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SITTING DAYS—2009

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FORTY-SECOND PARLIAMENT  
FIRST SESSION—FIFTH 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

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

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**PARTY ABBREVIATIONS**

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

## Heads of Parliamentary Departments

Clerk of the Senate—H Evans  
Clerk of the House of Representatives—one other name  
Secretary, Department of Parliamentary Services—A Thompson
RUDD MINISTRY

Prime Minister
Deputy Prime Minister, Minister for Education, Minister for Employment and Workplace Relations and Minister for Social Inclusion
Treasurer
Minister for Immigration and Citizenship and Leader of the Government in the Senate
Special Minister of State, Cabinet Secretary and Vice President of the Executive Council
Minister for Finance and Deregulation
Minister for Trade
Minister for Foreign Affairs
Minister for Defence
Minister for Health and Ageing
Minister for Families, Housing, Community Services and Indigenous Affairs
Minister for Infrastructure, Transport, Regional Development and Local Government and Leader of the House
Minister for Broadband, Communications and the Digital Economy and Deputy Leader of the Government in the Senate
Minister for Innovation, Industry, Science and Research
Minister for Climate Change and Water
Minister for the Environment, Heritage and the Arts
Attorney-General
Minister for Human Services and Manager of Government Business in the Senate
Minister for Agriculture, Fisheries and Forestry
Minister for Resources and Energy and Minister for Tourism

Hon. Kevin Rudd, MP
Hon. Julia Gillard, MP
Hon. Wayne Swan MP
Senator Hon. Chris Evans
Senator Hon. John Faulkner
Hon. Lindsay Tanner MP
Hon. Simon Crean MP
Hon. Stephen Smith MP
Hon. Joel Fitzgibbon MP
Hon. Nicola Roxon MP
Hon. Jenny Macklin MP
Hon. Anthony Albanese MP
Senator Hon. Stephen Conroy
Senator Hon. Kim Carr
Senator Hon. Penny Wong
Hon. Peter Garrett AM, MP
Hon. Robert McClelland MP
Senator Hon. Joe Ludwig
Hon. Tony Burke MP
Hon. Martin Ferguson AM, MP

[The above ministers constitute the cabinet]
Minister for Home Affairs  
Hon. Bob Debus MP

Assistant Treasurer and Minister for Competition Policy and Consumer Affairs  
Hon. Chris Bowen MP

Minister for Veterans’ Affairs  
Hon. Alan Griffin MP

Minister for Housing and Minister for the Status of Women  
Hon. Tanya Plibersek MP

Minister for Employment Participation  
Hon. Brendan O’Connor MP

Minister for Defence Science and Personnel  
Hon. Warren Snowdon MP

Minister for Small Business, Independent Contractors and the Service Economy and Minister Assisting the Finance Minister on Deregulation  
Hon. Dr Craig Emerson MP

Minister for Superannuation and Corporate Law  
Senator Hon. Nick Sherry

Minister for Ageing  
Hon. Justine Elliot MP

Minister for Youth and Minister for Sport  
Hon. Kate Ellis MP

Parliamentary Secretary for Early Childhood Education and Childcare  
Hon. Maxine McKew MP

Parliamentary Secretary for Climate Change  
Hon. Greg Combet AM, MP

Parliamentary Secretary for Defence Support and Parliamentary Secretary for Water  
Hon. Dr Mike Kelly AM, MP

Parliamentary Secretary for Regional Development and Northern Australia  
Hon. Gary Gray AO, MP

Parliamentary Secretary for Disabilities and Children’s Services and Parliamentary Secretary for Victorian Bushfire Reconstruction  
Hon. Bill Shorten MP

Parliamentary Secretary for International Development Assistance  
Hon. Bob McMullan MP

Parliamentary Secretary for Pacific Island Affairs  
Hon. Duncan Kerr MP

Parliamentary Secretary to the Prime Minister and Parliamentary Secretary for Trade  
Hon. Anthony Byrne MP

Parliamentary Secretary for Social Inclusion and Parliamentary Secretary for the Voluntary Sector  
Senator Hon. Ursula Stephens

Parliamentary Secretary to the Minister for Health and Aged Care  
Senator Hon. Jan McLucas

Parliamentary Secretary for Multicultural Affairs and Settlement Services  
Hon. Laurie Ferguson MP

Parliamentary Secretary for Government Service Delivery  
Senator Hon. Mark Arbib
SHADOW MINISTRY

Leader of the Opposition
The Hon Malcolm Turnbull MP

Shadow Minister for Foreign Affairs and Deputy Leader of the Opposition
The Hon Julie Bishop MP

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

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

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

Shadow Treasurer
The Hon Joe Hockey MP

Shadow Minister for Education, Apprenticeships and Training and Manager of Opposition Business in the House
The Hon Christopher Pyne MP

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

Shadow Minister for Finance, Competition Policy and Deregulation
Senator the Hon Helen Coonan

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

Shadow Minister for Families, Housing, Community Services and Indigenous Affairs
The Hon Ian Macfarlane MP

Shadow Minister for Energy and Resources
The Hon Tony Abbott MP

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

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

Shadow Minister for Health and Ageing
The Hon Peter Dutton MP

Shadow Minister for Defence
Senator the Hon David Johnston

Shadow Attorney-General
Senator the Hon George Brandis SC

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

Shadow Minister for Employment and Workplace Relations
Mr Michael Keenan MP

Shadow Minister for Immigration and Citizenship
The Hon Dr Sharman Stone

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

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

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

Shadow Assistant Treasurer
The Hon Tony Smith MP

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

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

Shadow Minister for Housing and Local Government
Mr Scott Morrison

Shadow Minister for Ageing
Mrs Margaret May MP

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

Shadow Minister for Veterans’ Affairs
Mrs Louise Markus MP

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

Shadow Minister for Justice and Customs
The Hon Sussan Ley MP

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

Shadow Parliamentary Secretary for Northern Australia
Senator the Hon Ian Macdonald

Shadow Parliamentary Secretary for Roads and Transport
Mr Don Randall MP

Shadow Parliamentary Secretary for Regional Development
Mr John Forrest MP

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

Shadow Parliamentary Secretary for Energy and Resources
Mr Barry Haase MP

Shadow Parliamentary Secretary for Disabilities, Carers and the Voluntary Sector
Senator Mitch Fifield

Shadow Parliamentary Secretary for Water Resources and Conservation
Mr Mark Coulton MP

Shadow Parliamentary Secretary for Health Administration
Senator Mathias Cormann

Shadow Parliamentary Secretary for Defence
The Hon Peter Lindsay MP

Shadow Parliamentary Secretary for Education
Senator the Hon Brett Mason

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

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

Shadow Parliamentary Secretary for Immigration and Citizenship and Shadow Parliamentary Secretary Assisting the Leader in the Senate
Senator Concetta Fierravanti-Wells
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Wednesday, 27 May 2009

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

BUSINESS

Consideration of Private Members’ Business

Report

Mr PRICE (Chifley) (9.01 am)—I present the report of the recommendations of the whips relating to committee and delegation reports and private members’ business on Monday, 1 June 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, 1 June 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 MS PARKE: To move—

That the House:

(1) expresses its concern about the grave humanitarian situation of the Tamil peoples of Sri Lanka, many of whom are presently detained in camps following the recent conflict in Sri Lanka;

(2) calls upon the Sri Lankan Government:

(a) to allow full access to United Nations and other humanitarian agencies to the camps to provide all necessary aid; and

(b) to agree to an independent international investigation into war crimes alleged to have been committed by both parties during the recent conflict in Sri Lanka; and

(3) expresses its hope that Sri Lanka can move forward from this difficult period in peace and with full respect for the human rights of all its peoples.

Time allotted—45 minutes.

Speech time limits—

Ms Parke—5 minutes.

First Opposition Member speaking—5 minutes.

Other Member—5 minutes each.

[Minimum number of proposed Members speaking = 9 x 5 mins]

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

2 MRS MOYLAN: To move—

That the House:

(1) notes:

(a) that the Area Consultative Committees (ACCs) were first formed by the Hawke Labor Government as regional advisory bodies to Federal Parliament;

(b) the Howard Government gave them real purpose by restructuring their activities to act as a ‘shop front’ to assist regional communities through the process of applying for Commonwealth government grants;

(c) the ACCs had an advisory role in regards to community benefits and assessed the viability of proposed projects;

(d) there were 54 ACCs Australia wide and they were not for profit incorporated bodies under the relevant State associations incorporation Acts, operating with around $300,000 per ACC of operational funding from the former Federal government;

(e) the Boards are voluntary with a ministerially appointed Chairman and Deputy Chairman; and

(f) that by contrast to Regional Australia’s loss of national resources and control over development, the Government has established a Better Cities unit in Sydney;

(2) condemns the Government for:

(a) its decision to eliminate ACCs;
(b) its lack of commitment to locally generated initiatives through the ACCs;
(c) the loss of about 150 jobs around the nation;
(d) its failure to facilitate a seamless transition of staff to the new State based bodies despite an assurance from the Minister for Infrastructure, Transport, Regional Development and Local Government, the Hon Anthony Albanese MP, earlier last year;
(e) its failure to value and recognise the volunteer effort, including the unpaid skills and abilities of community members;
(f) its lack of leadership and clarity of decision making in the handling of the transition process;
(g) the disingenuous way the Minister has treated the chairmen and executive officers of ACCs over the past 18 months; and
(h) being willing to pass to the Government of Western Australia the total operational funding for ACCs in that State without any process of transparent accountability;

(3) recognises:
(a) the tremendous work carried out by the ACCs and the important role they played in business development and job creation in regional and rural Australia;
(b) the work carried out by the executive officers, staff and the Board chairmen and the voluntary contribution by members of the board;
(c) the value of the decentralised nature of the ACCs and the capacity, therefore, to consider the needs and interests of local communities and local areas in rural and regional Australia; and
(d) through community effort, the relatively small amount of funding of $300,000 granted to each of the ACCs was multiplied many times due to the voluntary effort by the committees, local government and members of the community; and

(4) calls on the Government to:
(a) reconsider its decision to ignore staff of the ACCs and take steps to re locate them in the new arrangements; and
(b) recognise and acknowledge the detrimental effect the current Government policy is likely to have on the development and job creation capacity and the fair dispersal of funding for projects across the regions.

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

Speech time limits—
Mrs Moylan—5 minutes.
First Government Member speaking—5 minutes.
Other Member—5 minutes each.

[Minimum number of proposed Members speaking =10 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 Standing Committee on Infrastructure, Transport, Regional Development and Local Government

Funding regional and local community infrastructure: Principles for the development of a regional and local community infrastructure funding program, Final Report

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

Speech time limits—
Ms King (Chair)—5 minutes
Opposition Member—5 minutes

[Minimum number of proposed Members speaking =2 x 5 mins]
2 Standing Committee on Health and Ageing
Weighing it up: Obesity in Australia

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

Speech time limits—
Mr Georganas (Chair)—5 minutes
Opposition Member—5 minutes

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

3 Standing Committee on Education and Training

The Whips recommend that statements on the report may be made—all statements to conclude by 9.10 pm

Speech time limits—
Ms Bird (Chair)—5 minutes
Opposition Member—5 minutes

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

4 Joint Standing Committee on the National Capital and External Territories
Inquiry into the Immigration Bridge Proposal

The Whips recommend that statements on the report may be made—all statements to conclude by 9.20 pm

Speech time limits—
Mr Secker (Deputy Chair)—5 minutes
Government Member—5 minutes

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

5 Parliamentary Joint Committee on the Australian Commission for Law Enforcement Integrity
Examination of the Annual Report of the Integrity Commissioner 2007-08

The Whips recommend that statements on the report may be made—all statements to conclude by 9.30 pm

Speech time limits—
Ms Parke (Chair)—5 minutes

Opposition Member—5 minutes

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

The Hon L R S Price
Chief Government Whip
27 May 2009

Report adopted.

FAIRER PRIVATE HEALTH INSURANCE INCENTIVES BILL 2009

First Reading

Bill and explanatory memorandum presented by Ms Roxon.

Bill read a first time.

Second Reading

Ms ROXON (Gellibrand—Minister for Health and Ageing) (9.02 am)—I move:

That this bill be now read a second time.

The Fairer Private Health Insurance Incentives Bill 2009 will amend various acts to give effect to the recent budget measure to introduce three new private health insurance incentives tiers.

The new arrangements will commence on the later of 1 July 2010; or the day on which the Fairer Private Health Insurance Incentives (Medicare Levy Surcharge) Act 2009 receives royal assent; or the day on which the Fairer Private Health Insurance Incentives (Medicare Levy Surcharge—Fringe Benefits) Act 2009 receives royal assent. However, they will not commence at all unless both the Fairer Private Health Insurance Incentives (Medicare Levy Surcharge) Act 2009 and the Fairer Private Health Insurance Incentives (Medicare Levy Surcharge—Fringe Benefits) Act 2009 also receive royal assent.

The government supports a mixed model of balanced private and public health services.

The government is also committed to a sustainable private health system, and to en-
sure it remains sustainable, the government will rebalance support for private health insurance to provide a fairer distribution of benefits.

The new arrangements will make the private health rebate fairer. Firstly, singles earning $75,000 or less and couples and families earning $150,000 or less will receive the same rebate as they currently enjoy and will not be adversely affected.

Currently, however, approximately 14 per cent of single taxpayers who have incomes above $75,000 receive about 28 per cent of the total private health insurance rebate paid to singles—or twice their population share. Under the government’s reforms, these singles will receive about 12 per cent of the total private health insurance rebate paid to singles.

Similarly, approximately 12 per cent of couple taxpayers who have incomes above $150,000 receive about 21 per cent of the total private health insurance rebate paid to couples—almost twice their population share. Under the government’s reforms, these couples will receive about nine per cent of the total private health insurance rebate paid to couples.

These reforms will bring government support for private health insurance in line with the principle underpinning the Australian tax-transfer system—that the largest benefits are provided to those on lower incomes.

Spending on the current private health insurance rebate is growing rapidly and is expected to double as a proportion of health expenditure within the next 40 years.

Clearly this presents challenges in this fiscal environment. These reforms will result in a saving to government expenditure of $1.9 billion over four years, which will help ensure that government support for private health insurance remains fair and sustainable.

From 1 July 2010 the government proposes to introduce three new private health insurance incentive tiers. The tiers will mean high-income earners receive less government payments for private health insurance but will face an increase in costs if they opt out of private health cover.

The government’s commitment to retaining the private health insurance rebate remains. Rebates for eight million low- and middle-income earners will be unchanged with the government continuing to pay 30 per cent of the premium cost for a person earning $75,000 or less and couples and families earning $150,000 or less. The existing higher rebates for older Australians will remain in place for people earning below these thresholds: 35 per cent for people aged 65 to 69 years and 40 per cent for people aged 70 years and over.

These people will continue to have no surcharge liability if they decide not to take out appropriate private health insurance.

The new tiered system will be introduced for higher income earners and will set three different rebate levels and surcharge levels based on income and age. The purpose of this is to reduce the carrot but increase the stick and ensure those who can afford to contribute more for their health insurance do so. The government does not believe it is appropriate for low-income earners to subsidise the private health insurance of high-income earners.

The first incentive tier will apply to singles with an income of more than $75,000 and couples and families with an income of more than $150,000. For these people the private health insurance rebate will be 20 per cent for those up to 65 years, 25 per cent for those aged 65-69, and 30 per cent for those aged 70 and over. The Medicare levy surcharge for people in this tier who do not hold
appropriate private health insurance will remain at one per cent.

Tier 2 applies to singles earning more than $90,000 and couples and families earning more than $180,000. The rebate will be 10 per cent for those up to 65 years, 15 per cent for those aged 65 to 69, and 20 per cent for those aged 70 and over. The surcharge for people in this tier who do not have appropriate private health insurance will be increased to 1.25 per cent of income.

Tier 3 affects singles earning more than $120,000 and couples and families earning more than $240,000 a year. No private health insurance rebate will be provided for people who fall within the third tier and the surcharge for avoiding private health insurance will be increased to 1.5 per cent of income for these people.

Annual indexation to average weekly earnings of the tiers will ensure that these changes remain equitable and can be maintained into the future.

The increased surcharge for people on higher incomes will help ensure that about 99.7 per cent of insured people remain in private health insurance. This is because those high-income earners who receive a lower rebate will face a higher tax penalty for avoiding private health insurance.

By retaining this system of carrots and sticks the reforms are unlikely to affect private health insurance premiums.

It is estimated that approximately 25,000 people may no longer be covered by private health insurance hospital cover, and that it might therefore result in 8,000 additional public hospital admissions over two years. When considered against the fact that public hospitals have around 4.7 million admissions per year, the impact of the measure will be insignificant.

And the measure will be particularly insignificant for public hospitals given the government’s investment under the new $64 billion COAG agreement, where hospitals receive 50 per cent over and above the old Australian healthcare agreements negotiated by the previous government.

Further, the historic $872 million investment in preventative health will assist in keeping people out of hospitals in the first place.

In summary, this measure will make private health fairer and more balanced, more sustainable into the long term, and by maintaining a carefully designed system of carrots and sticks, have a negligible effect on both premiums and the public hospital system.

At the same time, eight million low- and middle-income earners who chose to have private health insurance will continue to enjoy the benefit of a significant government rebate.

I commend the bill to the House.

Debate (on motion by Mr Haase) adjourned.

FAIRER PRIVATE HEALTH INSURANCE INCENTIVES
(MEDICARE LEVY SURCHARGE)
BILL 2009

First Reading

Bill and explanatory memorandum presented by Ms Roxon.

Bill read a first time.

Second Reading

Ms ROXON (Gellibrand—Minister for Health and Ageing) (9.09 am)—I move:

That this bill be now read a second time.

The Fairer Private Health Insurance Incentives (Medicare Levy Surcharge) Bill 2009 will amend the Medicare Levy Act 1986 to give effect to the budget measure to intro-
duce three new private health insurance incentives tiers.

The bill will commence immediately after the commencement of the Fairer Private Health Insurance Incentives Act 2009.

The Medicare Levy Act 1986 determines whether an individual is liable to pay the Medicare levy surcharge in respect of their taxable income or that of their spouse. The individual’s income for surcharge purposes determines whether a person must pay the surcharge. If the individual’s income exceeds prescribed income thresholds they will need to pay the appropriate level of surcharge.

This bill inserts the new tier system in order to determine which level of surcharge a person must pay where they do not hold appropriate private health insurance.

Debate (on motion by Mr Haase) adjourned.

FAIRER PRIVATE HEALTH INSURANCE INCENTIVES (MEDICARE LEVY SURCHARGE—FRINGE BENEFITS) BILL 2009

First Reading

Bill and explanatory memorandum presented by Ms Roxon.

Bill read a first time.

Second Reading

Ms ROXON (Gellibrand—Minister for Health and Ageing) (9.11 am)—I move:

That this bill be now read a second time.

The Fairer Private Health Insurance Incentives (Medicare Levy Surcharge—Fringe Benefits) Bill 2009 will amend the A New Tax System (Medicare Levy Surcharge—Fringe Benefits) Act 1999 to give effect to the recent budget measure to introduce three new private health insurance incentives tiers.

The bill will commence immediately after the commencement of the Fairer Private Health Insurance Incentives Act 2009.

The A New Tax System (Medicare Levy Surcharge—Fringe Benefits) Act 1999 determines whether an individual is liable to pay the Medicare levy surcharge in respect of a reportable fringe benefits total they or their spouse may have. The individual’s income for surcharge purposes determines whether a person must pay the surcharge. If the individual’s income exceeds prescribed income thresholds they will need to pay the appropriate level of surcharge.

This bill inserts the new tier system in order to determine which level of surcharge a person must pay where they do not hold appropriate private health insurance.

I commend the bill to the House.

Debate (on motion by Mr Haase) adjourned.

FAIR WORK (STATE REFERRAL AND CONSEQUENTIAL AND OTHER AMENDMENTS) BILL 2009

First Reading

Bill and explanatory memorandum presented by Ms Gillard.

Bill read a first time.

Second Reading

Ms GILLARD (Lalor—Minister for Education, Minister for Employment and Workplace Relations and Minister for Social Inclusion) (9.13 am)—I move:

That this bill be now read a second time.

Today the Australian government continues delivering on its election promises in Forward with Fairness.

The Australian government delivered the death of Work Choices with the passage of the Fair Work Act 2009 (the Fair Work Act). This is what Australians voted for at the 2007 election and it has been delivered.

The presentation of the Fair Work (Transitional Provisions and Consequential Amendments) Bill 2009 into this parliament
was a further step forward in paving the way for delivering a balanced, modern workplace relations system for Australia and providing sensible and practical transitional provisions for movement into the new workplace relations system.

A key commitment in Forward with Fairness was the creation of a uniform national workplace relations system for the private sector—a workplace relations system where businesses, large and small, are covered by one national system and one set of laws.

We undertook to work cooperatively with the states to achieve this goal. To this end, state and territory governments have been extensively consulted on all aspects of the Fair Work legislation.

The Australian government proposed that a uniform national workplace relations system for the private sector would be achieved either by state governments referring powers for private sector workplace relations, or other forms of cooperation and harmonisation.

I indicated in my second reading speech on the Fair Work (Transitional Provisions and Consequential Amendments) Bill on 19 March 2009 that I would introduce a further bill in May that would deal with consequential amendments to other Commonwealth legislation resulting from the Fair Work Act, and additional amendments consequential to any state referrals of power.

I introduce that bill, the Fair Work (State Referral and Consequential and Other Amendments) Bill 2009, to the House today with the additional announcement that this bill provides a framework for the Victorian state government to refer its workplace relations powers to the Commonwealth.

