned food from whoever is dumping it in the market on the day, we are going to have to look back at this and say, ‘This wasn’t nation building; the way this support was constructed was nation destroying.’ It is nation destroying in the sense of poor infrastructure not properly thought through and in the sense of just simply buying water and pretending that that really is going to help the environment. All of that is a shocking indictment of a government that has not done its homework, has not listened to the reality on the ground, that does not care, it would seem, about the nation’s ecosystems, about the nation’s food security or about the human communities who in the past have struggled to do their best for this nation and have produced the best, greenest and cleanest agricultural and food production of any country that I know.

Ordered that the resumption of the debate be made an order of the day for the next sitting.

Main Committee adjourned at 7.21 pm
QUESTIONS IN WRITING

Infrastructure, Transport, Regional Development and Local Government: Program Funding

(Question No. 458)

Mr Hockey asked the Minister for Infrastructure, Transport, Regional Development and Local Government, in writing, on 1 December 2008:

(1) Which agencies and departments in the Minister’s portfolio will return money to the budget in the 2008-09 financial year as a result of underspends in the 2007-08 financial year; and what sum of money will be returned to budget from these programs.

(2) From 1 December 2007 to 30 June 2008, what sum of money has the Government committed to spending under Regulation 10 of the Financial Management and Accountability Act 1997 for applicable departments and agencies under the Minister’s portfolio; and how much of this commitment was approved: (a) at the department and agency level; and (b) by the Minister for Finance and Deregulation.

(3) What sum of depreciation funding: (a) is available for each department and agency in the Minister’s portfolio as at 30 June 2008; (b) was spent by each department and agency in the Minister’s portfolio in the 2007-08 financial year to directly replace assets for which it was appropriated.

Mr Albanese—The answer to the honourable member’s question is as follows:

(1) Details of the financial performance of programs administered by the Department of Infrastructure, Transport, Regional Development and Local Government (Infrastructure) are available in the 2007-08 Annual Report.

(2) Details of Infrastructure’s commitments are available in the audited financial statements of the 2007-08 Annual Report.

(3) (a) The 2007-08 departmental depreciation and amortisation expense for each portfolio agency that receives budget funding is disclosed in their respective 2007-08 Annual Reports. (b) and (c) Details of cash used for the purchase of property, plant and equipment and intangibles are available for each portfolio agency in their respective 2007-08 Annual Reports.

Regional and Local Community Infrastructure Programs

(Question No. 548)

Mr Morrison asked the Minister for Infrastructure, Transport, Regional Development and Local Government, in writing, on 4 December 2008:

(1) When will the money for both Regional and Local Community Infrastructure Programs be appropriated.

(2) What administration costs are associated with the operation of these programs, including monitoring of progress reports from the 600 local government bodies.

(3) To ensure the highest level of probity is maintained, what assessment criteria will be applied by his department when councils make requests for an extension of time (beyond 30 September 2009) to complete a project.

(4) What enforcement powers are available to his department for recovering funds when the requirements for these programs have not been met.

(5) Does his department have appropriate resources to assess the likely number of responses that are made under the Regional and Local Community Infrastructure Program—Strategic Projects—and
to announce successful applications by February 2009; if not, does the program’s funding extend to the engagement of consultants.

(6) Will the department be accepting submissions under the Strategic Projects program beyond 4 pm on 23 December 2008.

(7) Is there appropriate expertise within his department to undertake the risk assessment of proponent and project viability as outlined in the program guidelines for the Strategic Projects program; if not, will his department use consultants for assessing projects.

(8) What steps will his department take to ensure the highest level of probity is maintained in respect of assessing and ranking applications.

Mr Albanese—The answer to the honourable member’s question is as follows:

(1) Funding for the Regional and Local Community Infrastructure Program was included within the Portfolio’s Appropriation Bill (No.3), 2008-09, tabled in Parliament on 4 December 2008.

(2) A total of $3,025,000 was allocated for departmental outputs in 2008-09 Portfolio Additional Estimates Statements.

(3) Applications will be assessed in accordance with the Regional and Local Community Infrastructure Program 2008-09 Guidelines.