On 4 February 2009, the Victorian Minister for Industrial Relations, the Hon. Martin Pakula MP, wrote to me confirming the Victorian government’s decision to make a new text based referral to underpin the application of the Fair Work Act to all Victorian employers and their employees with effect from 1 July 2009.

The Australian government anticipates that the Victorian government’s bill to refer legislative power to this parliament will be introduced into the Victorian parliament shortly, and passed in time to coincide with the commencement of the Fair Work Act on 1 July 2009.

This will ensure that there are no interruptions in coverage for Victorian employers and employees. This will provide certainty of coverage to the working people and businesses of Victoria.

Given the importance of this bill in providing certainty to Victorian employers and employees, I call on the opposition to support the timely passage of this bill.

It is anticipated that the Victorian bill will refer to the Commonwealth parliament, for the purposes of paragraph 51 (xxxvii) of the Constitution, the power to:

- enact text that would extend the Fair Work Act in Victoria to cover unincorporated and public sector employers and their employees, and outworker entities, and extend the application of the general protections in a referring state;
- amend the Fair Work Act in relation to specified subject matters; and
- effect the transition of Victorian referral employees and employers from the system in place under the Workplace Relations Act 1996, as extended by the Commonwealth Powers (Industrial Relations) Act 1996 (Vic), to the new system created by the Fair Work Act.

Under Work Choices, not all parts of the laws were supported by Victoria’s subject matter referral, making the laws unduly
complex and inconsistent in their application.

The making of a text based referral by Victoria will ensure that all parts of the Fair Work legislation operate in the same way for all employees in Victoria.

**Initial reference**

The bill amends the Fair Work Act to enable states to refer matters to the Commonwealth with a view to establishing a uniform national workplace relations system for employers and employees in the private sector.

In the short term, Victoria is likely to be the only state that would be a ‘referring state’ under the bill. However, the bill establishes a framework that is ready to be adapted in future Commonwealth legislation to accommodate anticipated further references from other states.

The bill also provides scope for referring states to choose the extent to which the act would cover their public sector workforces.

The Australian government is continuing to work cooperatively with other states to secure references of power in time for full commencement of the system on 1 January 2010. In this context, the government anticipates that the reference framework provided in the bill may be further amended to take into account the views and needs of the other states concerning their national system participation.

**Amendment reference**

The bill will also reflect Victoria’s reference to enable amendment of the Fair Work Act in respect of specified subject matters insofar as any such amendments would otherwise be outside Commonwealth power.

The bill’s amendment reference provisions will enable the Fair Work Act to be amended to apply to all employers and employees in a referring state uniformly.

The subject matters of the amendment reference provisions correspond with the matters regulated by the Fair Work Act.

Some subject matters reflecting areas of regulatory responsibility of the state—such as equal opportunity and discrimination, occupational health and safety, public holidays, outworkers and workplace surveillance—will be excluded from the subject matters of the amendment reference. These matters generally correspond to those state laws the operation of which is preserved by the Fair Work Act.

However, these exclusions will not prevent the Commonwealth from amending the Fair Work Act in relation to any of these matters to the extent that the Fair Work Act, as originally enacted, deals with them or enables modern awards and enterprise agreements to deal with these matters.

**Transitional reference**

The bill will require a referring state to refer matters relating to the transition to the national system. Victoria’s new reference will enable the Commonwealth to transition Victorian employers and employees from the system in place under the Workplace Relations Act 1996 to the new system created by the Fair Work Act.

The anticipated Victorian bill will refer legislative power to enable the Commonwealth parliament to legislate to establish transitional arrangements for Victoria-specific awards and common rule awards underpinned by the existing Victorian reference.

To that extent, the bill will amend the Fair Work (Transitional Provisions and Consequential Amendments) Bill 2009 so that it also applies in relation to ‘state reference transitional awards’ and ‘state reference common rules’. These instruments will be derived from Victorian reference awards, transitional Victorian reference awards and
common rule awards currently dealt with under schedule 6 to the Workplace Relations Act 1996.

Amendments will also be made to the Fair Work (Transitional Provisions and Consequential Amendments) Bill 2009 so that the new legislative framework operates effectively in relation to state reference transitional awards and common rule awards from 1 July 2009.

Treatment of State public sector employees

The bill makes clear that a state is a referring state for the purpose of the legislative scheme, even though the matters referred may be subject to certain exclusions relating to public sector employment.

This is consistent with the Australian government’s policy to enable referring states to decide the extent to which their public sector workforces should be covered by the new system.

The bill will also amend the Fair Work (Transitional Provisions and Consequential Amendments) Bill 2009 and the Fair Work Act to implement a process for the making of state reference public sector modern awards.

In the first instance, these awards will cover public sector employers and employees in Victoria that are within the scope of Victoria’s reference of power.

Termination of reference

The bill also makes it clear that a state will be a referring state notwithstanding that the state’s referral law provides for the reference to terminate in certain circumstances. This is consistent with other Commonwealth references.

The bill will provide however that a state will cease to be a referring state if any or all of the text, amendment or transitional references terminate. This reflects the need to ensure the Fair Work Act can be amended in a uniform, coherent way.

Consequential amendments

The bill will also make transitional and consequential amendments to 67 Commonwealth acts that refer to parts of the Workplace Relations Act 1996 or to instruments under that act, and which will be repealed by the Fair Work (Transitional Provisions and Consequential Amendments) Bill 2009.

These consequential amendments will replace references to concepts, institutions and instruments in the Workplace Relations Act 1996 with references to corresponding concepts, institutions and instruments in the Fair Work Act. This includes changing references from the Australian Industrial Relations Commission and the Australian Fair Pay Commission to Fair Work Australia.

This bill also makes amendments to certain other Commonwealth legislation to clarify the operation of that legislation in the new federal workplace relations system. The more significant of these amendments include:

- amendments to the Migration Act 1958 to align the powers of migration inspectors in relation to employee records with the powers of Fair Work Inspectors under the Fair Work Act; and
- amendments to the Privacy Act 1988 to apply that legislation to small business operators within the meaning of that act who are also associations of employees.
Inter-governmental agreement

State governments participating in the national system will also be governed by a multilateral inter-governmental agreement (IGA), which will outline the principles of the national workplace relations system for the private sector and the roles and responsibilities of those participating states and territories and the Commonwealth.

The Australian government has undertaken significant consultation with the state and territory governments and, while these discussions are progressing well, the multilateral inter-governmental agreement may not be finalised prior to the Victorian referral date of 1 July 2009. Accordingly, the Victorian referral will be governed by an interim bilateral inter-governmental agreement until the multilateral inter-governmental agreement is finalised with other participating states. The interim bilateral inter-governmental agreement sets out consultation arrangements between the Commonwealth and Victoria in relation to amendments to the Fair Work legislation.

Conclusion

This government is well on the way to achieving its goal of a uniform national workplace relations system for the private sector. The new national system is based on fairness for working people, flexibility for business and the promotion of productivity and economic growth for the future prosperity of our nation.

The fundamental basis of the new system was established with the passage of the Fair Work Act 2009.

The bill I have introduced today is the next step in the creation of the national workplace relations system for the private sector promised by this government.

In making a fresh referral, the Victorian government has recognised the benefits of a national workplace relations system, including eliminating the costs and confusion for business and employees of dealing with separate workplace relations systems and instruments.

Over the coming months we anticipate other states will also take the step of becoming full participants in implementing this crucial national reform.

I commend the bill and the explanatory memorandum to the House.

Debate (on motion by Mr Haase) adjourned.
practice used for putting the wholesale funding guarantee into place.

Although the guarantee is a contractually based scheme, an appropriation is needed in the very unlikely event the government needs to make a payment of a claim under the guarantee.

In order for the scheme to be effective in allowing the states and territories access to the credit markets, ratings agencies and investors need to be confident claims will be paid quickly if a state or territory were to default on an obligation.

That is why the government is acting now to put in place this standing appropriation.

The bill has two substantive measures.

A standing appropriation is established by the bill to enable claims to be paid in a timely manner, in the unlikely event that claims are made under the guarantee, and to allow borrowings made under the bill to be repaid.

A borrowing power is also provided to enable timely payment of claims should there be insufficient funds in the Consolidated Revenue Fund when the claims are to be paid.

Quick passage of this bill will ensure that the guarantee will be fully effective once the contractual arrangements are in place.

The Rudd government has taken decisive action to stimulate the domestic economy, mostly through direct government investments.

But we know that for this stimulus to be effective, it is essential that states continue to maintain their own investment programs to support the economy, and protect jobs.

There has never been a more important time for governments to support jobs today by building the infrastructure we need for tomorrow.

That is why we are nation building for recovery.

And it is why I am introducing this legislation today.

I commend the bill to the House.

Debate (on motion by Mr Haase) adjourned.

TAX LAWS AMENDMENT (2009 BUDGET MEASURES No. 1) BILL 2009

First Reading

Bill and explanatory memorandum presented by Mr Swan.

Bill read a first time.

Second Reading

Mr Swan (Lilley—Treasurer) (9.31 am)—I move:

That this bill be now read a second time.

The Rudd government is proud to be delivering in the 2009 budget a fair go for pensioners. This support for our pensioners is long overdue.

But we also had to make some tough decisions to ensure the pension and retirement income system is sustainable and affordable into the future.

We could not lift the base rate of the pension without making savings elsewhere in the budget.

In total, the measures in this bill provide budgetary savings of almost $5 billion over the forward estimates.

Schedule 1 will better target the current general exemption applying to foreign employment income of those who are Australian residents for income tax purposes.

It will enhance the fairness and integrity of the tax system by ensuring that Australian resident taxpayers who work in low-tax jurisdictions pay the same rate of Australian tax as individuals who work in Australia.
From 1 July 2009, an exemption will apply to income earned as an aid worker, a charitable worker or under certain types of government employment such as a defence or police deployment. It will also apply to income earned as prescribed under regulations. Foreign employment income relating to projects that are in the national interest will remain exempt under existing rules.

Other foreign employment income earned on or after 1 July 2009 will be subject to Australian income tax, unless exempt under another provision of the tax law. However, a non-refundable tax offset will be claimable for foreign income tax paid on that income.

This change is expected to provide an additional $675 million over the forward estimates.

To deliver necessary savings, the government will also temporarily reduce the government superannuation co-contribution for eligible contributions made between 1 July 2009 and 30 June 2014.

Schedule 2 to this bill implements a temporary reduction in the co-contribution matching rate to 100 per cent for eligible contributions.

The criteria to qualify for a co-contribution, including income eligibility thresholds, will remain unchanged.

The scheme will still provide a very generous incentive for those low- and middle-income earners to save towards their retirement.

These amendments deliver savings of around $1.4 billion over the forward estimates.

The Australia’s future tax system review report into retirement incomes found that tax-assisted voluntary superannuation contributions should be more fairly distributed and that the current cap on the concessions should be reconsidered.

Schedule 3 to this bill implements the government’s response to this finding, while making a long-term contribution to sustainable pension reform, by reducing the level of the concessional contributions caps from 2009-10.

The concessional superannuation caps provide generous tax concessions primarily to high-income earners. The caps will now be halved—from $50,000 to $25,000 for those under 50, and from $100,000 to $50,000 for those subject to the existing transitional cap until 30 June 2012 for those aged over 50.

It is estimated that only 1.8 per cent of individuals making contributions will be affected by this measure—and these are predominantly high-income earners.

This measure goes some way to reducing the disproportionate benefits to high-income earners who can afford to make large concessional contributions.

The caps remain generous, and other incentives to contribute to superannuation remain, including the concessional treatment of fund earnings and in retirement.

This measure will save around $2.8 billion over the forward estimates.

The budget measures in this bill are part of a strategy that will ensure that we can build a fair and sustainable retirement incomes system into the future.

Every self-funded retiree has an interest in a decent safety net, especially now.

And in tough times such as these the government has had to take the tough decisions to deliver this important reform.

Full details of these measures are contained in the explanatory memorandum to the bill.

Debate (on motion by Mr Haase) adjourned.
COORDINATOR-GENERAL FOR REMOTE INDIGENOUS SERVICES BILL 2009

First Reading

Bill and explanatory memorandum presented by Ms Macklin.

Bill read a first time.

Second Reading

Ms MACKLIN (Jagajaga—Minister for Families, Housing, Community Services and Indigenous Affairs) (9.36 am)—I move:

That this bill be now read a second time.

This bill creates the position of Coordinator-General for Remote Indigenous Services to drive the implementation of the Council of Australian Governments’ (COAG) reforms across a range of areas including service delivery, employment and housing.

In late November 2008, COAG signed a National Partnership Agreement on Remote Service Delivery, which will change the way governments invest in remote areas, providing coordinated, concentrated and accelerated development across all levels of government.

The new model for remote service delivery will initially concentrate resources in priority locations across Australia.

The benchmark will be progressively to deliver in communities or townships facilities and services comparable with that in non-Indigenous communities of similar size, location and need elsewhere in Australia.

Government investment will be prioritised and coordinated to ensure each priority location has the infrastructure and services that support and sustain healthy social norms so people can reach their potential and communities can thrive.

As the backlogs are addressed and locations brought up to comparable standards, the approach will be extended to other remote communities.

Reporting directly to the Minister for Families, Housing, Community Services and Indigenous Affairs, the coordinator-general will work closely with Commonwealth, state and territory governments to ensure real improvements for Indigenous Australians against COAG’s Closing the Gap targets in remote locations specified by the minister.

The bill allows the minister to specify communities that are either remote or very remote and where a significant proportion of the population is Indigenous.

The position has been established to address the practical problems associated with designing, sequencing and rolling out a myriad of programs in remote communities.

The coordinator-general will ensure that the delivery of all government programs in the specified remote communities is coordinated between governments instead of being planned and delivered in isolation.

The coordinator-general will remove bureaucratic blockages and ensure commitments by government agencies are delivered on time by monitoring requirements under the National Partnership Agreement on Remote Service Delivery and other COAG reforms, assessing progress and advising government where there are gaps, slow progress, or where improvements need to be made.

The coordinator-general will also oversee planning and strategic investment in communities and provide agencies with guidance on good practice.

The coordinator-general will meet regularly with national and state and territory officials who will be identified as coordinators by individual government agencies or jurisdictions.

The coordinator-general will provide information to agencies on obstacles within...
their areas of responsibility and advise the minister and COAG on the need for systemic changes.

Some of the problems may be addressed through better systems and cooperation by agencies, while others will require policy responses which require ministerial involvement.

The coordinator-general’s approach will be to work with other parties collaboratively. The coordinator-general will provide regular reports to the minister on the progress made by all Commonwealth, state and territory agencies.

However, when there is an issue requiring urgent remedy, this bill will give the coordinator-general the powers:
- to require people to provide information and/or documents;
- to require people to attend meetings; and
- to request assistance from Commonwealth, state and territory agencies.

If the coordinator-general fails to receive an adequate response from an agency official, this bill allows for the matter to be reported to the head of the relevant Commonwealth, state or territory agency.

If the coordinator-general is not satisfied with the response from the head of the agency, the coordinator-general may report the matter to the minister and also the Prime Minister if necessary.

This bill also requires the coordinator-general to report to the minister twice each year, or as otherwise required, on the development and delivery of remote services since the last report, and on the progress that has been made in achieving the Closing the Gap targets within the specified remote localities.

The bill outlines the administrative provisions about the appointment of the coordinator-general including their appointment, acting arrangements, remuneration and leave, and resignation or termination of appointment.

The bill also makes provision for the coordinator-general to arrange with the Secretary for the Department of Families, Housing, Community Services and Indigenous Affairs for the services of APS employees from the department to be made available.

The establishment of this office is long overdue. It is supported by all Australian governments through COAG, to ensure government commitments in remote Indigenous communities are met.

I commend the bill to the House.

Debate (on motion by Mr Haase) adjourned.

SOCIAL SECURITY LEGISLATION AMENDMENT (IMPROVED SUPPORT FOR CARERS) (CONSEQUENTIAL AND TRANSITIONAL) BILL 2009

First Reading

Bill and explanatory memorandum presented by Ms Macklin.

Bill read a first time.

Second Reading

Ms MACKLIN (Jagajaga—Minister for Families, Housing, Community Services and Indigenous Affairs) (9.42 am)—I move:

That this bill be now read a second time.

The Social Security Legislation Amendment (Improved Support for Carers) (Consequential and Transitional) Bill 2009 provides part of the government’s response to the report of the Carer Payment (child) Review Taskforce, and gives effect to a number of measures aimed at improving assistance to carers from 1 July 2009. It has received wide-ranging support and been passed by the House of Representatives.

The bill being introduced today makes amendments as a consequence of the meas-
ures contained in the improved support for carers bill. That bill makes substantive changes to the qualification provisions for carer payment paid in respect of a child.

This companion bill makes minor amendments of a consequential and transitional nature.

The amendments include removal of references in the social security law that, from 1 July 2009, will be redundant and replaces those references with new terms and references necessary for the proper administration of the changes introduced in the improved support for carers bill. Amendments made by this bill will provide that carers who qualify for carer payment under the new qualification provisions will be able to take advantage of the 63 days (or the pro rata equivalent for carers qualified on a short-term or episodic basis) on which carers can temporarily cease to provide constant care and remain qualified for carer payment.

The bill provides that nominated visa holders who cannot qualify for carer payment as they do not meet the residence requirement can be granted an exemption from the activity test in relation to special benefit if they are providing care to a child or children who meet the criteria contained in the new qualification provisions.

The bill also amends the provisions that relate to the nomination of the principal beneficiary of a special disability trust, under the Social Security Act 1991 or the Veterans’ Entitlements Act 1986, to reflect the changes made by the introduction of the improved qualification criteria for carer payment.

Lastly, the bill provides for backdating of carer payment for people who apply for carer payment under one of the new qualification provisions. A person who makes an application before 1 October 2009 will be able to have their carer payment backdated until 1 July 2009 or to the date they became qualified for carer payment. The earliest they can become qualified is the date of implementation of the new qualification provision, which is 1 July 2009. I commend the bill to the House.

Debate (on motion by Mr Haase) adjourned.

MIGRATION AMENDMENT (PROTECTION OF IDENTIFYING INFORMATION) BILL 2009

First Reading

Bill and explanatory memorandum presented by Mr Laurie Ferguson.

Bill read a first time.

Second Reading

Mr LAURIE FERGUSON (Reid—Parliamentary Secretary for Multicultural Affairs and Settlement Services) (9.46 am)—I move:

That this bill be now read a second time.

The Migration Amendment (Protection of Identifying Information) Bill 2009 (the ‘bill’) amends the Migration Act 1958 (the ‘act’) to ensure that identifying information obtained by the department is protected and governed by part 4A of the act, which regulates the use, access and disclosure of ‘identifying information’. The bill also provides that the personal identifiers and personal information disclosed under certain provisions must only be disclosed by an officer to the extent necessary in order to obtain help from an individual to identify, authenticate the identity of, or locate the subject in connection with the administration of the act.

The act currently provides for a strict regime for the collection, use, access and disclosure of ‘personal identifiers’ collected under the act. This regime was inserted into the act by the Migration Legislation Amendment (Identification and Authentication) Act 2004. Part 4A provides for the obligations relating to identifying information.
and contains criminal penalties of imprisonment for two years or 120 penalty units, or both, for the unauthorised disclosure modification, impairment or failure to destroy identifying information as soon as practicable when required by the Archives Act 1983.

Section 336A of part 4A, as inserted by the 2004 amendments, provided that the definition for ‘identifying information’ included ‘any personal identifier’ and information and measurements derived from personal identifiers. A ‘personal identifier’ is defined in section 5A of the act to include fingerprints or handprints, measurements of a person’s height and weight, a photograph or other image of a person’s face and shoulders, an audio or video recording of a person’s face, an iris scan, a person’s signature or certain other identifiers prescribed by the regulations.

The Migration Legislation Amendment (Information and Other Measures) Act 2007, however, made an amendment to the definition of ‘identifying information’ in paragraph 336A(a) to provide that it is ‘any personal identifier provided under section 40, 46, 166, 170, 175, 188, 192 or 261AA of the act.’ The purpose of this amendment was to put beyond doubt that the offence provisions in part 4A only applied where the identifying information in question was a personal identifier provided under the specific sections above.

However, since the amendments to the definition in 2007, it has come to the department’s attention that this provision is more limited than the original policy intention intended. Recent legal advice suggests that personal identifiers belonging to our clients that are not currently protected by part 4A include those collected from other agencies (domestic or international), unsolicited external sources and from law enforcement agencies (often shared with the department as part of an investigation). In relation to these personal identifiers, DIAC has been adhering to part 4A of the Migration Act and the Privacy Act, where applicable, so there is no question of either act being breached.

Into the years ahead, Australia is going to be working in close concert with our international partners to pursue projects which may better facilitate travel for the legitimate traveller at the same time as assisting to uncover identity fraud or crime. In particular, identifying information such as biometrics will become an increasingly important tool in the fight against identity crime.

However, it is equally vital that identifying information—including biometrics—is shared strictly in accordance with the Privacy Act 1988 and the disclosure provisions of the Migration Act 1958.

In order to ensure that the rights and privacy of persons, whose personal identifiers are provided by international and external sources, are protected under the act, and to assure our international partners that the data they provide will be given this protection, it makes sense to subject all personal identifiers collected by DIAC for immigration purposes to the same statutory regime, that being part 4A of the act.

This bill will align the definition of ‘identifying information’ in the act with the original policy intention in 2004 that all personal identifiers obtained by the department are protected and governed by part 4A of the act. As there are criminal penalties associated with the unauthorised disclosure, modification, impairment or failure to destroy identifying information when required, amendment of the definition by the parliament is required as soon as possible.

In addition to the measures outlined, the bill also introduces a limit for the disclosure of personal information under sections
336FA and 336FB of the act. These sections authorise disclosure of certain personal identifiers for the purpose of obtaining an individual’s help to identify, authenticate the identity of, or locate, a subject. The limit will provide that, for a disclosure of information to be authorised for these purposes, the information must only be disclosed to the extent necessary in order to obtain an individual’s help.

The department ensures that identifying information is treated appropriately and in accordance with the act and the Privacy Act 1988. In particular, the department makes every effort to ensure any disclosures of identifying information outside of the department are done consistently with Information Privacy Principle 11(3). That is, bodies that receive this information are advised that they must not use or disclose of the information for a purpose other than the purpose for which the information was given to them.

The amendments in this bill will further support and enhance the department’s appropriate handling of identifying information concerning our clients, including their personal identifiers.

I commend the bill to the chamber.

Debate (on motion by Mr Haase) adjourned.

TAX LAWS AMENDMENT (2009 MEASURES No. 2) BILL 2009

Second Reading

Debate resumed from 19 March, on motion by Mr Bowen:

That this bill be now read a second time.

Mr ANTHONY SMITH (Casey) (9.53 am)—In speaking on this Tax Laws Amendment (2009 Measures No. 2) Bill 2009 I indicate that the opposition will be supporting it. There are eight schedules that deal with a range of technical and mechanical matters with respect to our tax laws. They were outlined in great detail by the Assistant Treasurer when this bill was introduced at the end of the last sitting, but I will run through them briefly. Schedule 1 amends a range of acts, including the Banking Act, the First Home Saver Accounts Act, the Income Tax Assessment Act 1936 and the Income Tax Assessment Act 1997, to remove unintended tax implications that arise from a failed authorised deposit-taking institution to the relationship with APRA, the Australian Prudential Regulatory Authority, with respect to payments made under the Financial Claims Scheme. This schedule will ensure that the payments made under the scheme are treated as if they were made by the failed authorised deposit-taking institution. It also prevents tax implications from arising from farm management deposit account holders who had their account with a failed approved deposit institution when they started—a new account with a separate ADI. For individuals with retirement savings accounts with a failed ADI, this schedule will ensure that the payments made by APRA into a new retirement savings account in a separate ADI will have the same tax treatment as a rollover superannuation benefit. Similarly, a payment made by APRA into a new first home savers account will be treated as a transfer from one to another. This will prevent individuals from claiming the government contribution twice. The schedule also deals with, and introduces, a range of reporting and withholding requirements for APRA in the case where an ADI fails and payments must be made under that scheme.

Schedule 2 of the bill makes some amendments to the Income Tax Assessment Act 1997 and to some related legislation to provide greater accessibility to small business capital gains tax concessions for owners of capital gains assets used under a passive asset structure. This was introduced by the previous coalition government in 2007. At
the time, changes were also made to the small business entity test and the net asset value test. Businesses in situations where an entity owns a capital gains tax asset but another related entity uses that asset in carrying on a business will now have greater access to those capital gains tax concessions. Schedule 3 proposes to clarify the law with respect to capital gains tax. Again, it does so by amending the Income Tax Assessment Act 1997. This is a highly technical area, as the Assistant Treasurer outlined in his second reading speech. This schedule is seeking to remove beyond any doubt what could be a technical interpretation of the law that might in a worst case scenario—the Assistant Treasurer and I would probably agree that it would be a remote scenario, but nonetheless a highly technical interpretation—see taxpayers having a CGT liability on receiving a tax offset and the like. This schedule simply puts beyond any doubt that unintended consequence occurring.

Schedule 4 provides a refundable tax offset for certain projects approved under the National Urban Water and Desalination Plan. The offsets are to be available from 2008-09 through to 2012-13 by issuing certificates. There is a range of detail about that within the bill. Schedule 5, which is a common schedule in our tax laws amendment bills, updates the deductible gifts recipient list, and it does that in two ways: by adding four new entities and by renewing three existing entities that the Assistant Treasurer outlined in his speech. Schedule 6 will expand the operation of the Australian Business Register, which was established by the former coalition government to reduce administrative costs for small businesses dealing with government agencies with the intent of reducing the number of times businesses have to give identical information to different agencies. This schedule will expand the operation of the register by using certain contact information provided by business to a government agency for updating information at all the other related government agencies. In doing so, it will allow the business register to act as a multi-agency registration authority.

Schedule 7 removes the requirement for a business to be a member of the Greenhouse Challenge Plus program to be eligible for more than $3 million in fuel tax credits. The requirement was there in the past. However, because the program ceases operation on 30 June this year it would have meant that businesses would not have been able to claim their fuel tax credits. This simply ensures that unintended consequence does not occur. The last schedule, schedule 8, will provide a tax exemption for payments made up under the clean-up and restoration grants scheme. Back in February, in the wake of the tragic bushfires in my home state of Victoria, the federal government and the Victorian state government announced a $51 million assistance package to assist small business and primary producers affected by the bushfires. I note that one of the ministers responsible for that, the Minister for Agriculture, Fisheries and Forestry, is here in the chamber. That has been a good package. It includes $5,000 clean-up and restoration grants, which can increase to up to $25,000 if the damage is significant. What this schedule does, the minister will be relieved to know, is ensure that these grants are not treated as assessable income. That exemption will apply from 2008-09 through the 2010 income year.

As I said at the outset, this tax law amendment bill deals with a range of necessary and technical tax matters to ensure the correct operation of the law. It went to the Senate Standing Committee on Economics. The committee reported on 7 May. It recommended that the bill be passed. The opposition is supporting this bill and I commend it to the House.
Mr RIPOLL (Oxley) (10.01 am)—I thank the House for this opportunity to record some of my views on the Tax Laws Amendment (2009 Measures No. 2) Bill 2009. Firstly, it is a bill designed to either amend, fix or otherwise bring into order a range of tax matters and issues in order to provide for a more robust, better, more efficient and streamlined taxation system. That is at the core of not only what this government has been about in coming to government but also what we philosophically believe in terms of providing a system not only for ordinary PAYG taxpayers but also for business—small, medium and large—to provide them with the tools that they need to get on with the job of business. As such, this tax laws amendment bill works to improve the current system. Secondly, it deals with a number of very important matters that are specific to recent tragedies of the bushfires in Victoria and other places. I acknowledge the comments by previous speakers in relation to that.

It is a fairly straightforward bill. It has a number of schedules, and I will work through those systematically. Schedule 1 outlines the financial claim schemes that were enacted in October 2008. The introduction of the legislation for these schemes was brought forward because of the global financial crisis, so it was not able to include the consequential taxation amendments at that particular point. The present package contains those taxation amendments. In broad terms, it aims to provide the same taxation treatment for payments that APRA makes under the financial claim schemes as would have applied to payments made by the failed financial institution or insurance company.

It also deals with capital gains and losses specifically in relation to rights that were created by the financial claim schemes which are ignored. Payments in relation to a farm management deposit, for example, or a retirement savings account or a first home saver account will generally have to be made into another account of the same type. That poses some challenges in terms of reordering that. What this does is ensure that the normal restrictions on withdrawing amounts from those particular accounts are maintained.

It is important for the integrity of the tax system, for the policies of this government and for taxpayers generally that taxpayer money being placed into these types of schemes and accounts be properly accounted for and that the restrictions that normally apply are applied right across the board. This ensures that the normal restrictions on withdrawing amounts are properly maintained. Those payments will generally be treated as a rollover from one account to another account to avoid them being treated as if they were a new account being opened, which they are not. APRA will be subject to the same obligations to withhold amounts from payments and to the same reporting obligations in relation to amounts withheld or rolled over that the failed institution would have been. That will provide the necessary integrity and clarity for people who find themselves covered by these changes.

Schedule 2 increases the access for small business to capital gains tax concessions. It deals with not only tax concessions on capital gains but also losses. This is for taxpayers who own a capital gains tax asset which is used in a business but specifically by an affiliate or an entity connected with that taxpayer and for partners owning a capital gains tax asset which is used in the partnership business. This will have effect from the 2007-08 income year. It is important to recognise that, for many businesses and partnerships, assets are owned by different entities within that business or across partnerships and they should have the same capital gains tax concessions as other parties. It is a fairly
sensible and straightforward change that needs to be made, and we are making it.

I note that these amendments have been actively sought by industry as part of our process of consultation with industry and with the sector. We need to make sure that we reduce the amount of red tape, compliance burdens and costs on small business and so we need to move quickly to make these changes and bring about a fairer, better and more efficient system of taxation.

The amendments under schedule 2 also make a number of changes to clarify and refine elements of the small business capital gains tax concessions so they operate in a flexible manner, as is the proper intent. Industry stakeholders did express support for the measures during the consultation process; in fact, a number of stakeholders suggested additional changes to the scope and application of the small business capital gains tax concessions. Although they were not adopted, as they were beyond the scope of the current amendments, they were certainly listened to and formed part of the decision-making process. Another reason those changes were not adopted is that we believed they would lead to more complex provisions or greater compliance costs for taxpayers. Overall, schedule 2 brings about some necessary changes.

(Quorum formed) Mr Deputy Speaker Scott, this is an outrageous abuse of the democratic process in this place—to gag a speaker on such a controversial piece of legislation such as the Tax Laws Amendment (2009 Measures No. 2) Bill 2009! I note for the record that we have got only two members of the opposition in here, because none of the others can be bothered to come in and hear about a decent piece of legislation that their mob over there had 12 years to fix. They could not be bothered, in 12 years, to do anything—

Mr Lindsay—Mr Deputy Speaker, I rise on a point of order, which is that the member is required to speak to the legislation before the parliament. You should bring him back to the legislation.

The DEPUTY SPEAKER (Hon. BC Scott)—I will determine that. The member for Herbert has no point of order.

Mr Melham interjecting—

The DEPUTY SPEAKER—The member for Banks! The member for Oxley has the call. Could those on my right either resume their seats and remain silent or leave the chamber.

Mr RIPOLL—Thank you, Mr Deputy Speaker, for drawing to the attention of the member for Herbert the fact that his point of order was out of order. That is exactly what it was: trying to gag the debate on this essential bit of legislation.

I would note that taxation is one of the most important and critical parts of the Australian economic system that we have in this country and something that this government has been committed to since winning the election: actually dealing with it properly, after 12 years of the mob on the other side sitting on their hands. I am sure their hands are so numb they can barely get up and flick through their standing orders to find a new point of order on which they could possibly sit me down and not have me speak on this bill. But I turn back—

Mr Ciobo—How’s that franchising report going, Bernie?

Mr RIPOLL—The franchising report is going very, very well, in fact. I turn back to why this bill in particular and these schedules are very much part of modernising the Australian tax system and ensure that we provide small business—while the Liberal and National parties may think that this is their constituency, it always seems to me that
it is Labor governments who make the hard decisions and make the necessary changes for them—with a more efficient method of taxation, a means by which to reduce red tape and bureaucracy and, in the end, a means through the tax system to ensure that they can get on with their business of providing services and products to the Australian community and economy, rather than being burdened or saddled with masses of legislation. I am sure the two members of the opposition sitting at the table would understand that, given that during their reign of power there was a doubling and tripling of the amount of taxation laws, creating this massive burden and impost on ordinary businesspeople trying to go about their daily work.

In relation to tax benefits and capital gains tax, our amendments under schedule 3 provide a general exemption from capital gains tax for capital gains or capital losses arising from a right or entitlement to a tax offset, deduction or similar benefit. That is pretty important, given the current environment, and adds to the number of incentives that this government has provided to small business operators and owners, medium-sized enterprises and large businesses to ensure that they can properly deal with the economic circumstances that have been thrust on us by the global financial crisis.

The amendment puts beyond doubt that a capital gain or capital loss would not arise for taxpayers who have a right to receive a tax offset, a deduction or any other tax benefit on the satisfaction of that right. Without going into the great list of incentives, offsets and deductions that we have put in place, this is an important measure to ensure that the tax system works hand in hand with the community and hand in hand with business operators.

Mr Ciobo—You should go through the list. It wouldn’t take long. There are only one or two.

Mr RIPOLL—I can hear a faint, distant voice from a member of the opposition. It is only faint because on these matters they are very quiet; they just peep up a little bit in the background. In the end, it is not so much that you should be measured in this place by what you say; you should be measured by what you do. I am very proud of the legacy that this government will leave, whether it is infrastructure development, boosting the economy, providing tax offsets and improvements to the tax system or greater efficiencies. Beyond doubt, the government’s economic stimulus packages have made a great contribution to Australia, ensuring not only that we survive the economic crisis brought on by global circumstances but also that we thrive and that people get on with their day-to-day lives and their business affairs.

Industry stakeholders particularly have expressed support for the measures we are putting forward and we thank them for their support—the Australian Industry Group, other business organisations, independent economists and others. They support the measures because they are really good measures, designed to be in the national interest. We hear all sorts of abuse from the other side when particular groups are mentioned, but they cannot have it both ways. When it suits you, you cannot be patting them on the back and when they say something that may not suit you, you cannot say that their voice is irrelevant or has no credibility. That is a real issue. I do not think the opposition understand that. They have some real issues with what they see as a voice out in the community, a balanced and fair interpretation or analysis of the things we are putting forward.
Having been an opposition member in this place for a very long time, almost 10 years, causes me to reflect on the things I could have done had I been in government for that time. The greatest lost opportunity which sticks in my mind—the things you can never really reverse, never really undo, the things you lament when you talk to your communities—is the lack of investment in infrastructure. In the good days, we used to come into this place and speak about the rivers of gold, the unexpected revenue and the windfalls that fell into the previous government’s lap. When you think about the opportunities lost—

Mr Lindsay—Mr Deputy Speaker, I rise on a point of order. In accordance with standing order 76, I ask you to bring the member back to the question being considered in this debate.

The DEPUTY SPEAKER—Thank you for your advice. I am listening to the member for Oxley. I remind him of the bill before the House, the Tax Laws Amendment (2009 Measures No. 2) Bill 2009.

Mr RIPOLL—Thank you, Mr Deputy Speaker. The only issue as to relevance is the opposition’s relevance deprivation syndrome. The opposition are completely irrelevant when it comes to tax law, efficiencies for small business and other things, which is exactly what this bill is about. I am sure if anyone is listening or perhaps will read this later—if I am so lucky—they will think I am being completely relevant.

The changes we are bringing about in this bill will provide a better tax system, doing the things that the previous government either were not interested in or did not have the fortitude to do. That reminds me of all the lost opportunities, the things we could have done in those 10 years in opposition by stimulating the economy and providing a legacy of infrastructure—ports, rail, road, things which make a difference to communities, regardless of who represents them.

We have been left with a great task, a task which we willingly face with great responsibility. My community shares the Ipswich Motorway—which we have heard a lot about—with neighbouring electorates. For all of the transport companies and small businesses using that lifeblood of a highway as a link between workplaces and homes, or business-to-business interactions, having to wait more than a decade for action to be taken and having to wait for a change of government has had a huge cost. It would be an interesting exercise to see opportunity cost, the cost to the economy today and how better placed we would have been during those three revenue rich years of the previous government—(Time expired)

Mr CIOBO (Moncrieff) (10.21 am)—The member for Oxley remarked about people listening to this debate. Mr Deputy Speaker, if they were, I think they changed frequencies a long time ago. That would have to be one of the driest contributions I have heard about a bill that is so important not only for a number of aspects of the Australian economy but in particular for small business, which is my focus. There are many aspects and schedules to the Tax Laws Amendment (2009 Measures No. 2) Bill 2009 and I intend to confine my comments to those aspects that deal with small business and in particular the fact that this bill will make a number of concessions to ensure that there is some assistance provided to small business.

If you were to listen to those opposite you would believe that in some way this bill is the salvation of small business in Australia. In large part that is because this government is so completely derelict when it comes to support of Australia’s 2.4 million small businesses that employ about 3.8 million Austra-
lians. For the vast majority of those opposite the closest contact they have with small business in this country is when they walk into one to buy a coffee. That is the most connection that the vast majority of government members have to small businesses in this country. That is the reason why I am pleased to talk about some of the things that the coalition did when we were in government and to outline some of our proposals about what we would do today if we were in government. In large part it stands as a contribution in response to the member for Oxley, who suggested that in some way nothing had been done for 12 years. He could not be more wrong.

The fact is that the coalition does understand small business. Small business is the constituency of the coalition. The coalition understands small business—unlike those trade union hacks that sit on the government benches. There are a whole lot of them in the chamber now—and they are putting their hands up because they know. They went from university straight into the trade unions and from the trade unions straight into this chamber. Their knowledge of small business is nil. You say to one of them, ‘What can you tell me about PAYG instalments?’ and they look blankly back at you. They have got no idea what that means for small business. So no wonder that the member for Oxley, who suggested that in some way nothing had been done for 12 years. He could not be more wrong.

The second announcement was put out by the Labor Party about their tax-effective investment allowance, and we have seen the Labor Party crowing about this proposal outlined in the budget. This was going to do so much to help Australian small businesses. That measure, like the one that is before the House today, will assist some small businesses—and there is no doubt about it; I am not going to pretend it does not. But the reality is that for the 93 per cent of Australian small businesses that are under cash flow stress, that announcement does nothing. And the reason that the announcement does nothing—and this is what Labor fails to understand—is you have got to have a dollar to spend a dollar. There is no point providing a tax-effective investment allowance increase to 50 per cent to encourage small businesses to spend if they do not have a dollar to spend or if they do not have access to credit. Labor just does not get it.

Mr Laurie Ferguson interjecting—
Mr CIOBO—So I am very pleased to talk about our track record. I am pleased to talk about our six-point small business action plan which would ease cash flow, make it cheaper to employ people and keep people employed in Australia’s small businesses. Particularly, though, because I gave a commitment to the minister and the parliamentary secretary at the table that I would only go for about five or six minutes, I will confine my comments now to honour my commitment. So I will specifically talk about the TLAB No. 2 bill and in particular I will make a couple of comments with respect to schedule 2.

Mr Laurie Ferguson interjecting—

Mr CIOBO—Schedule 2 of the bill expands the scope of the concessions for those assets which are used under a passive assets structure. The amendments allow a small business only a capital gains tax asset that is used in a business by an affiliate, or an entity associated with the small business, to access the small business capital gains tax concessions. The amendments also allow partners who own a capital gains tax asset that is used in a partnership business to access the small business capital gains tax concessions through the $2 million aggregated turnover test where the capital gains tax asset is not an asset of the partnership. The coalition welcomes these amendments. Indeed, we have advocated for the small business capital gains tax concessions to be expanded further, and that was first outlined by the Leader of the Opposition, Dr Nelson, in his budget-in-reply a little over a year ago, and this would occur of course under an elected Turnbull government. It will further expand the small business capital gains tax concessions by reducing the active asset test from 15 years down to five years, giving small businesses access to the concessions.

So I put that on the table as something else that the government should copy from the coalition. If you copy it from the coalition you will receive praise from the small business sector because it is something that the small business sector would like to see instituted. The commitment was made by the Leader of the Opposition in the 2008 budget-in-reply and the government is still to respond to our proposal. Only a Turnbull coalition government would provide further relief for retiring small business owners through the small business capital gains tax concessions.

Finally, I have heard the interjections from the Parliamentary Secretary for Multicultural Affairs and Settlement Services, who is sitting opposite, that I go on longer. I will just indulge the House and myself for one brief moment to reflect on the comments made by the member for Oxley when he spoke about having spent 10 years in opposition focusing on the things that he was lamenting, the things that cannot be undone, and saying that they were his inspiration for policy.

If there is one issue that the member for Oxley should be lamenting, if there is one example of a thing that cannot be undone, I would say to the government that it is their $300 billion of debt. That is something that you should lament—$300 billion of debt that the small business men and women of Australia will have to pay for through higher interest rates and higher taxes. That is what cannot be undone. That is what the government should be lamenting, because of their $124 billion splurge of new spending. Ten million dollars an hour since the Rudd Labor government were elected is what the government should be lamenting. It will be, unfortunately, on the shoulders of Australia’s 2.4 million small business men and women to be paid off. The Rudd Labor government have accrued $9,000 of debt for every single man, woman and child in the 18 months since they went to office.
since they were elected. That is the great travesty of this reckless government, who have lost control of the public finances and are crippling confidence in Australia’s small business sector.

Small business men and women say to me that the best thing that this country could ever see would be for this reckless spending government to be voted out of office and for the coalition to be re-elected. It took us nearly 12 years to repay Labor’s $96 billion worth of debt. It is going to take us who knows how many decades to repay Labor’s $300 billion worth of debt, which they have managed to rack up in a relatively short 18 months. Having said all of that, I will honour my commitment to the parliamentary secretary at the table and confine my remarks to that.

Mr CHAMPION (Wakefield) (10.31 am)—I had no idea we were discussing debt today. I thought we were discussing the Tax Laws Amendment (2009 Measures No. 2) Bill 2009. The member for Moncrieff did not tell us what their debt policy is or what their debt position is.

Mr Ciobo—Less than yours.

Mr CHAMPION—How much less?

Mr Ciobo—A lot less.

Mr CHAMPION—How much less? We will never hear a figure.

The DEPUTY SPEAKER (Ms S Bird)—Order! Members will not engage in a debate across the table.

Mr CHAMPION—The truth is that the opposition may well attempt to balance the budget but they will raise taxes and slash services to do it. That is what their real policy is and I have spoken about that in this House in other debates.

I should begin my remarks on this bill by commending the Assistant Treasurer on his diligence in preparing these measures included in the bill today. He has made an extensive effort to update several important technical and administrative procedures in our tax law. These amendments are a bit dry but they have very real impacts on the lives of families and workers throughout Australia.