(4) Councils will be required to sign a standard funding agreement with the Australian Government. The Department will have the same enforcement powers that apply to any standard funding agreement.

(5) Applications for the Program now close on 6 March 2009.

(6) Refer to 5.

(7) Where the Australian Government considers there are risks with the viability of the proponent or project that require further consideration, an Independent Viability Assessment (IVA) will be undertaken.

(8) Applications will be assessed in accordance with the Regional and Local Community Infrastructure Program Strategic Projects 2008-09 Guidelines.

Goulburn Police Academy
(Question No. 579)

Mr Abbott asked the Minister for Education, in writing, on 4 February 2009:

(1) Is she aware that New South Wales (NSW) police cadets studying at the Goulburn Police Academy (GPA) are told that their tuition fees are the result of Commonwealth Government policy.

(2) Can she confirm that the arrangement between the NSW Police and Charles Sturt University (CSU) has been entered into independently of the Commonwealth Government and that any fees incurred by students are entirely the responsibility of the NSW Government.

(3) Is any Commonwealth funding provided, directly or indirectly, to CSU to enable police cadets to be taught at the GPA.

Ms Gillard—The answer to the honourable member’s question is as follows:

(1) As announced by the former government in May 2003 in the Our Universities: Backing Australia’s Future statement, students enrolled in an employer reserved place must be charged tuition fees for their course. These fees may be paid on the student’s behalf by their employer. Students in employer reserved places are not eligible to be Commonwealth supported. These arrangements are specified in the Higher Education Support Act 2003. Places in the Associate Degree of Policing Practice at Charles Sturt University, which is delivered at the New South Wales Police College at Goulburn, are employer reserved places.
(2) See answer to Question 1.

(3) Employer reserved places do not receive funding under the Commonwealth Grant Scheme. Eligible students may access FEE-HELP loans from the Australian Government for their tuition fees. Charles Sturt University is paid by the Australian Government on behalf of those students undertaking the Associate Degree of Policing Practice who choose to take out FEE-HELP loans.

**MV Al Kuwait**

(Question No. 580)

Mrs Moylan asked the Minister for Agriculture, Fisheries and Forestry, in writing, on 5 February 2009:

(1) Further to the answer to question No. 421 (*Hansard*, 3 February 2009, page 84): samples of what material from sheep (dead or alive) were ‘voluntarily collected’ by a veterinarian onboard the MV *Al Kuwait* during its voyage from Portland, Victoria, in September 2002. No. 71—5 February 2009 45.

(2) Does a report of any description exist on what happened onboard the MV *Al Kuwait* during its voyage from Portland, Victoria, in September 2002; if so, what is its title and from where is it available.

Mr Burke—The answer to the honourable member’s question is as follows:

(1) No further information is available to that provided in response to Question No. 421.

(2) Yes. The following commercial-in-confidence reports exist.

- Veterinarians daily voyage reports and end of voyage report for Portland to Fremantle;
- Veterinarians daily reports and end of voyage report for Fremantle to Middle East markets;
- Stockman’s end of voyage report.

**Agriculture, Fisheries and Forestry: Moncreiff Electorate**

(Question No. 583)

Mr Ciobo asked the Minister for Agriculture, Fisheries and Forestry, in writing, on 9 February 2009:

In respect of the Government’s funding of organisations and projects between 3 December 2007 and 20 January 2009:

(a) which organisations and projects based in the Moncrieff electorate received funding from his Department; (b) what sum of funding did each organisation and project receive; and (c) for what purpose was each funding commitment made.

Mr Burke—The answer to the honourable member’s question is as follows:

<table>
<thead>
<tr>
<th>(a) Organisation</th>
<th>(b) Funding received</th>
<th>(c) Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gold Coast Racing Club</td>
<td>$45,000.00</td>
<td>Equine Influenza grant - Non Government, Not for Profit Equestrian Organisation Grant - The grants are for organisations that have provided assistance and services over and above normal activities during the outbreak of Equine Influenza in Australia and have incurred additional costs.</td>
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</tbody>
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QUESTIONS IN WRITING