I support all the measures in the bill but I want to focus on four matters within it: firstly, the review of the tax consequences for claimants under the Financial Claims Scheme; secondly, the provisions for tax offsets for national urban water projects; thirdly, the update of fuel tax credit rules; and, finally, support for those affected by the devastating Victorian bushfires.

The first schedule of this bill reflects the government’s continuing commitment to making sure that the impacts of the global financial crisis and the recession do not punish Australian families. One measure that was introduced last October to protect the savings and the financial position of Australians was the Financial Claims Scheme. That gave the Australian Prudential Regulation Authority, APRA, the power to make payments to account holders in failed financial institutions. The establishment of the FCS followed consideration by the Council of Financial Regulators dating back to 2005. It reflects the recommendations made by the HIH Royal Commission in 2003 and by the Financial Stability Forum early this year, which involved the G20.

Obviously this measure was implemented far more quickly than one would have originally planned because of the onset of the global recession. It was an early sign of the government’s commitment to Australians and to the stability of their financial institutions. It is an important program because early access to payments and the security of payments is important to ensure that Australian families, if they are to be affected by the
liquidation of an institution, can continue to meet their own day-to-day costs.

This bill ensures that payments made under the scheme do not attract an inappropriate tax liability. Basically it ensures that the taxation treatment of payments from APRA is equivalent to the treatment of payments made by the institution itself. The specific amendments cover capital gains tax, farm management deposits, retirement savings accounts and first home saver accounts. Due to these amendments, capital gains and losses in relation to what is created by the FCS will not have any effect, which is a common-sense proposal. We would not want to lump people with a tax liability that would not have occurred if a financial institution had not collapsed. Similarly, payments made to farm management deposits, retirement savings accounts and first home saver accounts will have to be made into an account of another type, but those transfers will be treated as a rollover and that, again, stops unnecessary or unfair tax consequences from arising. It is the only fair way to deal with situations that may come up in the future. These administrative amendments are common sense. They save families the potential of an unfair tax liability and they help to provide stability to our financial system.

This bill also delivers on important commitments providing refundable tax offsets for projects under the government’s National Urban Water and Desalination Plan. Obviously that is a key plank for the government’s Water for the Future policy. It supports initiatives that deliver a diverse range of water sources for community and for industry, particularly focusing on the efficient use of water.

I have seen firsthand the result that communities can get from projects to save water. In my own electorate of Wakefield, both the Salisbury City Council and the City of Playford Council are world leaders in the reuse of stormwater. At the moment Playford council are constructing the Stebonheath Flow Control Park, which will return about 80 to 120 megalitres into the aquifer which is later reused in parks and for industry. To give you an idea of the effect this has: recently we were at the Stebonheath Flow Control Park to raise an extra $200,000 for playground equipment—part of this government’s election commitments being delivered on the ground. While we were there, the wetlands were being constructed. We had had about 10 millilitres of rain the night before and it was already beginning to be collected in that park—so much so that they were digging the overflow channel just in case they got a bit more rain. Rain, of course, has been a rare thing in Adelaide over the last four years or so.

This government is committed to further projects to provide water security in Adelaide. Under amendments in this bill, eligible projects will be able to receive an assistance rate of 10 per cent of the eligible capital costs up to $100 million per project. That is a very real incentive. It is a measure of this government’s commitment to ensuring the water security of places like Adelaide and across the country. This is in addition to funding of some $228 million that has been made available in the budget to build a desalination plant and so double capacity in Adelaide. This is very important given that Adelaide relies almost exclusively on the Murray-Darling Basin for its drinking water. In Adelaide, there is always a bit of finger-pointing at people’s water use upriver, but I think that we do have to look at our own water use and make savings and provision so that we are not relying on that river system.

The bill also reforms the fuel tax credit scheme. (Quorum formed) We can tell that the tactics of the opposition today are just going to be to obstruct the business of the
House in order to create chaos in this great institution of democracy. I think it is quite unfair to the government and to the Australian people. Nevertheless, I will continue to remark on the bill. As I was saying, since we are attempting to cut emissions and decarbonise our economy, it made sense in the past to give an incentive for heavy fuel users to monitor and reduce their fossil fuel consumption. Under the current system, those able to claim a fuel tax credit of more than $3 million have to be members of the Greenhouse Challenge Plus program. As this government has adopted a more comprehensive approach to climate change through its Carbon Pollution Reduction Scheme, programs like Greenhouse Challenge Plus have become unnecessary. They are slowly winding up because the CPRS will achieve the same policy outcome but far more effectively.

There are many businesses in Wakefield that are aware of the amendments in schedule 7 of this bill. If they are not adopted, the greenhouse challenge criteria will remain, even if the program does not. As a result, large users of the fuel tax credit scheme will lose the benefit. That would be at odds with the policy intent of the government. Obviously, we want to pass this measure. It is good that the opposition are supporting the bill, despite their antics with quorum calls and their disruption of this House. But every moment they delay these important and sensible measures potentially leaves small and medium businesses and civil contractors out of pocket. I know from my own meetings with the Civil Contractors Federation that the fuel credit system is critical to a functional and profitable civil construction industry, so I would like to see the bill passed quickly and without unnecessary delay.

Finally, this bill delivers important exemptions from the tax on clean-up and restoration grants for small businesses and primary producers affected by the Victorian bushfires. The bushfires were a great national tragedy. Many Australians around the country live with the threat of bushfire. Obviously, we all want to sincerely support anybody affected by that devastating event. People came together right across my own electorate—particularly in the country areas, where they have experienced bushfire themselves—to volunteer, to raise money and to offer support, moral and financial. Obviously we have to acknowledge that compassion and support. There was a spontaneous outpouring right across the country for those affected by both the floods and bushfires in Victoria and the floods in Queensland. I made some donations to a fundraiser in my home town of Kapunda. I know the Mallala community raised $1,400, and literally thousands of people attended a fundraiser at Clare oval to raise $15,000 for that worthy cause. So many people across the country, certainly across my electorate, are putting their hands in their pockets and their hands on their hearts to support people affected by that devastating tragedy.

It is in this spirit that the bill recognises the hardship suffered by so many businesses and primary producers affected by the fire. The assistance package will assist individual businesses to recommence trading as soon as possible. That is a key part of rebuilding and getting things back to normal. These people should not have to worry about tax liabilities arising from the assistance that they have been given. So it is a really important part of the bill—again, a small administrative arrangement which has a huge effect. I commend the bill to the House.

Mr NEUMANN (Blair) (10.46 am)—I rise to speak in support of the Tax Laws Amendment (2009 Measures No. 2) Bill 2009. Nothing frustrates business more than the oddities, irregularities and eccentricities of the tax system. Dealing with and being involved in business every day is a frustrat-
thing from time to time. Getting those letters from the tax office and thinking about inappropriate and unintended consequences to actions you undertake with respect to rolling over assets or employing new staff is extremely frustrating for business in the circumstances.

We know, at this really difficult time, we have lost across the forward estimates $210 billion in tax revenue. One in every five dollars that the government gets now and is going to get into the future has been lost. We know a lot of that is caused by the global financial crisis and what we have seen. We know also that our unemployment rate is going to rise. That means that people are going to be out of work and they will not be paying tax. Businesses may fail, and the consequence of that will be a reduction not just in capital gains tax and fringe benefits tax but also in corporate tax. The consequence of that is that our revenue is going to suffer.

We know at this time that our businesses are going to do it tough, and some of them already are. We see the consequences of the global recession every day in our electorates. Family, friends and constituents are losing jobs. If we can support small business, that is a wonderful thing and it is necessary for the benefit of our economy and those whom we represent here in parliament. There are about 1.9 million small businesses in this country, employing over four million people. They are the heart and soul, the tissue and the lungs, and the backbone of our economy.

In small rural communities, in regional areas, in country towns in Queensland, small business is the lifeblood of employment. There are often no multinational companies but there are bakers, butchers, local real estate agents and used car dealers. There are millions of people in small business in rural and regional Queensland. In cities like Townsville and Ipswich, and Rockhampton and Mackay, small businesses flourish. It is not the headquarters of multinational corporations but small businesses that are there, present and operating each and every day, and they are going to do it tough.

This legislation contains a suite of changes to assist small business. Some of them relate to charity. Some of them relate to bushfire victims in this wonderful and terrifying country—we have seen that in Queensland with floods around Ipswich, Caboolture and Brisbane itself. We have seen it in northern New South Wales. We have seen it up north, in Far North Queensland; we have seen about 62 per cent of Queensland under flood. We live in a wonderful country but Mother Nature treats us quite harshly. In one of the schedules, there are changes to assist bushfire victims in Victoria. But there are also important measures in the tax laws amendment which will mean that inappropriate tax consequences will not be thrust upon business.

We have done many things to stimulate the economy and help small business. For example, one of the many things which many people in my electorate have talked about in terms of tax changes to help small business has been the 30 per cent small business tax break—now increased to 50 per cent in circumstances where small businesses acquire eligible assets costing more than $1,000 between 13 December 2008 and 31 December 2010. That is going to benefit many small businesses. The increase in the R&D tax credit is also going to help small business. One of the pieces of legislation we debated last night, the PAYG cash flow relief, will also help small business, with $720 million in relief poured into small businesses. That will help over a million small businesses to pay their quarterly PAYG instalments in a previous year, by adjusting the GDP adjust-
ment factor from nine per cent to two per cent.

And of course the amendments we are talking about here by way of schedule will help small businesses as well. I will go through those in detail. Schedule 1 will make a difference because we acted in an early and decisive way, in response to the challenges we faced economically, with the Financial Claims Scheme last year. Under that scheme APRA can make payments to account holders in failed institutions and to claimants under general insurance policies which deal with failed insurance companies. That was about those in farming communities with farm management deposits, those with retirement savings accounts, those with first home saver accounts and those with a variety of other forms of accounts who would otherwise have lost out on being supported in the circumstances. It was about sustaining the economy, sustaining our constituents and sustaining the lifeblood of small and regional communities.

But it is important that we do not inadvertently trigger capital gains tax consequences for those schemes. It is important that, when we do this, we ensure that, for example in relation to farm management deposits, a transfer for tax purposes is not a withdrawal. It should not trigger a tax consequence. In relation to retirement savings accounts, it should be considered a rollover and not a withdrawal in the circumstances. The same thing applies to first home saver accounts. They should not be adversely affected, because it is real people, people in our electorates, who are involved in these types of deposit accounts—people who have done this thinking about their security for the future, thinking about the security of their farming businesses—who would suffer as a result.

The Financial Claims Scheme, as I said, was brought in in October 2008. It was brought forward to deal with the consequences of the global financial crisis. But we did not want to have it installed in such a way that it inadvertently hurt small business. So, in those circumstances, the amendments in relation to schedule 1 will make a big difference in the lives of small business in my community in Blair, where we have many small businesses, not just in Ipswich but also in those small rural communities like Kalbar, Boonah, Laidley, Gatton, Withcott and other places.

Under schedule 2 we see some changes that increase access to small business CGT concessions for taxpayers owning a CGT asset used in a business by an affiliate or entity connected with a taxpayer and for partners owning a CGT asset used in the business. That will make a big difference in the lives of many people. The amendments here increase concessions for taxpayers owning a capital gains tax asset used in a business. That way those people, who are all involved in small business, do not have to pay increased tax in the circumstances, if they can allow their partner to make an asset for general use in the partnership to access the small business tax concession via a small business entity test. That is more appropriate and it lines up with the tax law in a more effective and efficient way. The current law means they have to claim the concession in a different manner, and that should not be the case.

The third schedule in relation to this matter, I think has some significant benefits. One of the things about being a lawyer is that you are always amused and bewildered by legislation that has unintended consequences. It does not matter which side of politics is in power, from time to time legislation is drafted that confuses people. It happens at a state level, a territory level and a federal level. There are some highly technical interpretations of law. You can measure the In-
come Tax Assessment Act by weight as opposed to any other measure. You could almost use it as a dumbbell, it is so large. It is extraordinary that in this country we have ended up with an Income Tax Assessment Act that means you have to have a doctorate of tax law to be able to interpret sections of it. It is one of the most confusing parts of law, not just for lawyers but also for accountants and for small businesses. It is possible to interpret our legislation in such a way that a right or entitlement to receiving a tax offset is considered a capital gains tax asset for tax purposes. That is simply ridiculous. Tax offsets are intended to help, not hinder, small business. Tax offsets are meant to be tax benefits for eligible taxpayers. They are not meant to potentially incur tax consequences of an adverse nature to taxpayers. The amendment here provides a general exemption from capital gains tax for capital gains or capital losses arising from a right or entitlement to a tax offset deduction or similar benefit. So it has some benefit as well.

Schedule 4 talks about amendments providing financial assistance. (Quorum formed) I am nearly finished. The member for Herbert could have waited a few more minutes. I know that water is an issue in dealing with climate change. It is something the coalition really do not want to deal with too often. They prefer procrastination, idleness and inactivity in dealing with issues such as the CPRS because it is all too hard. The opposition are divided between the sceptics and the moderates, those who want to take action and those who want to simply do nothing. They just do not want to hear about it. Schedule 4 of this legislation deals with the National Urban Water and Desalination Plan. It relates to offsets and it makes significant improvements. The member for Wakefield has gone through these amendments in detail, but I just comment briefly that it forms part of our policy called Water for the Future and it will support activities, proposals and initiatives which will improve investment and increase the diversity of our water supply options—and that is important—to encourage industry and to encourage our community to save water and to use it more efficiently.

In Queensland, and particularly in South-East Queensland, we had dam levels below 20 per cent for a long time. Thankfully, Mother Nature has looked upon us with kindness in the last few months and our dam levels in South-East Queensland are collectively up to about 70 per cent. That has good consequences for industry, small business and farming communities. I still think it is necessary in the circumstances for us to be vigilant and to have a national plan not just for local government and urban development but also for water management and usage. The use of water has become very elastic in South-East Queensland. People are used to meeting the challenge every day of the adequate and appropriate consumption of water—of saving it, of engaging in grey water initiatives and of simply teaching their children how precious water is. So schedule 4 is a good and appropriate initiative in all the circumstances.

Of course, we allow many organisations to obtain deductibility for charitable purposes and for income tax deductions. Certain gifts are given by people who are motivated by a more communitarian response—they want to help their fellow citizens, whether it is in the area of charity directed at health or the relief of poverty—and we enable a lot of organisations to offer the service of income tax deductions for gifts made to them. So getting deductible gift recipient status is very important and schedule 5 opens it up to a number of different organisations.

Schedule 6 is very interesting in that it allows, for example, a more appropriate use of
reporting, forms and business accounting as well as electronic interactions between business and government. Schedule 6 allows the Registrar of the Australian Business Register to act as a multi-agency registration authority. It is a very good initiative. It will enable business to operate in a more effective way. It will simplify the relationship between government and business, reducing costs, duplication and the frustration that business often finds in dealing with government.

I will not go through the greenhouse challenge initiatives here. The member for Wakefield has gone through those in detail. As I have said, schedule 8 deals with tax exemptions for certain grants to businesses affected by the bushfires. It is important that we give our businesses confidence. How we deal with the taxation system, and how it affects small business, affects many millions of people in Australia. We are going through the worst global recession in 75 years. In the circumstances, it is a good thing—and the right thing—to act in a way which supports jobs and cushions the impact of the recession on our economy and on our electors. If we can change the taxation laws of this country to achieve that measure—to support jobs and small business to ensure that we as a country have a strong and prosperous future—that is the right thing to do by our country and by the individuals who are employed by small business. I commend the legislation to the House.

Mr LINDSAY (Herbert) (11.06 am)—I commend the member for Blair for his understanding of small business in Queensland and in Australia. He is dead right when he says that nothing frustrates business more than the impacts that governments sometimes have on their operations. At this time it is important that we do as much as we can to reduce those impacts. The Tax Laws Amendment (2009 Measures No. 2) Bill 2009 helps in a number of instances. The CGT changes are certainly valuable. The changes to the Australian Business Register help. The amendments to the Fuel Tax Act on fuel tax credits will be useful. And, for small business involved in the clean-up and restoration in Victoria after the bushfires, the exemption from tax on those grants will certainly be well received.

I am particularly supportive of the changes in relation to the urban water tax offset. Water supply is just so critically important these days. As the government tries to improve the security of water supplies to our major cities and the impact of this particular measure, the refundable tax offsets for eligible projects, in schedule 4, will in fact very much help both small and large businesses in making sure that these projects proceed as we would want to see them proceed.

I have a number of young Australians who give me advice, particularly on the National Urban Water and Desalination Plan and the refundable tax offsets. I am indebted to Nicholas Stanton, who has given me engineering and business advice on that particular matter. I also thank Keegan Sard on ETS and environment, Ella Bauman on higher education and Murray Bruce, particularly, on international relations. The opposition will certainly be supporting this bill and I thank the House for its attention.

Mr CHEESEMAN (Corangamite) (11.08 am)—The Tax Laws Amendment (2009 Measures No. 2) Bill 2009 is a multifaceted bill covering a wide range of tax related amendments. It looks at the tax amendments to the Financial Claims Scheme, it covers capital gains matters, it covers tax offsets for water desalination projects and it covers issues in relation to the Fuel Tax Act. It also contains assistance measures for small businesses and primary producers affected by the Victorian bushfires, amongst other matters.
Many of these amendments go hand in hand with the measures we have taken to address the global financial crisis. These are measures that essentially give effect to the government’s decisive action in relation to the global financial crisis.

Before I go to some of the detail of these matters, I want to say a couple of things more broadly about the government’s response to the global financial crisis, as it has now been called. It is useful to think about some of the alternative scenarios faced by this nation. Can you imagine what Australia would be like today if we had not taken the decisive response to the global financial crisis we did take? Where would we be? We would be much more like America today, I suspect, if we had not taken such decisive action. America had a weak President, a very much diminished President, when the global financial crisis kicked in. I believe there was some of the lowest polling ever in America’s history as a consequence of that. America’s initial response to the global financial crisis was denial, and then inaction. We can contrast this with Australia’s strong and decisive action under the Rudd government, which this bill in detail reflects. If we had not taken the sort of response that we did under the Rudd government our cities and towns would be much more like many of America’s cities today, where hundreds of thousands of people are losing their jobs and their homes. Under this government’s response, which the detail of this bill backs up, we are creating hundreds of thousands of jobs. Our response has been strong and immediate.

I would like to go through some of the detail and aspects of this bill because they are very important to this nation. First, in relation to the capital gains tax amendment components, under the APRA scheme capital gains and losses arising from rights under the scheme are disregarded, ensuring that the scheme does not trigger capital gains tax consequences that would not have arisen if the scheme had not been applied. In relation to the Farm Management Deposits Scheme, an amount paid under the scheme in relation to the farm management deposits, the FMD, will be treated as a transfer of the FMD for tax purposes and not as a withdrawal of the FMD and the making of a new FMD. This ensures that the scheme will not trigger any tax consequences that would not have arisen if the scheme had not applied.

In relation to the retirement savings accounts, an amount paid under this scheme in relation to a retirement savings account with a failed financial institution into a new retirement savings account with another institution is treated as a rollover superannuation benefit, and I think that is very appropriate. This ensures that the payment is treated the same for tax purposes as if it had been made by the failed institution.

In relation to the first home savers account, an amount paid under the scheme in relation to a first home saver account with a failed financial institution into a new first home saver account with another institution is treated as a transfer between accounts. This ensures that the payment into the new account does not become ineligible for government co-contribution. An account holder’s ineligibility to have a first home saver account is rolled over into the new account and the time to notify a provider or the ATO of the ineligibility is extended so that he or she is neither advantaged nor disadvantaged by any changes in eligibility that occur whilst the existing account with the failed institution cannot be assessed.

There is more detail in relation to this schedule; however, the intent here is to ensure that people are not disadvantaged by the quirks of the taxation system and so ensure that these initiatives are implemented in a fair and equitable way.
The Financial Claims Scheme was enacted in October 2008. The introduction of the legislation for the scheme was brought forward because of the global financial crisis and so was not able to exclude any consequential amendments. In broad terms, it aims to provide the same taxation treatment that APRA makes under the Financial Claims Scheme as would have applied to the payments if they had been made by the failed financial institution or insurance company. Capital gains and losses in relation to rights created by the Financial Claims Scheme are not ignored. Payments in relation to a farm management deposit—(Quorum formed)

Clearly, there has been a change of thinking in the tactics committee of the Liberal Party, or at least perhaps a rather spoilt brat running the show.

The DEPUTY SPEAKER (Ms S Bird)—The member will withdraw that comment.

Mr CHEESEMAN—I withdraw. Payments in relation to a farm management deposit, a retirement savings account or a first home saver account will generally have to be made into another account of the same type. This ensures that the normal restrictions on withdrawing amounts from those accounts are maintained. Those payments will generally be treated as a rollover from one account to another to avoid the consequences of them being treated as the opening of a new account. APRA will be subject to the same obligations to withhold amounts from payments, and to the same reporting obligations in relation to the amounts withheld or rolled over, that the failed institution would have been.

Another matter tackled by these amendments is the matter of small business capital gains tax concessions—of course, very important to my constituency within Corangamite. These amendments to the small business capital gains tax concessions increase access to the concessions for taxpayers owning a capital gains tax asset used in a business by an affiliate or entity connected with the taxpayer and for partners owning a capital gains tax asset used in a partnership business. The main changes were announced in the 2008-09 budget. These amendments had been actively sought by industry, and will be a real help to many small businesses in my own electorate. Corangamite, my own electorate, is based around small business, and I have done a lot of work with small business to find out what their needs are in difficult circumstances. I am pleased to see them get assistance, particularly when we are in such difficult times as we are now.

These amendments will also make a number of additional changes to refine and clarify elements of the existing small business capital gains tax concessions so that they operate flexibly, as of course the government intended. Industry stakeholders expressed support for these measures during consultation processes. A number of stakeholders suggested additional changes to the scope and application for small business capital gains tax concessions. The additional changes were not adopted, as they were beyond the scope of the current amendments and would also lead to more complex provisions or greater compliance costs for taxpayers.

I would also like to say a couple of things about the tax offset component in this bill in relation to urban water and desalination projects. I think it is a very important measure. It will help important water desalination projects get off the ground. The government is providing financial assistance under the National Urban Water and Desalination Plan to improve the security of water supplies to all of Australia’s major cities. This will be achieved by supporting major desalination, water recycling and stormwater harvest pro-
projects that will contribute significantly to this end. This measure implements the tax offset component within this plan. Assistance is capped at 10 per cent of eligible capital costs up to a maximum of $100 million per project. Successful applicants which are outside the tax system will receive cash grants instead of tax offsets. The Minister for Climate Change and Water is responsible for approving this assistance, and the plan is administered by the Department of the Environment, Water, Heritage and the Arts. Part of the National Urban Water and Desalination Plan involves funding for stormwater harvesting projects. Additional funding for these projects, as well as relaxed eligibility criteria, were negotiated with Senator Xenophon as part of the passage of the $42 billion stimulus package through the Senate.

This forms part of the government’s Water for the Future strategy and will support initiatives that drive investment in diverse water supply options and encourage industry and the community to save and use water more efficiently. This measure implements the government’s election commitment. Within my own seat, and in the city that I represent, there are two major projects in relation to water recycling. There is the $20 million commitment to Shell, which is a part of federal Labor’s commitment in the federal seat of Corio, and there is a $10 million commitment to the Black Rock recycling plant, which, of course, is very pleasing to my electorate. Most of the other elements which I have not touched on today have been canvassed by numerous speakers, so I will leave it at that. I commend this bill to the House.

Mr Bowen (Prospect—Minister for Competition Policy and Consumer Affairs, and Assistant Treasurer) (11.23 am)—in reply—I thank all honourable members who have participated in this debate. The members for Blair, Wakefield, Oxley and Corangamite gave very worthwhile contributions, as did, I must say, the members for Herbert and Casey. The member for Casey, the shadow minister, gave a well-considered and thoughtful presentation, as is usually the case. Unfortunately, we cannot say the same for the member for Moncrieff, the shadow minister for small business, who engaged in his normal bluff, bluster, sophistry and factual inaccuracies. (Quorum formed)

I will just take a few moments of the House’s time to run through the member for Moncrieff’s argument. Firstly, he said that the government’s changes to the PAYG repayment regime were his idea. He said, ‘They are just copying our policies.’ That is an interesting contribution from the member for Moncrieff, because I looked back at all his press statements and at all his speeches—I even consulted with my honourable friend the Minister for Small Business, Independent Contractors and the Service Economy—and I found that he had never called for change to the PAYG regime. Never did he call for the inflator to be reduced.

He did have a policy of changing the variation allowed, from 15 per cent to 30 per cent, but that is very different to our policy—that is on application and would still leave small business potentially open to a very large tax bill at the end of the year. As the minister for small business points out, it has not made their six-point plan on small business. So the member claims credit for the government’s initiatives but the policy he refers to is not even in the opposition’s six-point plan for small business.

He acknowledged that the government’s small business and general business tax breaks for investments might help a small number of small businesses—he says that it may have a small impact on the margin. In the last week, along with other economic ministers, I have been out in the electorates
and in the regions of various parts of Australia talking to small business. Every single small business group that I spoke to congratulated and thanked the government for the small business and general tax break. We saw the thumbs up from the small business groups across the country. I am sure the minister for small business would agree that, in his activities over the last week, he had the same feedback. Unfortunately, the shadow minister for small business appears to be a little out of touch on that one.

We find the shadow minister for small business covering the lack of opposition policies by always making the same speech. He could send in a cardboard cut-out and press play on the DVD player, because we always get the same speech about small business issues. But he never points out that their other policy, part of their six-point plan, on loss carry-backs would increase the budget deficit by $1 billion. This is the opposition that is concerned about the budget deficit and argues so forcefully that we must have a lower deficit and a lower debt, and yet this policy of theirs would increase the budget deficit by $1 billion. And it would not provide any cash flow relief to small business until 1 July 2010, not 1 July 2009. We could live with 1 July 2009; that would be good; that would be fine. But as for 1 July 2010, I do not think that small business, which finds itself in cash flow difficulty, would appreciate a policy which provides relief from 1 July 2010. That is a long time to wait for cash flow relief.

The contributions from all the other honourable members—the members for Casey, Herbert, Blair, Wakefield, Oxley and Corangamite—were very worthwhile contributions. Unfortunately, I cannot say the same for my honourable friend the member for Moncrieff.

Schedule 1 makes amendments to ensure that there are no inappropriate tax consequences arising from payments made under the Financial Claims Scheme which this parliament enacted in October last year. Under that scheme, APRA can make payments to account holders in failed financial institutions and to claimants under general insurance policies with failed insurance companies. This is a very important measure for that reason.

Schedule 2 increases access to the small business CGT concessions for taxpayers owning passively held CGT assets. These amendments will extend access to the small business CGT concessions to circumstances that do not currently meet eligibility requirements. Taxpayers who own a CGT asset used in a business by an affiliate or entity connected with the taxpayer and partners owning certain CGT assets used in a partnership business will have access to the small business CGT concessions via the small business entity test from the 2007-08 income year. This schedule also makes a number of minor amendments to clarify aspects of the existing small business CGT concession provisions so that they operate flexibly and as intended.

Schedule 3 amends the law to provide a general exemption from CGT for capital gains or capital losses arising from a right or entitlement to a tax offset deduction or similar benefit. This amendment will ensure that a capital gain or loss would not arise for taxpayers in such circumstances or in other circumstances where taxpayers have a right or entitlement to a tax offset deduction or other taxation benefit.

Schedule 4 provides refundable tax offsets for eligible projects under the government’s $1 billion National Urban Water and Desalination Plan. Under the plan, eligible projects may receive a rebate of 10 per cent of the
eligible capital costs up to a maximum of $100 million per project. This schedule implements the refundable tax offset component of the plan and delivers on the government’s election commitment.

Schedule 5 amends the Income Tax Assessment Act 1997 to specifically list four new organisations as DGRs and to extend the time period of three existing listings. Organisations with DGR status can collect tax deductible gifts. This schedule specifically lists or extends the listing of the Australasian College for Emergency Medicine, the Grattan Institute, the ACT Region Crime Stoppers Ltd, the Parliament of World Religions of Melbourne 2009, Yachad Accelerated Learning Project Ltd, St George’s Cathedral Restoration Fund and the Bunbury Diocese Cathedral Rebuilding Fund.

Part 1 of schedule 6 improves the integrity and efficiency of the Australian Business Register, or ABR, and helps position the registrar of the ABR to take on the role of a multi-agency registration authority. Part 2 of schedule 6 enables representatives of businesses to be identified by the registrar of the ABR for the purpose of communicating electronically with multiple government agencies on behalf of their respective businesses. These amendments facilitate the standard business reporting program, which aims to reduce reporting burdens for business by eliminating unnecessary or duplicated reporting and to improve the interface between businesses and government agencies.

Schedule 7 amends the Fuel Tax Act 2006 and related provisions elsewhere in the tax law to remove provisions that businesses must be a member of the Greenhouse Challenge Plus program to claim more than $3 million of fuel tax credits in a financial year after 30 June 2009. This would be inconsistent with the policy intent of the fuel tax credit system. The Greenhouse Challenge Plus program will cease after 30 June 2009. This outcome will be able to be achieved through the government’s Carbon Pollution Reduction Scheme.

Schedule 8 provides an exemption from tax for the clean-up and restoration grants paid to small businesses and primary producers affected by the Victorian bushfires. This measure recognises the extraordinary hardship suffered by small businesses and primary producers in affected areas.

The bill was referred to the Senate Standing Committee on Economics, which reported on 7 May 2009 recommending that the bill be passed. I thank the opposition for their support, despite the comments of the member for Moncrieff, and I commend the bill to the House.

Question agreed to.
Bill read a second time.

Message from the Governor-General recommending appropriation announced.

Third Reading

Mr Bowen (Prospect—Minister for Competition Policy and Consumer Affairs, and Assistant Treasurer) (11.35 am)—by leave—I move:
That this bill be now read a third time.
Question agreed to.
Bill read a third time.

FINANCIAL SECTOR LEGISLATION AMENDMENT (ENHANCING SUPERVISION AND ENFORCEMENT) BILL 2009

Second Reading

Debate resumed from 19 March, on motion by Mr Bowen:
That this bill be now read a second time.
Mr PEARCE (Aston) (11.36 am)—I rise in the House today to offer some remarks in relation to the Financial Sector Legislation Amendment (Enhancing Supervision and Enforcement) Bill 2009. This bill has two purposes—firstly, to make APRA responsible for the supervision of what are called non-operating holding companies, otherwise known as NOHCs, of life insurers and, secondly, to harmonise and strengthen APRA’s powers to seek court injunctions under a range of acts, including the Banking Act 1959, the Insurance Act 1973, the Life Insurance Act 1995 and the Superannuation Industry (Supervision) Act 1993.

Prudential regulation of non-operating holding companies and related corporate groups was a recommendation that emerged from the HIH Royal Commission. It was also identified in the Wallis report that the former coalition government commissioned in 1997. APRA currently regulates the non-operating holding companies of general insurers and authorised deposit-taking institutions, otherwise known as ADIs. These powers are granted, respectively, under the Insurance Act 1973—at least, that has been the case since 2002—and under the Banking Act of 1959 since 1998. Under this bill, APRA will have the power to register and supervise the non-operating holding companies of life insurance companies and enforce their compliance with prudential requirements. With the passage of the bill, APRA will be able to seek a consistent and comprehensive range of injunctions from the Federal Court of Australia on prudential matters, and this power will apply to ADIs and to general insurance, life insurance and superannuation.

The bill is aimed at ensuring that, where life insurance companies are part of large corporate groups, they are not exposed to risks that stem from other companies within the group. As these risks may affect policyholders, the parent of the non-operating holding company will become subject to APRA’s prudential supervision. The objectives of the bill are consistent with international agreements on prudential supervision of systematically important financial institutions. Following the Wallis inquiry and the HIH Royal Commission, the coalition granted APRA regulatory oversight of ADIs and of general insurers, and this bill continues the former government’s work by bringing the non-operating holding companies of life insurers within APRA’s bailiwick.

I want to turn to a very important matter that was raised during the consultation phase of the Senate economics committee’s inquiry into this bill. It centres on the decisions that APRA makes. Many APRA directions are not subject to a merits review process. In fact, six out of the 10 directions issued by APRA are not. These powers are granted in the Life Insurance Act 1995, and similar powers exist in the banking and general insurance acts. APRA’s power to issue directions without merits reviews is used to prevent borrowings, prevent the payment of dividends and remove directors and senior managers. All of these are very significant measures, of course, for listed companies—areas in and around borrowings, the payment of dividends and, obviously, the removal of senior people within these organisations. It seems to me—and, as I said, this is something that came to light during the Senate committee inquiry into this bill—that there really is a call for us to consider having a universal merits review process for all of APRA’s directions, not just for four out of 10 but indeed for all 10 of the directions that APRA has the capacity to make.

I think that if there were processes for merits review available on all of the directions it would enhance natural justice, improve prudential regulation in our country and instil greater confidence in stakeholders across industries in our country and indeed...
across the world that Australia has a stronger and more robust prudential regulatory framework than any other country in the world. I think that all of APRA’s decisions and directions ought to at least be open to a merits review process so that all players can have that level of confidence that the decisions that APRA takes are fair, are just and are right.

I understand that this procedure—that is, making all of APRA’s decisions subject to a merits review—could be achieved quite easily. It could be done through a very quick legislative amendment process. I also understand that it would in no way lessen APRA’s ability to act swiftly, which we all support, of course: the ability of our regulators to be able to act swiftly and protect Australians from all walks of life. I think that a universal merits review process should apply to the whole of the general insurance sector, to the life insurance sector and indeed across the whole banking sector as well.

So the coalition support this bill, but we call on the government to work with us and to work with industry stakeholders across the whole of the Australian financial services landscape to enhance transparency and create an even stronger and more robust prudential regulatory framework by considering making all of APRA’s decisions merits-reviewable, which I think can only enhance our standing as a global financial services hub. But, as I said, the coalition support this bill.

Mr CHAMPION (Wakefield) (11.43 am)—It is my great pleasure to support the Financial Sector Legislation Amendment (Enhancing Supervision and Enforcement) Bill 2009. Obviously the global economic downturn and financial crisis has woken us up from a 20-year love affair with laissez-faire approaches to regulation. We now know that gaps or holes in the regulation of financial markets and financial entities are really time bombs for the future. The good thing about this bill is that it ensures there is appropriate regulation of financial entities. Chifley once said:

Private banking systems make the community the victim of every wave of optimism or pessimism that surges through the minds of financial speculators.

Obviously this government has one key aim—to ensure that the emotions of Wall Street or the financial markets do not hurt people living in main street in places like Craigmore, Gawler or the Clare Valley in my electorate. To help all Australians through the effects of the global financial crisis we have introduced the Nation Building and Jobs Plan to provide immediate stimulus and to ensure the long-term productive capacity of our economy, with 70 per cent of the stimulus invested in infrastructure throughout the electorate and $291 million for rail on the Gawler to Adelaide line, creating 200 jobs in Victoria making concrete sleepers. We are aware that the infrastructure spend in one part of the country helps people in other parts of the country—a concrete sleeper factory in this case. The Treasurer has been working tirelessly to deliver a budget that makes the tough choices to stimulate the economy and put us on the road to recovery. The Assistant Treasurer has worked diligently to propose the bill before the House today and he should be commended for it.

The bill introduces measures to regulate the non-operating holding companies, NOHCs, of companies that sell life insurance. The bill also harmonises the injunctions that may be ordered as enforcement measures in respect of those entities. The aim of these amendments is to ensure that corporations that sell life insurance and are part of a corporate group affected by the financial crisis remain solvent for their Australian customers. For Australians who have life insurance, particularly the many people in Wake-
field, when they purchase their life insurance and make sacrifices to pay the ongoing fees, it is important that they do not inadvertently enter corporate structures that are vulnerable to collapse. You cannot expect ordinary people to look into corporate structures that remain elusive to many learned people—politicians, journalists, lawyers and other experts. We cannot expect the man or woman in the street to know exactly what is going on behind the corporate veil; we cannot expect them to know the accounting or risk management policies—(Quorum formed.)

Yesterday, we saw the member for Paterson kicked out of this House for bad behaviour and today he is on a deliberate campaign to disrupt the people’s business. What a disgrace he is to his electorate and to his shadow portfolio.

Mr Baldwin—Mr Deputy Speaker, the honourable member is reflecting on the chair. I was just bringing to your attention the standing orders of the House in relation to a quorum. He has reflected on that as a disgraceful event.

The DEPUTY SPEAKER (Hon. Peter Slipper)—There is no point of order.

Mr CHAMPION—Yes, you would think he would have a black spot to go to.

The DEPUTY SPEAKER—I draw to the attention of the member for Wakefield the standing orders and that he is debating the Financial Sector Legislation Amendment (Enhancing Supervision and Enforcement) Bill 2009, and I would ask him to return to the provisions of the bill.

Mr CHAMPION—I would be happy to discuss the provisions of the bill, if only I were not interrupted all the time by constant quorum calls. Mr Deputy Speaker, as I was saying, the hard-earned life insurance policies of Australian workers should not be put at risk by the cavalier accounting of unregulated corporate managers. They should be protected by government regulations.

This bill performs two important functions, and I would like to address each in turn. Firstly, the bill provides for a more effective compliance regime and gives APRA a broader spectrum of injunction powers to enforce financial entities’ compliance with the prudential regulation requirements. Schedule 2 of the bill harmonises court injunction powers across prudential legislation, including the Banking Act 1959, the Insurance Act 1973, the Life Insurance Act 1995 and the Superannuation Industry (Supervision) Act 1993. In doing so, APRA will now be able to seek more reliable injunctions that are tuned more accurately to the circumstances. This ensures that APRA has the flexibility to respond promptly and directly to any risk to the financial health of an entity that provides life insurance to Australians. Changes to the court injunction powers are in the interests of ordinary Australians, ensuring that in the case of any risk of contagion within a corporate group their hard-earned life insurance savings can be protected. If a person or company fails to comply with the requirements of the prudential legislation then the Federal Court may issue a restraining interim injunction. Under these provisions APRA will also be able to seek an interim injunction to protect depositors, policyholders or superannuation beneficiaries’ interests while the court considers whether to grant a final injunction or enforce another prudential rule. These new interim injunc-
tions refocus APRA’s powers to not only respond to financial mismanagement or contagion but also address the effects of this mismanagement. Under these new provisions, if a company is investigated by APRA, working Australians will not be left in the lurch during that process. Their deposits, their policies and their superannuation entitlements will be secured by court order.

The bill also removes a gap in Australia’s prudential regulation framework. Currently APRA does not supervise life insurance non-operating holding companies. As these companies can have a significant effect on the conduct and financial health of life insurance companies, it is an imperative in the current economic climate that they are regulated. In the current climate so many Australians are finding it hard. They are experiencing some difficulties in the employment market. They are worrying about how much certainty they have over their financial arrangements. The collapse of economic institutions in the United States and Europe—30 banks either bailed out, failed or nationalised—has made the case for effective and strict regulation of financial institutions absolutely clear to everybody. Two years ago we could not have imagined a line-up of deposit holders in front of Northern Rock Bank, something that we had not seen since the 1930s runs on banks. So it is pretty clear to everybody that financial institutions of all types need to be properly regulated. This is not policy on the run. It is basically a measure entirely consistent with the regulators and entirely consistent with where we find ourselves with the core principles of the International Association of Insurance Supervisors.

It is also consistent with the current regulation and supervision of general insurers and authorised deposit-taking institutions. In fact, the scope of the prudential regulation regime introduced by the first schedule of this bill is closely modelled to match the existing regulation of general insurers and authorised deposit-holding institutions. There is an added benefit in introducing legislation in this way. It closes a loophole, but it makes sure that the frameworks are similar so as to minimise compliance costs for industry, ensuring a smooth transition to the new regulatory regime.

Obviously this regime is needed. It is not a minor issue; it is a real one. International experience has demonstrated the interconnections between companies within corporate groups, including between prudentially regulated entities and unregulated entities, and we have seen the often catastrophic results that can occur when unregulated entities enter into arrangements which affect the regulated entity. So these measures strengthen prudential regulation of life insurance conglomerates in line with the regulation of other companies.

One need only look at the collapse of the American company AIG and its subsequent bailout by the American government. AIG as a company had written as many as 81 million life insurance policies. But the actions of just one of its subsidiaries, AIG Financial Products, which acted like a hedge fund and which was unregulated and which wrote derivative contracts up to a value of $2.7 trillion—it seems like an extraordinary figure, but that was the extent of the contracts—brought it to a crisis point. When the financial collapse came they had a house of cards arrangement. Many of those derivatives were collateralised debt obligations, and just this one division turned in a $40.4 billion loss as a result of the GFC. That in turn undermined the rest of the company. So you can see that the actions of one unregulated entity can undermine the life insurance business which had been making a profit at the time. It still makes a profit, but it was the actions of a cowboy outfit in this particular firm that undermined the rest of the business.
I think Australians will be relieved to see the government introducing these amendments, enhancing the powers of APRA, giving consumers greater confidence that the financial standards of APRA related entities will be extended to life insurance companies. I have to congratulate the Assistant Treasurer on this development. I think it is prudent and sensible legislation. As I said before, the global economic recession, the financial crisis, has really woken us up to the risks of poorly regulated financial institutions. It has woken us up to the fact that so much of modern financial architecture is unregulated. That lack of regulation, that lack of oversight, could have potentially catastrophic effects on our financial system. The bill before the House today removes some of those risks. It removes some of the regulatory gaps. It makes sure that the prudential regulation framework for the life insurance industry is appropriate and guards the interests of policyholders and the financial interests of all Australians. I commend the bill to the House.

Mr RIPOLL (Oxley) (12.01 pm)—I thank the House for the opportunity to speak on the Financial Sector Legislation Amendment (Enhancing Supervision and Enforcement) Bill 2009. Given the experiences of today, I am assuming that at some point during my short contribution I will be subjected to a quorum call.

Mr Abbott—For you, no.

Mr RIPOLL—I thank the member for Warringah, who says that for me he will dispense with that. It has certainly been the practice for the rest of the morning.

This is a good opportunity to speak about some of the very important and key issues in our financial services sector and some of the changes that need to be made to enhance supervision and enforcement. As we just heard from the member for Wakefield, given the global financial crisis and a range of failures that we have seen in our system, not just here in Australia but across the globe, it is important that we not only acknowledge where some of those failures took place but make real changes in our regulatory regime to minimise them in the future and improve the system that we have before us.

It is sometimes the case that where there are structural flaws or failures in a system you do not see that the system might break until that actually takes place. But that is not always right. There are circumstances where you can foresee structural problems and flaws. In the case before us, I think it is a combination of both. We need an enhanced regulatory regime with supervision and enforcement so that it is continually maintained and scrutinised. Measures need to be taken by government to ensure that our financial system operates efficiently and protects consumers. In the end, what we are referring to is the protection of consumers in a sector in which, for many, involvement is compulsory through the superannuation guarantee or through parts of the financial services sector, including life insurance.

The bill before us will do two things. Firstly, it will remove a gap that exists in the prudential regulation regime by regulating non-operating holding companies of life insurance companies. There currently exists a discrepancy in that those non-operating holding companies are not under the supervision of APRA and they ought to be. APRA currently regulates the non-operating holding companies of general insurers and authorised deposit-taking institutions, but it does not have authority over the non-operating holding companies of life insurers. The scope of the regulatory framework for the non-operating holding companies of life insurance companies is closely modelled on the existing regulation of the non-operating holding companies of general insurance
companies and authorised deposit-taking institutions. There were a couple of organisations in the sector—not many—who felt either that this was unnecessary or that the burden of regulation on them was already high enough. They argued the point in a recent Senate inquiry which I will refer to in a moment. I believe that the non-operating holding companies of life insurers should be brought into line. They should be scrutinised by APRA.

The prudential requirements that will apply to non-operating holding companies of life insurers are consistent with the prudential requirements that apply to general insurers. These include governance arrangements, the types of breaches that must be reported to APRA and the types of directions that may be issued. This approach will minimise compliance costs for industry and ensure a smooth transition. Not only that but for the companies involved and for those who use these vehicles the costs will be very, very small indeed. This is an important change because the prudential regulator operates currently under four different acts, including the Life Insurance Act and the Banking Act. Those acts need to work in symphony to provide the best possible mechanisms and tools for APRA to carry out its authority. Removing this gap and regulating the non-operating holding companies of life insurers provides a more efficient mechanism to deal with those issues.

Schedule 2 looks at injunctions. Under this schedule, the bill will strengthen APRA’s powers to enforce the prudential laws through a comprehensive and consistent set of injunctions. This is a very important change. Not only does the bill bring the non-operating holding companies of life insurers under the supervision of APRA but it also gives APRA the power to put in place injunctions in an efficient and timely manner. It is very important for people who may be in breach of regulations that these things take place in a timely manner. The power will apply in relation to authorised deposit-taking institutions, to general insurance, to life insurance and to superannuation.

For any person who breaches or proposes to breach the prudential acts, a condition of authorisation or a direction issued by the Australian Prudential Regulation Authority may be subject to an injunction. I know that members of parliament would have examples in their electorates where action needs to be taken quickly in relation either to an individual or to a scheme. With what we have seen over the past 18 months, you can see the importance of realigning those acts and of making sure that APRA’s powers are the most efficient possible. Certainly, giving APRA a comprehensive and consistent set of powers through injunctions is part of that. This is something which I fully support. I think it is a very appropriate manner in which to deal with these matters.

As an example, APRA can seek an interim injunction to protect the interests of depositors, policyholders or superannuation beneficiaries while the court considers whether to grant a final injunction or to enforce another prudential rule. Again, I think that members of parliament would have examples in their electorates where specific action needed to be taken and where there was a critical period during which an injunction needed to be put in place very quickly, whether temporary or otherwise, in order to stop some form of action taking place.

While it is a fairly straightforward change, it again highlights to the parliament, the community and the financial services sector Labor’s commitment to ensuring an appropriate and efficient set of regulations through APRA, through ASIC and through other bodies. This takes another step in that direction. It ensures that we are taking up our responsi-
Mr BOWEN (Prospect—Minister for Competition Policy and Consumer Affairs, and Assistant Treasurer) (12.09 pm)—in reply—At the outset, could I thank honourable members who have contributed to this debate on the Financial Sector Legislation Amendment (Enhancing Supervision and Enforcement) Bill 2009. The members for Aston, Blair, Wakefield and Oxley all made well-thought-out contributions. I did not get to hear the entire contribution of the member for Aston, but I did get to hear some of it and have had the rest of it relayed to me. I recognise the opposition’s support for this bill and I thank them for it.

The member for Aston, if I understand correctly, made the suggestion that more of APRA’s decisions should be reviewable and appealable. I recognise that that is a sincere suggestion on his behalf, but it is not one I would be supportive of. My view has long been that the Australian Prudential Regulation Authority is one of the most respected and most efficient regulators of financial prudential requirements in the world, and I would not be supportive of another layer over and above the majority of APRA’s decisions. I think we need to recognise that APRA has a very significant skills base and that it is the body charged with ensuring the ongoing prudential soundness of Australia’s financial institutions. We also need to recognise that, having charged it with that responsibility, we cannot in a broad sense put another hand over its shoulder. We need to rely on it to do the job. I do recognise that the member for Aston’s suggestion is a serious and sincere one but, on the face of it, it is not one to which I would lend my support.

This bill has not been universally welcomed. I know that ING and AXA made submissions to the Senate Standing Committee on Economics, which considered this matter, and the Chief Executive of AXA has taken the opportunity to discuss their concerns with me personally. No modern government should embark lightly on further regulation. The compliance costs of further regulation must always be very carefully considered. I have tested and raised with the Chair of APRA, with the other members of the APRA governing body, Mr Trowbridge and Mr Jones, the compliance burden in this bill and of how necessary it is that they be able to do their job. I am satisfied with APRA’s responses. They have assured me that they will of course be very cognisant of the compliance impacts of any action that they may take under this bill and that they do not intend to create a whole new compliance infrastructure around it. Having said that, they are also very strongly of the view that this bill is extremely important for their ability to do their job. They would characterise the lack of regulation that this bill fixes as a yawning gap in their capacity to do their work, to ensure that a problem in an entity will not spread to other entities in the entire group and to be satisfied that people in the economy are not being adversely exposed to risk.

This bill will enhance Australia’s effective and robust prudential regulation framework in the current climate and ensure that the regulatory framework applying to financial entities remains flexible and responsive going forward. This bill removes the gap in Australia’s prudential regulation framework by ensuring that the Australian Prudential Regulation Authority supervises life insurance non-operating holding companies—known as NOHCs—which can have a significant impact on the conduct and financial
health of insurance companies, and of life insurance companies in particular.

This measure is consistent with Insurance Core Principle ICP 17 of the International Association of Insurance Supervisors on group-wide supervision, which is that the supervisory authority supervise its insurers on a solo and group-wide basis. This was an important point in convincing me and the government of the appropriateness of this amendment. These measures bring the prudential supervision of such companies into line with the prudential supervision of NOHCs, general insurance and authorised deposit-taking institutions. The prudential requirements that will apply to life insurance NOHCs are consistent with those that apply to life insurers. The scope of the prudential regulation regime introduced by the schedule is closely modelled on existing regulation of NOHCs, general insurers and authorised deposit-taking institutions. APRA is undertaking industry consultation on consequential changes to prudential standards should the bill be passed by the parliament.

This approach will minimise compliance costs for industry and ensure a smooth transition. This was recognised by the Senate Standing Committee on Economics report on this bill, which notes that:

…the overriding policy of the bill is to line regulation of life insurers with the regulation of general insurers and ADIs.

This bill ensures that the injunctions that may be issued under the prudential legislation are effective tools to enforce financial entities compliance with prudential requirements. The bill also introduces measures to harmonise court injunction powers across prudential legislation—namely, the Banking Act 1959, the Insurance Act 1973, the Life Insurance Act 1995 and the Superannuation Industry (Supervision) Act 1993. The amendments will give APRA flexibility to respond to a range of circumstances relating to the health of an entity in a timely and appropriate way.

International experience has demonstrated the importance of understanding the interconnection between companies and a corporate group, including between prudentially regulated entities and unregulated entities. International experience has also demonstrated the need for regulators to have the ability to take appropriate and timely action. The Senate Standing Committee on Economics has recognised that in the current environment the government may want to act promptly to fill gaps in the prudential architecture. The government is bringing these measures forward to remove a gap in the prudential regulation framework for the life insurance industry and enhance APRA’s ability to use injunctions to respond to the emerging prudential concerns in a timely and appropriate way. I commend the bill to the House.

Question agreed to.

Bill read a second time.

Third Reading

Mr BOWEN (Prospect—Minister for Competition Policy and Consumer Affairs, and Assistant Treasurer) (12.16 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

HIGHER EDUCATION SUPPORT AMENDMENT (VET FEE-HELP AND PROVIDERS) BILL 2009

Second Reading

Debate resumed from 18 March, on motion by Ms Kate Ellis:

That this bill be now read a second time.

Dr SOUTHCOTT (Boothby) (12.17 pm)—The first thing in speaking to the
Higher Education Support Amendment (VET FEE-HELP and Providers) Bill 2009 is to reflect that the VET sector is quite different from the higher education sector. The VET sector is made up of a national network of 4,000 public and private providers. There are 1.67 million students in 2008-09 financial year studying in the VET sector. These include, for example, 429,000 Australian apprentices in training—apprentice hairdressers, mechanics, plumbers, chefs and electricians and trainees in building and horticulture.

In the 2007 budget the former Howard government announced that it would extend FEE-HELP to the VET sector. Recognising how different this sector is from higher education, where we have a limited number of universities, it was constrained to a special category of providers. Until the introduction of the 2007 legislation, the VET sector was the only sector offering post-secondary qualifications without an income-contingent loans scheme. The previous government recognised that students seeking an education in the VET sector did not receive the same level of financial support as those seeking an education at university. We believe that students wishing to undertake a VET course should not be deterred from doing so because of the financial pressures associated with upfront fees. Our view was that pursuing a VET qualification was just as important as pursuing a university qualification.

Under the bill we introduced, FEE-HELP was available to those undertaking a TAFE diploma, associate diploma, graduate certificate and graduate diploma where full fees were charged, where arrangements were made for credit transfer to a higher education award and to VET providers that were corporate bodies only. As I said, this was the first introduction of a student loan scheme in the VET sector at the national level.

The former minister for vocational education, the member for Goldstein, said when he introduced that bill that the operation of the scheme would be monitored carefully and that he was of the general view that if this introduction were successful VET FEE-HELP could be extended further in the future. We would like to see VET FEE-HELP more widely available in the future. For that reason we supported the federal government’s decision last year to extend income-contingent loans specifically in the context of the Victorian state government’s reforms of vocational education and training. In August 2008, as part of the Victorian state government’s move to a demand-driven system, the federal government announced the extension of income-contingent loans to the Victorian VET sector. The opposition at that time indicated our support for that extension.

Unfortunately, that legislation to extend income-contingent loans to Victoria was linked with the bill which allows universities to levy all university students with a $250 fee, which the opposition cannot support. That second piece of legislation, by way of guidelines, eases the conditions on providers to be eligible for VET FEE-HELP. As of 20 March 2009 there were 12 approved VET providers and 15 others awaiting the parliamentary disallowance period.

The bill we are considering today is really consequential from those two earlier ones: the original extension of FEE-HELP to the VET sector and then the subsequent legislation which is still being considered in the other place, which did allow the extension of income-contingent loans and did it by way of guidelines which will ease the conditions on providers. It has been explained that this will be done to support the Victorian state government’s move to a demand-driven system and would be available for any other state or territory government that chose to move in that direction. This legislation is a conse-
quence of the easing in an early bill and it provides discretion to the minister to revoke the approval of a provider and allows the registration of a provider to be rescinded if they no longer operate in Australia. As a consequence, this is a simple machinery bill, a result of some earlier pieces of legislation. It will help ensure additional regulation of providers, who will have access to VET FEE-HELP. The opposition will be supporting the bill.

Mr SYMON (Deakin) (12.23 pm)—I rise to speak in support of the Higher Education Support Amendment (VET FEE-HELP and Providers) Bill 2009. This bill makes some minor changes to the operation of the FEE-HELP and VET FEE-HELP schemes. The changes are a continuation of the government’s refining of these schemes and will ensure that government assistance to students is better targeted by ensuring that assistance under VET FEE-HELP is limited to units which are essential to a student’s course of study. Under current arrangements, it is possible that a student may receive VET FEE-HELP assistance for a unit of study even where that unit of study was additional to and not directly required for the completion of that course. The amendments in this bill ensure that assistance under the scheme is available only for VET units of study which are essential for the student to receive their diploma, advanced diploma, graduate certificate or graduate diploma.

Due to skills reform being undertaken in Victoria, a greater number of VET providers will soon be offering access to VET FEE-HELP assistance to their students. It is therefore important that such assistance is targeted so that it can reach those who need it the most. This is a common-sense amendment to the Higher Education Support Act 2003 that does not stop students from accessing assistance or increase their contributions to their education. It simply ensures that VET FEE-HELP does what it was designed to do, which is to provide loans to students to help pay for all or part of their tuition fees.

The VET-FEE HELP scheme was introduced by the Howard government in 2007; however, the original legislation had a number of shortcomings that have since had to be corrected by the Rudd Labor government. Without these changes, the scheme could potentially have gone far beyond what it was originally designed to do. Those opposite do like to parade around claiming that they are always required to fix up mistakes that they inherit in government. It is a story we hear time after time from them but which is always shown to be not so.

But, whilst we are on the subject of education and skills, we should examine the record of the previous government in this area. Even a cursory glance will show the mess that was left behind by the last two ministers for education in the Howard government: both the member for Curtin, who is now the Deputy Leader of the Opposition, and the member for Bradfield, who of course went on to become a short-lived opposition leader. Under the direction of these two former ministers, the previous government allowed Australia’s skill base to run down and, when introducing the VET FEE-HELP scheme, as I have said, lazy drafting on their behalf has since required a number of amendments to fix their mistakes.

By contrast, the Rudd Labor government has since introduced trade training centres to develop vital skills and talents, strengthened the role of the industry skills councils and established the statutory body Skills Australia to provide advice to the government in this important area. We are committed to improving Australia’s skill levels, and an increase in the number of completions at diploma and advanced diploma levels is a key part of this commitment. The Council of
Australian Governments has committed to doubling the number of such completions by 2020. The student services bill that was introduced into the House earlier this year included amendments to allow for future expansion of the VET FEE-HELP scheme. That bill also corrected another significant wrong of the Howard government, a legacy of the member for Bradfield—that is, the stripping of a funding stream worth around $170 million from Australia’s universities, under the guise of offering students greater choice.

But I dwell on that a little bit too long, I suppose. The bill before the House also improves the protections that are in place for students and the government by ensuring that, if a VET provider does not meet certain standards, they can be required to cease operating as a VET provider. This is a simple safety precaution that is in line with the objectives of the bill to properly target assistance under the scheme.

Amendments in the bill also remove some of the delays in the higher education and VET provider approval process. These changes will allow higher education and VET providers to operate sooner, which will in turn give eligible students faster access to FEE-HELP or VET FEE-HELP assistance under these providers. Under current arrangements, notices of approval to operate as a provider do not take effect until the parliamentary disallowance period of fifteen joint sitting days has elapsed. This can sometimes take up to two sitting periods and, looking at today’s list, it stretches right back to February this year, thus creating long delays and leaving students without access to assistance during this period.

The amendments will allow providers to operate on the day immediately after the notice of approval is registered on the Federal Register of Legislative Instruments. This will not result in a reduction in accountability, as a notice of approval must still be tabled in both houses of parliament and the usual disallowance period will still apply. No student can be disadvantaged by the amendments to the approval process. In the event that a notice of approval is disallowed and the provider in question has already allowed students to access assistance, those students will be able to access whatever rights had accrued under the Higher Education Support Act 2003 prior to the disallowance.

Whilst the changes made in this bill are relatively minor, they are part of a broader range of measures that consolidate the Rudd government’s commitment to higher education and skills. They make changes that improve the system for students, providers and the government. I commend this bill to the House.

Mrs MOYLAN (Pearce) (12.28 pm)—It is a great privilege to have an opportunity to contribute to this debate on the Higher Education Support Amendment (VET FEE-HELP and Providers) Bill 2009. The importance of vocational education and training on an individual and national level cannot be overstated. I would like to pay tribute to the work of the ministers for education under the Howard government, the successive ministers who placed such a strong emphasis on ensuring that young people in Australia had an opportunity to enter into higher education rather than just fall off the edge, because I think the previous administration had put a lot of emphasis on university level study. While that is important, it is not for every young person. What our ministers did was to try to make sure that young people had a variety of opportunities to further their education, particularly in the vocational education and training system.

Clearly, with the growing demand in the Australian economy, more than ever before
we need skilled workers who have furthered their education at either a university or a vocational education and training institution. There is an ongoing requirement that the government contribute towards ensuring that the needs of a skilled workforce can be met. A major part of this process is about ensuring that students are encouraged to attend a wide range of further education options. This process is ongoing and requires the constant diligence of government.

Things have changed quite a bit in terms of the skilling of our workforce. At one stage, government industries made up a substantial part of the training system that trained young people in apprenticeships and vocational education and training. That changed dramatically when a different tack was taken and many government industries were privatised or corporatised. It was then left to the private sector. It became clear to me when I came into the parliament in 1993 that there was an ever-increasing gap in the capacity of this country to find skilled workers to fill the many vacancies that opened up. Because we did not have a large number of people training through the apprenticeships and training systems that were offered by either the Public Service or government industries such as the railways, buses and airlines, nobody seemed to want to foot the bill for the training of young people. I think it is fair to say that there was a hiatus which, down the track, caused us considerable problems with workforce requirements. But I applaud the work that was done by the successive ministers for education—if memory serves me correctly, Minister Kemp, Minister Nelson and Minister Bishop—under the Howard government.

In 2007 the Howard government expanded the operation of FEE-HELP to extend the concessional loans to cover vocational education and training courses. Again, this is an indication of just how serious we were when we were in government to ensure that all young people had opportunities to further their education and training. The worthy object of this policy was to encourage greater participation in vocational education and training courses where the lack of FEE-HELP served as a deterrent to students. In the past, these might have been young people who went into apprenticeships or vocational training in government-owned enterprises.

The bill currently before us will refine this policy. VET FEE-HELP will allow full-fee-paying students who are enrolled in diploma, advanced diploma, graduate certificate or graduate diploma course access to FEE-HELP loans to cover the cost of their course fees. Where the student is undertaking a diploma or advanced diploma, their VET provider must have a credit transfer arrangement in place with a higher education provider. As with FEE-HELP for university students, the $80,000 maximum loan is repaid once the student reaches the income threshold. Students do not have to pay for the VET courses upfront. They are able to pursue their vitally important education and they only have to pay for it once they have entered into the workforce.

Clearly, when the Howard government embarked on the mission to make VET courses more accessible, it was recognised that there would be administrative kinks that would need to be ironed out. As the VET sector provides units, modules and courses far wider in scope than those offered by tertiary institutions, the first challenge is to determine which of those units FEE-HELP should cover. As a consequence of this bill, only those units that are essential to the course being undertaken will be covered by a loan arrangement. Any units taken in excess of the requirements of the course will not be covered. VET providers will be able to offer loans immediately after their notice of approval has been registered rather than having
to wait, as they currently do, for the disallowance period to cease. This will streamline the processing of applications from VET providers to offer FEE-HELP and will thus enable students to have earlier access to financial assistance for their higher-level VET courses. The minister’s discretion to revoke approval of a VET provider is also confirmed.

This is a positive continuation of a policy designed to encourage higher level learning with vocational education and training providers. But, as I have noted, there needs to be continual work done to ensure that opportunities are available for all Australians to pursue their education at tertiary institutions or VET institutions. Despite all the talk about the education revolution, what we continue to see is that students from lower socioeconomic backgrounds are prevalent in VET and tend to seek low-level qualifications. This means that the measures being discussed today will have very little effect on the students who need the assistance most. Much more needs to be done to create better pathways to encourage students to continue their education in higher-level diploma and advanced diploma courses and, in some cases, at university.

Leesa Wheelaham, a senior lecturer in adult and vocational education from Griffith University has noted that ‘VET needs to provide a climbing framework to higher qualifications, particularly in higher education’. Ms Wheelaham goes on to note that the ‘Labor policy emphasises the need to equip the Australian people to engage in lifelong learning, but it does not yet have the lifelong learning policy to support this’ ambition. I have added the word ‘ambition’.

It would seem that, if the so-called education revolution is to ever get off the ground, establishing a climbing framework for higher education is essential. Replicating TAFE by installing trades training centres in senior schools across Australia seems to be a hopelessly misguided policy when this money could be better utilised to encourage continual engagement in education across the Australian workforce. If the youth of Australia are to see any benefit to their education system, it will be that the accessibility of VET courses continues to be expanded before them and that the policy disincentives to advance their education are promptly removed.

Mr DREYFUS (Isaacs) (12.38 pm)—It is a privilege to be able to speak today in support of the Higher Education Support Amendment (VET FEE-HELP and Providers) Bill 2009, which is part of a large range of measures this government is taking in every sector of the education system. I was sorry to hear the previous speaker refer to the ‘so-called’ education revolution, because in truth there is an education revolution led by the Rudd Labor government, which is being felt in every sector of the education system throughout Australia. We have reforms taking place in early childhood, in the primary and secondary systems and in the higher education system. What we see in this bill is assistance directed at the VET system to provide fee help. Of course, VET FEE-HELP at present assists students who are studying diploma, advanced diploma, graduate certificate or graduate diploma courses by providing a loan for all or part of the tuition costs.

The bill is targeted at certain higher level skills and, as such, it is limited to these advanced diplomas. Under current arrangements, there are no provisions that expressly limit a student’s access to assistance under the scheme to those VET units of study which are essential and directly relevant to the completion of the student’s VET course of study. As such, it is possible that a student may be entitled to VET FEE-HELP assistance for a unit of study even where that unit of study is additional to, and not directly re-
quired for, the completion of the course. What these amendments do, and it needs to be recognised that they will be particularly useful, is ensure that access to VET FEE-HELP assistance is appropriately targeted to those VET units of study which are essential in that they are required to be undertaken by the student in order for the student to receive the relevant award for that VET course of study.

This amendment has particular relevance for my home state of Victoria because it relates to the Australian government decision to support the Victorian government's VET reform agenda by allowing for the extension of the VET FEE-HELP assistance scheme to subsidise diploma and advanced diploma students in Victoria. As of 1 July this year, a greater number of VET providers will be offering access to VET FEE-HELP to their students, increasing the risk that funding may inappropriately support students undertaking non-essential VET units of study. So what we have with these legislative amendments is a targeted provision which will ensure that the support for fees is directly targeted to the purpose for which that assistance is created.

The bill also makes some minor technical amendments to provide for appropriate protections for the minister and the Commonwealth in the event that a VET provider no longer offers any eligible VET courses, is no longer appropriately established under a law of the Commonwealth or a state or territory, or no longer carries on business or has its central management and control in Australia. These amendments mirror those made to HESA in 2007 in relation to higher education providers and, therefore, ensure consistency between the FEE-HELP and VET FEE-HELP assistance schemes.

These reforms to an important part of the education structures of our country are consistent with the reform agenda of the Rudd Labor government, which is to look at every single part of the education system in this country. The fact that we are focusing here on vocational education and training for the future is consistent with the understanding that we have that people find different pathways to their educational ends. We are ensuring that all pathways will be supported. I commend the bill to the House.

Mr OAKESHOTT (Lyne) (12.43 pm)—I want to pick up on that last point about the various educational pathways to be achieved by, hopefully, many young people and students in Australia. I have just come from a meeting with two 18-year-olds, Heidi Pett and Jess O’Callaghan, from Port Macquarie, both of whom having taken time away from three part-time jobs to come to Canberra to express their concern about some of the changes contained in the budget, post-Bradley, with regard to, in particular, the independence test in the Youth Allowance.

Picking up on the point of the previous speaker, many people choose many different pathways to tertiary education and to qualifications generally. But I sincerely hope the language from the government of the last 12 months in regard to an education revolution includes very much the concept, the belief and the practice of keeping as many pathways as possible open, including those for students who have the impediment of geography by being based in regional and rural Australia. I do not make that point lightly. The comparative statistics with regard to people who access tertiary education for the mid-North Coast New South Wales, my electorate, are not good. The statistics roughly equate to one in six people on the mid-North Coast having tertiary qualifications compared to the state average in New South Wales of one in three.

We have a fundamental issue of disadvantage that I hope the government, in its lan-
guage over the last 12 months under the broad banner of an education revolution, is aware of and wanting to address. I certainly hope that we work through the broad changes post the Bradley review and post the budget response from government. We are now dealing with a range of students and potential students who are raising concerns on a number of issues. I hope the government communicates actively with them and works through the issues that they face. If there are issues genuinely raised that are further structural impediments to students from my region and other regions of New South Wales in accessing university and choosing pathways then I would hope the government addresses those issues and feels not one grain of guilt in changing some of the responses contained in the post-Bradley period that we live in.

In a lot of ways, I think, it will be a test of the education revolution language to see over the coming weeks and months how the government, the executive and the minister in particular, engage with a group of people who have left school and who have been caught in this retrospective trap of public policy with regard to the independence test for the youth allowance. If there is poor engagement on that front, any of the language we have heard from government over the past 12 to 18 months starts to look very hollow. If there is good engagement, if it is communication and if it is working through the changed eligibility criteria then certainly it would renew and restore my faith, and the faith of many 18-year-olds on the mid-North Coast and right through regional and rural Australia, that the government are serious about lifting the standard of education in this nation.

That links into the issue before us with regard to the Higher Education Support Amendment (VET FEE-HELP and Providers) Bill 2009. FEE-HELP is a loan given to eligible fee-paying students to help pay part or all of their tuition fees. The government pays the amount of the loan directly to the student’s provider. Students repay their loan through the tax system once their income is above the minimum threshold for compulsory repayment, otherwise to be known as ICLs, or income contingency loans.

The bill makes amendments to access to VET FEE-HELP and also to regulate the providers of vocational education and training. That second point is, I think, a point of reflection for all of us as we move to an era, like it or not, of full contestability within the vocational education and training sector. There are costs and benefits that come with that era and with regulating providers, whether they are registered training organisations or one of the many different forms that we now have for vocational education and training. I think there is a need to keep a very close eye from a public policy point of view on the regulatory environment and the role that government and ministers play in ensuring quality is not diminished as we enter this new era. The bill also clarifies that a student cannot access the VET FEE-HELP assistance to undertake a VET unit of study unless that VET unit of study is required to be undertaken in order for the student to receive the award associated with that course of study.

A new requirement is that a body corporate must offer at least one VET course of study before the minister may approve that body as a VET provider. The minister can revoke the approval of a body corporate as a VET provider if that body corporate no longer offers at least one VET course of study, is no longer established under Australian law, no longer carries on business in Australia or no longer has its central management control in Australia. It also provides that notices of approval for higher education and VET providers take effect on the day immediately following the day the relevant
notice is registered on the Federal Register of Legislative Instruments. Where a notice of approval ceases to have effect the cessation has no effect in relation to any rights or responsibilities which have already accrued in relation to the enrolment of students with a higher education or VET provider.

The effects of the bill are that these amendments provide what we consider appropriate protections for the minister and the Commonwealth as we enter this new era. The present amendment mirrors those made to higher education providers in 2007 and brings consistency to the rules relating to higher education FEE-HELP and VET FEE-HELP assistance schemes. The amendments ensure that higher education and VET providers will be able to offer FEE-HELP or VET FEE-HELP assistance to students immediately following the registration of their approval as a provider. Therefore it speeds up access to higher education FEE-HELP and VET FEE-HELP. Due to previous reforms a broader range of providers can seek access to these loans. These amendments should, I hope, speed up access to the loans, therefore a greater protection by way of the revocation of providers is an obvious consequence.

As far as local issues are concerned, I have just spoken about a couple of very impressive 18-year-olds who are down here this week engaging with government and lobbying about their concerns, the concerns of their colleagues and, as we all could argue, what is in the best public interest for the nation for the future. The particular amendment speeds up access to VET FEE-HELP for local vocational education and training students undertaking courses by a newly approved provider, and anything that improves access within what is a complex area for people who are not engaged in the public policy process can only be a good thing. It limits the availability of FEE-HELP to courses that are required or essential to be taken for the student to achieve the award. That is something we will continue to watch and monitor. It certainly broadens the minister’s powers for revocation of providers.

Whenever public policy gives discretion in any form to a minister or an executive, I would hope that this place would maintain an ongoing watching brief on those discretionary powers—in this case, increased discretionary powers of a minister.

These amendments support the implementation of the policy agenda for income contingency loans established in other legislation so, in isolation, they are unlikely to be controversial and therefore, from my point of view, are certainly not to be opposed. However, the global issue of the moment is the way students and potential students are reading the post-Bradley, post-budget environment provided by government and therefore weighing up their education pathways for the future. Given the amount of change that has taken place and is taking place, I would leave government with this message from my region. There is a need for greater communication and engagement on the concepts underlying a lot of the changes that are taking place and on the detail with regard to individual, personal and family circumstances as to what would have been accessible from a lower SES regional environment such as mine in the previous environment compared with what I think is the common goal of trying to broaden access for more people in a region such as mine. While the theory and the principles behind it are sound, and the language is sound with regard to an education revolution and trying to lift the general standard of education within the nation, it is the practice of the moment that is challenging a lot of people.

The government needs to stay earnest and engaged with the many people who are grappling with the changes, who are trying to
understand the reasons for them and are struggling to do the maths on their personal circumstances, which in many ways will make the decision for them as to whether or not they access vocational education and training or other tertiary education. I would hope everyone in this chamber fundamentally agrees with the principle of trying to get as many students as possible into tertiary education in all its forms. Whether it is vocational education, university or whatever, we are trying to encourage people to engage in education pathways and to put some meat on the bones with regard to length of stay in education. That length of stay in education principle affects us in terms of employment or unemployment, lifestyle, self-knowledge and awareness, wellness—the whole suite of issues that confront this nation. Education is the meal ticket. I think the government has picked it up. I would hope this is part of that response. I just earnestly ask the government to stay engaged in this period when a lot of reform has been dropped on local communities. There is a lot of concern, some of it right and some of wrong, within communities about the direction of government and the implications of the post-Bradley period. I do not oppose this bill.

Mr CHEESEMAN (Corangamite) (12.57 pm)—The Higher Education Support Amendment (VET FEE-HELP and Providers) Bill 2009 shows again that Labor is the party of good governance. It shows that the Rudd government is a progressive government and will continue to be so. This is definitely a government committed to providing opportunities in education. When I was putting this presentation together, what struck me was that this is yet another education bill that this government has before parliament. We have had so many education bills before us since I came into this place in 2007, and all of them are about reforming and improving the education system and people’s access to it. We are very lucky to have such a committed Minister for Education. I think it is great to see all this work being done on education, in this case the important VET sector.

As I mentioned, the Rudd government is not only a progressive government but a government that is distinguished by good governance, and this bill highlights this. How does this bill show us that? Because it is not just about encouraging participation, which of course we are doing, but it is about properly targeting benefits and then delivering them efficiently. That is what this bill is all about: encouraging participation in education, but also ensuring public money is being used as wisely as possible. We want to target payments and make sure people are not mucked around in getting access to those payments. So, to the detail of this bill.

This bill provides for technical amendments to the Higher Education Support Act 2003. It ensures students’ access to assistance under the VET FEE-HELP Assistance Scheme is limited to those VET units of study that are essential to the completion of the relevant VET course that they are studying. It ensures consistency between the FEE-HELP and VET FEE-HELP assistance schemes that we have in place. It also allows for a higher education or VET provider notice of approval to take effect on the day immediately following the day the notice is registered on the Federal Register of Legislative Instruments.

The VET FEE-HELP Assistance Scheme provides loans to eligible fee-paying students undertaking certain VET courses of study, to help pay for all or part of their tuition fees. This is another way in which the Rudd government is encouraging students to participate in education—another way we are increasing participation right across this nation. Students can access training and defer the fees until they are able to pay those costs.
The VET FEE-HELP Assistance Scheme is targeted to certain higher level skills, as access to assistance under the scheme is limited to VET courses of study leading to the award of a VET diploma, VET advanced diploma, VET graduate diploma or VET graduate certificate. Under current arrangements, there are no provisions which expressly limit a student’s access to assistance under the scheme to those VET units of study which are essential, and directly relevant, to the completion of the student’s VET course of study. These amendments therefore ensure access to VET FEE-HELP assistance is appropriately targeted to those VET units of study which are essential.

This change is particularly important for my own state of Victoria. The Rudd government has made a decision to support the Victorian government’s VET reform agenda by allowing for the extension of the VET FEE-HELP Assistance Scheme to subsidised diploma and advanced diploma students in my state. As of 1 July 2009, a greater number of VET providers will be offering access to VET FEE-HELP assistance to their students, increasing the risk that funding may inappropriately support students undertaking nonessential VET units of study. So the change will be important in that respect.

As I have said, this bill is also about efficiency in delivering the benefit. A characteristic frustration for many people when they know they are eligible for a benefit is how much of a fuss it is to actually get it—how much rigmarole you have to go through and how long it takes. This bill also makes amendments to the provider approval provisions, to ensure a greater number of approved higher education and VET providers can operate sooner, giving eligible students faster access to FEE-HELP or VET FEE-HELP assistance with those providers. In the way it works at the moment, there are unacceptable delays and additional costs for higher education institutions and registered training organisations applying for approvals, and this leaves students without access to FEE-HELP or VET FEE-HELP assistance during this time. The amendments will ensure that higher education and VET providers can operate on the day immediately following the day on which the notice of approval is registered. Under these amendments, parliament will still be able to scrutinise approvals of providers. A notice of approval must be tabled in both houses of parliament and a disallowance period of 15 joint sitting days will apply, and approval will still be subject to the requirements of the Legislative Instruments Act 2003.

The VET sector is, of course, very important. In addition to providing good intrinsic education across a wide range of subject and career areas, it is often a bridge to keep people going in education. So many VET students have gone on from these studies to secure good jobs, support families and forge careers. The FEE-HELP or VET FEE-HELP assistance to students is helping many people into VET courses. It is raising our overall participation in education. It is improving people’s skills and employability. It is widening people’s employment choices and opportunities. This bill is not only improving participation; it is targeting public money where it is most needed and where it will be spent most widely, and it is delivering benefits efficiently. This bill is another example of our government on the ball, delivering for education. I commend the bill to the House.

Ms MARINO (Forrest) (1.05 pm)—I rise to speak in support of the Higher Education Support Amendment (VET FEE-HELP and Providers) Bill 2009, which provides for technical amendments to support the implementation of the policy framework for income contingent loans established in other legislation. The bill amends the Higher Education Support Act 2003 to: make clear that
access to VET FEE-HELP is only available for units of study that are essential for the awarding of the approved qualification and not for units that are in excess of that requirement; ensure that the measures relating to the revocation of vocational education and training providers are consistent with the provisions in the act relating to the revocation of higher education providers, by allowing the minister to revoke the approval of a body corporate as a VET provider in cases where the body no longer offers at least one VET course of study, is no longer established at law, no longer carries on business in Australia or no longer has its central management control in Australia; and speed up access to higher education FEE-HELP and VET FEE-HELP by enabling providers to offer this support to students immediately following the registration of the provider’s notice of approval on the Federal Register of Legislative Instruments as allowed for under the Legislative Instruments Act 2003.

Income contingent loans for students, such as those that have been available in the higher education sector for some time, were extended to the VET sector for the first time in 2007. Part of the rationale for their introduction was that government support arrangements in the two sectors were inequitable—higher education students had access to government support through the ICLS; however, VET students studying for qualifications at the same level did not. Limited to those qualifications that are common to both the higher education and VET sectors—diploma, advanced diploma, graduate diploma and graduate certificate courses—ICLS were introduced into VET studies by using the existing framework for the higher education FEE-HELP loans provided for by the Higher Education Support Amendment Act 2007.

Initially, VET ICLS were only made available for full-fee diploma, advanced diploma, graduate diploma and graduate certificate courses, on condition that there be credit transfer arrangements in place to credit the qualification towards a higher education award and on the further condition that the providers be bodies corporate. Although I support this bill, which provides for income contingent loans to the VET sector, I am concerned with the administrative challenge it may present, because it limits eligible units of study to those that are essential for the approved award. This will mean defining and containing the VET ICLS within a framework of units, modules and courses that is far broader than those provided by the higher education sector.

The regulation of providers in the bill, while technical in nature, in effect is a response to the broadening policy parameters for access to ICLS which are leading to the increasing number and diversity of providers seeking approval to offer higher education FEE-HELP and VET FEE-HELP. In comparison to the higher education sector, VET is currently provided through a national network of over 4,000 public and private registered training providers.

The bill provides for technical amendments to schedule 1A of the Higher Education Support Act 2003 which clarify that a student can not access VET FEE-HELP assistance to undertake a VET unit of study unless that unit is required to receive the relevant award associated with that particular course. The amendments will ensure that higher education and VET providers will be able to offer FEE-HELP or VET FEE-HELP assistance to students immediately after registration of the relevant notice of higher education or VET provider approval.

Clause 6 sets out the requirements to be satisfied before the minister may approve a body corporate as a VET provider. The proposed paragraph 6(da) is a new requirement
that a body corporate must offer at least one VET course of study before the minister may provide approval. Clause 1 of schedule 1 of the act defines a VET course of study to mean a structured and integrated program of vocational education or vocational training, usually consisting of a number of modules or units of study or shorter programs and leading to the award of a VET diploma, a VET advanced diploma, a VET graduate diploma or a VET graduate certificate.

The opportunity to access VET FEE-HELP may attract additional education providers to my electorate, particularly around the Busselton region that has and is seeing rapid population increases. The area currently offers a range of excellent primary and secondary education facilities. Further higher and vocational education and training could certainly assist with current and future population growth projections as well as potentially assist in retaining more young people in the region and assist in providing a future skilled workforce and small businesses for the future. Excellent secondary schools have been established in the region and a diversity of tertiary education opportunities is required right through regional and rural areas.

Universities do not offer the range of courses required by regional students within their south-west campuses. We currently have a regional campus of Edith Cowan University in Bunbury, the Margaret River Centre of Wine Excellence as well as TAFE centres. The natural environment, our cape and marine environments, our natural resource management history are all regional strengths in my area. One of the many success stories in education in the south-west is the Georgiana Molloy Anglican School, just north of Busselton. In 1996 all existing schools were at capacity. The Busselton-Dunsborough area had the second-highest national per capita growth rate outside of Sydney. A community based steering committee formed a constitution, a vision and a time line for the development of the school. Public meetings were held, planning approval was granted in 2002, construction started and the Georgiana Molloy Anglican School was opened in 2002 and had 128 students in 2003. This school offers a holistic, character based education centred upon the strong relationship between staff, students and parents. Students are encouraged to become independent, critical thinkers with an ongoing love of learning. The school complements its TEE program by offering a strong vocational education and training program, providing an opportunity for students to develop industry and generic work related skills while at the same time gaining nationally recognised qualifications while still at school through a broad range of curriculum council courses and subjects. The school now has 830 students from kindergarten to year 12. Our regional communities should have the ability to educate and retain our young people. This bill ensures that VET students have an opportunity to access VET FEE-HELP. I support the bill on that basis.

Mr RIPOLL (Oxley) (1.13 pm)—Mr Deputy Speaker, thank you for the opportunity to speak on this very important bill, which I think goes to one of the critical parts of what a government can do in terms of trying to up-skill the community by providing the necessary educational facilities and support for people trying to get the sorts of skills and education levels they need to have fulfilling careers and to help not only themselves but the economy as well. So it is very pleasing to speak on the Higher Education Support Amendment (VET FEE-HELP and Providers) Bill 2009.

I also want to make mention of the Minister for Education, Minister for Employment and Workplace Relations and Minister for Social Inclusion, who has a very large portfolio looking at workplace relations, training
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and other areas. It is a very important role—
as well as being the Deputy Prime Minister,
of course—and no less important in that it is
the issue of education which is front and cen-
tre in my local community in terms of all the
things we are trying to achieve as a commu-
nity and certainly of which I am very suppor-
tive. I do everything I can as the local represen-
tative for that community. I have got a
number of stories about what is happening in
the electorate of Oxley which I will recount
to the parliament in my contribution.

This bill provides a number of technical
amendments for the Higher Education Sup-
port Act 2003 to ensure that a student’s
access to assistance under the VET FEE-HELP
Assistance Scheme is limited to those VET
units of study that are essential to the com-
pletion of the relevant vocational education
training course of study. This makes com-
plete sense and is where it ought to be. It also
ensures consistency between the VET FEE-
HELP assistance schemes, and the bill ap-
plies previous amendments made to HESA in
relation to the revocation of a higher educa-
tion provider’s approval to the VET FEE-
HELP Assistance Scheme and provisions of
HESA, and also allows a higher education or
VET provider notice of approval to take ef-
effect on the day immediately following the
day that it is registered under the federal reg-
ister.

The VET FEE-HELP Assistance Scheme
provides loans to eligible fee-paying students
and it does that for certain VET courses of
study. It helps pay for all or part of the tui-
ton fees for students. Students can then ac-
cess training and defer the fees until they are
able to pay, which is a completely reasonable
and appropriate manner to deal with getting
students through these schemes. You will
hear debates in this place from time to time,
or perhaps in the community, about whether
that ought to be the way for deferral of fees,
how those fees should be paid and how much
they should be; whether they are for a VET
course, a training course, a higher education
course, a university degree or others. I think
those debates will continue for a long time
into the future. But I think it is important that
we all recognise here that any assistance that
can be granted through government schemes
that helps particular students to further edu-
cate themselves to gain particular skills and
to improve themselves gives them a better
chance of fulfilling careers, contributing to
the economy and playing a larger part and a
bigger role in their own community. This is
one of the very important driving factors for
this government, to ensure that we do our bit
to assist students in their ability to pay fees
on specific courses.

The VET FEE-HELP Assistance Scheme
is targeted to certain higher level skills as
access to assistance under the scheme is lim-
ited to VET courses of study leading to the
award of a vocational education training di-
ploma or advanced diploma or a graduate
diploma or certificate. This is for a good rea-
son: where there is assistance provided, and
where that study leads to a particular type of
award, that is where the assistance should go.
It should not just be right across the board on
any course or on every bit of training. Where
there are limited amounts of funding, and
where governments are limited in what they
can do with the amount of resources they
have available, it should be specifically tar-
geted and directed at those who not only
need the most assistance but also to those
skill level areas the government wants to
promote and where the economy needs to be
stimulated. That is exactly what this does.

For local communities, there is a focus
you can make when defining your area. In
the past decade, and certainly in the last five
years, there has been a real focus in the
western corridor of Brisbane and Ipswich
from a whole range of areas—local govern-
ment authorities, the state government and
the federal government—on skilling people up, providing better educational opportunities and providing better training opportunities. That has come not only from those three levels of government but also from private providers, the community itself and—some might find it surprising—even from developers. I make specific mention of that because I want to put it on the record that Springfield Land Corporation in my electorate has for many years driven not only the development of a very large estate—a satellite city called Greater Springfield—but has had education as a central focus of what that community is about, right at the core of it. For a lot of years I suppose people just looked at it as perhaps any other development and did not really consider just how serious they were, or the sort of impact it would have on the local community: to build a new community for people to live in on the principle that education gives you great opportunities.

We are many years down the track now, and probably close to 20 per cent of the development has been completed. The Bremer TAFE has been involved. It is a fantastic TAFE organisation in my electorate and wider—it runs into the electorate of Blair, and I note that the member for Blair is here and will also speak on this very important bill. We have not only organisations such as TAFE but schools getting more involved at a community level and at a government level outside the normal charter that we would expect from schools, and certainly outside the normal charter that we would expect from developers of a particular estate. That achievement means that the University of Southern Queensland has set up in my electorate. It is a great regional university that is branching out and providing the sorts of opportunities to people that otherwise would never have had those opportunities. A lot of young people growing up in the western corridor have traditionally not had a lot of places to turn to. I say that would be the same regardless of which state we were talking about. You traditionally have not had a lot of opportunities directly around you. You certainly cannot look directly at a university in your own backyard, or some professional skill providers or other educational institutions that have the capacity to deliver the sort of up-skilling, training and educational opportunities in a community that we now find we do have in the western corridor.

I am particularly pleased and I am thankful about this. I would also like to acknowledge all of the hard work that has gone into delivering those sorts of opportunities. Right across the board there has been this wonderful partnership in the electorate between community, government, private enterprise, businesses small and large and employers. It is a story that continues to develop and grow.

I would particularly like to make reference to a group of schools in my electorate in that part of the western corridor, which, through our schools trades training investment, decided there was a real opportunity for them to collaborate and pool their funds to build one big trades training centre that could be utilised by all four schools. It was quite a simple proposition and one that I know is being dealt with through the department, and it is one that I expect will be successful. The simple proposition is one of four schools getting together. Not only do they have more resources but they can build a higher quality, better resourced facility for their students. What was really nice and really different about this one is that it involved government and non-government schools collaborating together. I am not sure how many other electorates may have this happening, but I hope it is happening elsewhere. I know that what is happening in my electorate is a really great example of schools in a particular community seeing the advantages of skills and edu-
cation and what they can deliver for their students.

When this new facility is built and starts to provide the training, the skills and the resources it has been chartered to do, we will see something that we have not seen for a long time: government and non-government schools working together and sharing facilities with students being able to interact directly with students from other schools in an educational and trades training environment. That interaction will, I think, have a huge impact in the local community by the fact that it will give an understanding of how other schools work, how other students deal with their issues and how you can provide better opportunities in the local community.

So it is all very good news and all very important. It is all part of a genuine focus by a whole range of people to do something just a little bit different that will leave a legacy behind. But all this would not have happened if it were not for a couple of factors. Not only do you need essential goodwill—the goodwill of communities prepared to work together across all of those areas I have already described—but also investment, and very importantly that investment should be an investment such as the one contained in this bill. Being able to provide assistance schemes, funding for schools, supporting TAFE colleges and the work that they do, supporting universities in their expansion and their provision of courses for students: without all of that and without government assistance and without proper programs in place you do not get all those great ideas becoming a reality.

I have had the good fortune of having a number of ministerial visits to my electorate. I have shown them what is happening and I have taken them to the local schools and the university to shown them the growth that is occurring in the western corridor so that they can see that the money being invested, the programs that this government has put in place, the investment in schools, the vocational education training programs and the support we give to students and to families is having a very positive impact—that it is having the desired outcomes that we all seek. In the end, any government wanting to invest will want to see a great outcome from that investment, and that is certainly the case in terms of the electorate of Oxley and the wider western corridor.

I tend to refer to my electorate these days as being not just strict boundaries based on an arbitrary line that is given to us by the Australian Electoral Commission but as being more about the western corridor. It is a growing and developing community and it sometimes transcends those artificial boundaries that are given to us by the Australian Electoral Commission, which are necessary obviously for elections and for representation purposes.

Under the current arrangements, there are no provisions that would expressly limit a student’s access to assistance under the scheme to the vocational education training units of study which are essential and directly relevant to the completion of the student’s VET course of study. As such, it is possible that a student may be entitled to VET FEE-HELP assistance for a unit of study, even where that unit of study was additional to or not directly required for the completion of that course. We acknowledge that and we understand how those arrangements work. These amendments, therefore, do ensure that access to VET FEE-HELP assistance is appropriately targeted and that we are getting bang for our buck in terms of delivering essential funding into what I think is a key area in terms of driving the economy and in terms of keeping Australia moving and ensuring that young people and people
who are doing re-training get the essential assistance they need.

This amendment is also particularly important in light of the Australian government's decision to support the Victorian government's VET reform agenda by allowing for the extension of the VET FEE-HELP Assistance Scheme to subsidise diploma and advanced diploma in that state. It is important to acknowledge that part of what we are doing is trying to bring about some consistency across the states and some uniformity to reduce the burden of bureaucracy and red tape and other inefficiencies that are contained in all systems and, also, to try to make it as user friendly as possible.

Further, the bill makes minor technical amendments to provide for appropriate protections of the minister and the Commonwealth in the event that a VET provider no longer offers any eligible VET courses, or is no longer appropriately established under a law of the Commonwealth, a state or a territory or no longer carries on a business or has central management and control in Australia. These amendments mirror those made to the HESA in 2007 in relation to higher education providers. It therefore ensures consistency between the two different programs: the VET FEE-HELP Assistance Scheme and the FEE-HELP scheme. The bill also makes amendments to the provider approval provisions to ensure that a greater number of approved higher education and VET providers can actually operate sooner, giving eligible students faster access to both those schemes.

Under the current HESA arrangements notices of approval are legislative instruments, and such notices of approval to operators of higher ed or VET providers do not actually take effect until the parliamentary disallowance period of 15 joint sitting days has elapsed. This can sometimes take up to two sitting periods. This creates some unacceptable delays and additional costs for higher education institutions and registered training organisations applying for approval and, as a consequence, leaves students without access to either the FEE-HELP or the VET FEE-HELP assistance programs during this time. So the amendments will ensure that higher ed and VET providers can operate on the day immediately following the day on which the notice for approval is registered. The amendment is particularly important, again, in light of our decision to support what the Victorian government has done as to reform in this area.

The key drivers of this amendment and changes are not only part of a wider program of the Rudd government's move to make education, higher education and vocational training more efficient but part of a general philosophy that we have in terms of creating better efficiencies, creating more consistency across different jurisdictions and ensuring that where the government expends taxpayer dollars you get maximum value for those dollars, they are appropriately targeted at the people they are meant to help, they are targeted at the appropriate schemes or courses and, in the end, it is an investment not only in those people that receive that help but also in jobs and in the upskilling of all Australians. It helps to provide for better infrastructure delivery and, very importantly in all electorates, it helps to provide better schools and better outcomes out of the students that go through the schools. I think, too, it has better linkages between primary and secondary education, on to higher education, regardless of the path that students want to take—whether they want to take a university type path or whether they want to take a trades based path. Both of those have some equal opportunities that students can choose for themselves, and they can do that as early as possible through the education system, be it government or non-government.
I think one of the great successes of this government has been to, over recent years, turn that debate around. I think a lot of the public, certainly in the community, view these constant debates—about government schools and non-government schools, about how money is expended, about what is more valuable and about having a trade or a university degree—as old debates which are hopefully dead and buried. We can all move on to more important issues such as providing people with the necessary skills and investments, providing the right resources and facilities, providing all the right paths, providing the right types of policies and strategies, making sure that there is conformity across states and jurisdictions, and making sure that government is a facilitator and not an inhibitor of people’s educational opportunities and skilling opportunities.

While I commend the minister for her great work in this, I also commend the bill to the House. I know it is not a controversial bill and it is supported by everyone in this House. I commend it to the House.

Mr NEUMANN (Blair) (1.33 pm)—I speak in support of this legislation, the Higher Education Support Amendment (VET FEE-HELP and Providers) Bill 2009. Like the member for Oxley, I represent a seat in that south-west part of Brisbane that goes into the Lockyer Valley and down to the Fassifern Valley. The challenges for students, young people and those seeking further education in Oxley—which is the south-west part of Brisbane and part of Ipswich—are the same for those in Ipswich and the rural areas outside. The member for Oxley talked about the growth in the corridor that he and I represent. His seat is growing rapidly and in three years time will have the second most number of electors in the whole of Queensland, and mine the fourth. We need a new classroom every week in Ipswich with the growth in the number of people, which is booming. The ABS figures show that Ipswich grew by more than four per cent in the last year, the fastest in Queensland. So the old stereotypes about Ipswich and those people who live in areas like Inala and Durack and out into the rural areas of my electorate, in Laidley, Gatton and beyond, are simply gone—and should be gone—from the lexicon of language used about South-East Queensland. Many people think that ours is an old coal-mining area, an area where there is just manufacturing, but there are aerospace and universities and dynamic institutions out there with linkages in jobs that people never dreamed about decades ago. Tourism is a wonderful thing in our area, and hospitality as well. So it is the talent, the tolerance and the technology, which are all going towards creating a new Ipswich and a new area in South-East Queensland.

The legislation here relates to some technical amendments, but they deal with areas of higher education. For many people in the south-west corridor of Brisbane and beyond the idea of a tertiary education or education at a TAFE was simply something that they could not aspire to. But under successive Labor governments we have seen this sort of thing opened up to working-class boys and girls and young men and women who never dreamed that they could aspire to this sort of education. Skilling our people and improving the opportunities in life for them is not just about improving productivity and profitability in our businesses, but it is about social inclusion, social capital and reducing social inequity. It is important that we do this for the sake of the young people of our communities but also for the sake of a more fair and just Australia.

The background to this type of legislation can be found in the fact that there was an injustice between those people who studied in the VET area and those people who studied elsewhere. It was the case that income
contingent loans were available to people who went to, say, the University of Queensland or the Queensland University of Technology, but people who went to, say, Bremer TAFE in my electorate could not get the kind of access, until recently, to loans which enabled them to complete courses.

Fortunately that has broadened over the years and we have implemented the extension of HELP loans to various people—both sides of politics have been supportive of this—so that, if you want to do a diploma, an advanced diploma, a graduate diploma or a graduate certificate course, you can. Initially, it was in relation to credit or qualification for a higher education award such as a degree, but we have broadened that out as the years have gone by. This is important because many people use it as a stepping stone, and other people simply want to become trained at a TAFE course to get a job.

Many people in my electorate of Blair go to schools such as Ipswich Grammar School, Ipswich Girls Grammar School, St Edmund’s College and St Mary’s College and other private schools. They provide a wonderful educational course for young people who want to go on to academic pursuits and attend the University of Queensland, Queensland University of Technology and Griffith University. There are also other people from those schools who want to pursue TAFE courses. Many students in high schools such as Ipswich State High, Bremer State High or Bundamba State Secondary College would prefer to go to TAFE courses. Others want to go to university, such as I did. I went to Bundamba State Secondary College and then on to the University of Queensland. Increasingly, we are seeing more students from state school system backgrounds going to university, and this is a tremendous thing. It is important that we give children the opportunity, no matter where they come from—as I have said before, whether they live in Boonah or Brisbane, Ipswich or Indooroopilly—to have access to a high-quality education, either at a TAFE or a university.

The legislation lines up to make sure that, if you are going to be studying a course, you can get access to HELP but at the same time makes sure that that course can be directed to qualifications to ensure that you get the training and skills you need. That certificate is very important in helping you get a job in all the circumstances. Loans to eligible fee-paying students are important because many people come from backgrounds where they cannot rely on the support of their parents because their parents are struggling to put food on the table, to pay the rent, to pay the mortgage and to meet the everyday needs of their households. These parents cannot help them with tuition fees. Students can access training and defer fees until they are able to pay under the VET FEE-HELP assistance scheme. It is a great social scheme which will reduce inequality in our society and give children from whatever background—whether they are the son of a coalminer, or the son of a meatworker or a shop assistant—access to loans which will enable them to complete their studies. These things are important in my community and to people in my electorate.

We want to make sure that our assistance is targeted to those VET units of study which are essential to completing those courses. In terms of the assistance the Rudd Labor government is providing for the higher education sector, it is important for many people to know that it is not just universities that are receiving assistance but other institutions as well. It has to start at the grassroots level. We are rolling out childcare centres—hundreds of them—across the country, making sure that children are educated from a very young age. Regrettably, under the Howard coalition government, expenditure on education with
respect to child care and preschool education was only one-fifth of that of our competitors in the OECD. If we can get our children educated at their first instance of entry into the education system, that will give them the best chance in life.

Building the Education Revolution—in terms of funding for infrastructure, community facilities, multi-purpose halls, libraries and the many things that we are rolling out across Australia—not only is good for jobs but also enables children to get access to information and technology in a world they never dreamed of. At Raceview State Primary School, Silkstone State Primary School and Brassell State Primary School, the three biggest primary schools in my electorate, children will have the same access to information and the same access to facilities as children who attend larger or private schools in Sydney, Melbourne and Brisbane. That is very important. So far, in my electorate, $30 million has been announced with respect to education funding under the BER funding, under the National School Pride and Schools for the 21st Century programs. Whether they come from small little country schools or larger Ipswich based schools, students are appreciative of the funding because that kind of funding gives them opportunity and gives them a chance for advancement in life.

It is important that we go on to look at what we are doing in the broader context of higher education. This bill deals with higher education; it deals with the TAFE system. But it is important to think that, whether you are five, 15 or even 25, we are going to support you in pursuing education to enable you to develop your skills, talents and ability not just to contribute to society but to build your self-esteem to ensure that you can achieve everything in life and your full potential.

We are building the education revolution by investing $5.7 billion over four years through delivering reform in the higher education sector. In my electorate, we have two university campuses—one in Ipswich and one in Gatton. We are seeing it manifested locally. We are seeing the increase in funding for higher education brought forward into those campuses. For example, the relocation of the school of veterinary science from Brisbane to Gatton will make a big difference. This will be not just in terms of the local community in terms of jobs, infrastructure and improvement in terms of development in the Lockyer Valley; it will give children a chance to pursue their goals and dreams if they are from a country life and agricultural background and to do what they need to do as country people to ensure their farming communities are developed to the best extent possible.

We are also investing an enormous amount of money locally in terms of the University of Queensland Ipswich campus. I have spoken to Pro-Vice-Chancellor Alan Rix, who is very supportive of what we are doing in terms of infrastructure and innovation locally. We have also seen the new chair of Universities Australia come out just yesterday commending the Rudd Labor government for its commitment to the provision of higher education through the federal budget that was announced by the Treasurer, Wayne Swan, the member for Lilley.

The new Chair of Universities Australia is Professor Peter Coaldrake, who is very well known in Queensland. He is the Vice-Chancellor of the Queensland University of Technology. He has come out very strongly in support of what the government is doing in terms of the new framework for higher education in this country. He has said that it is going to make a great contribution to Australia’s economic recovery, social advancement and environmental sustainability. He was pleased that we have adopted the recommendations of the Bradley and Cutler
reviews on indexation, full cost funding of research, enhanced access and equity programs and approved accreditation and quality assurance arrangements.

The investments in substantial social capital and infrastructure in the higher education sector are also crucial to improving not just the lives of students but also the research facilities in our universities and TAFEs across the country. We see that expressed locally in my electorate through the wonderful work carried out by the University of Queensland Ipswich campus. For example, an Ipswich study was undertaken by the university to look at the health needs of the local community, a study which will have implications not just locally but state wide, nationally and internationally. We have many health needs in my area. Universities and other tertiary institutions are playing a practical role in developing our local area and improving the lives of the people of Ipswich.

The university sector is very pleased with the federal government’s contribution to higher education, not just for itself but for the TAFE sector as well. It is important that we build a higher education system which minimises the kind of regulation and burden that the Howard government imposed upon it. Fortunately, we have seen the eradication of Work Choices and the delinking of funding to the higher education sector with the requirement to impose Work Choices style individual contracts. It is important that we improve accountability and transparency in universities and TAFEs and the like, but it is important that we do not burden them by imposing ideological preconceptions on those wonderful institutions.

When we look at higher education, tertiary education and secondary education, it is important that we recognise what the government is doing in terms of skilling our young people. The trade training centres that we are offering and rolling out across the country play an important role in ensuring that our young people develop interests, skills and abilities in areas that they perhaps would not have dreamed of in the past.

In Ipswich, we have seen three schools get together to apply for and receive funding for an institution which they have called the Ipswich trade training centre. I commend each one of them. It is going to be located at St Edmund’s College, a Catholic boys college in Ipswich with the Edmund Rice tradition. It is a wonderful institution which has a fantastic trade training focus in terms of manual arts, technical drawing and CAD systems, as well as a focus on the wet trades, carpentry, bricklaying and other types of trades. The emphasis for this particular trade training centre will be on those wet trades and engineering. I commend the two grammar schools, Ipswich Grammar School and Ipswich Girls Grammar School, for their involvement in this project. They have seen the wisdom of it. I have spoken to all the principals involved in those schools, and they have warmly welcomed the funding.

That will mean that students at those schools will be able to link in with businesses. I know that there are a number of businesses in the Ipswich and West Moreton communities who have offered their services and who are looking for students who are trained in those areas. There are many students who go to St Edmund’s, Ipswich Boys Grammar School and Ipswich Girls Grammar School for a day or two and then go off and work as apprentices, getting their training on site and attending TAFE.

The other trade training centre in my electorate is the trade training centre in the Lockyer Valley, which will also make a big difference in terms of training for young people. That has got a transport and agricultural focus. I commend Lockyer District
High School for applying for funding. That focus will link in with the University of Queensland Gatton campus. The contact between the two will mean that students can study, work, meet and socialise together and help ensure that there is a transition between that high school and the university campus. The state government of Queensland should be commended for the funding that it has put into both campuses, the Ipswich and Gatton campuses of the University of Queensland.

What we have done in terms of funding in the higher education sector is extremely important. This bill is a part of the government’s total agenda. We have injected $3 billion through our budget into tertiary education and innovation infrastructure through the education investment fund. The government has approved 31 projects from 160 applications. They will receive $934 million. There are many institutions across the whole country that will benefit, including institutions in South-East Queensland such as the advanced engineering building at the University of Queensland St Lucia campus, which is being funded to the tune of $50 million. That will position the University of Queensland’s engineering programs at the forefront of international teaching capability. It will integrate research, postgraduate training and undergraduate teaching.

It is important, in considering our TAFEs and universities, that we actually think about what we are doing and get an overall strategy. We want to build a stronger, fairer and more innovative Australia; we want to make sure that our funding of universities and the wider higher education sector is based on student demand; and we want to establish a target. We want to enable another 50,000 students to commence university studies by 2013. We want to ensure that we have as many people as possible with tertiary qualifications, whether they are from TAFEs or universities. We want to ensure that we support our young people not just because it is the right thing to do, not just because it will produce a fairer and more just Australia, but because we are interested in nation building—because we want to build the nation for the time when we recover to ensure that we have the future prosperity that we believe is important for our country and that we believe is important that our children inherit. What we do in terms of our funding of higher education says a lot about what we think Australia should become. It says a lot about what we believe our children should inherit and what chance in life we should give them.

This is a good bill. It is part of the framework of the Rudd government’s commitment to higher education, whether in the university sector or in the TAFE sector. I commend the bill to the House.

Ms SAFFIN (Page) (1.53 pm)—I am pleased to speak in support of the Higher Education Support Amendment (VET FEE-HELP and Providers) Bill 2009 and, indeed, any bill that has to do with education. For me, it is about personal commitment, it is about policy, it is about politics and it is about access, fairness and equity—all the issues that come to the fore when we are talking about education. That commitment to education flows right across the members of the government, and this is just one of the commitments of the Minister for Education, Ms Gillard, to education reforms. This particular reform is important because it is about giving help and support where it is needed. It is also about credentials, about people getting the credentials they need to improve their lives, get the jobs they want, be able to do the extra study and be in a position where they have some choices in life. This bill addresses both of those important issues: help and support, and appropriate and proper credentials.
In this contribution I will give a brief outline of the bill and then go into some details and the rationale for the bill, as well as make some general comments about how it is of relevance to the people in my electorate of Page.

Vocational education and training, which the bill addresses, is a key plank of our education system and indeed our higher education system. There is a wonderful TAFE in my area, the North Coast TAFE, which is headquartered at Port Macquarie. Its director, Elizabeth McGregor, is a very fine public servant who is dedicated to the educational needs of our region, which are substantial. In fact, I met with her only last week to talk about some of those needs. I know that they have put in a submission to try and secure some more funds for their capital infrastructure works. I wish them well and I hope they are successful with their bid.

It is really important that students are able to access loans and the variety of support that they need, particularly if they are undertaking vocational education and training, because that is the basis of a lot of our skills and skills development. It goes to the heart of building up our skills in Australia, because we know that they have been run down over the past period and they have not been addressed in a national framework. There has been some good work done, much of it due to the goodwill of local providers—not through working cooperatively within an overarching national framework, and that is one of the key parts of this bill.

To return to my electorate, we have the TAFE and many campuses across Page. They run fine courses. I have studied at the TAFE in my own local area—it helped me get some of the skills that I needed—and I have also taught there. So I have had the privilege of being both a student and a teacher there, and I stay very engaged with that community and with the teachers and the students. We also have really good adult community education through the North Coast adult community education centres. They are right across my electorate as well. I have also worked in those centres and studied in those centres and run the local adult community education centre. I sat for some time on the New South Wales adult education ministerial advisory council, so I was in a position to give advice in that area and thoroughly enjoyed it.

There are 97 primary schools across Page. That is a substantial number of schools. All those schools, the children, their parents, the school communities and tradespeople, or tradesmen primarily, are the direct beneficiaries of the government’s economic stimulus package, of which 70 per cent is directed towards infrastructure. That is a lot of infrastructure across Page. Eighty-four of those schools are primary, special or K-12, and they are all sharing in the Building the Education Revolution infrastructure package as well as the national pride program.

This bill goes to the heart of the support that students require. It will ensure that students’ access to assistance under VET FEE-Help is limited to VET units of study that are essential to the completion of the relevant VET course of study. This is so that the students get the appropriate level of credentials and skills required to access those further training and education opportunities and access the jobs that they want. It ensures consistency between the FEE-Help and VET FEE-Help assistance schemes. The bill will also apply previous amendments made to the higher education—

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 Page will have leave to continue speaking when the debate is resumed.
MINISTERIAL ARRANGEMENTS

Mr RUDD (Griffith—Prime Minister) (2.00 pm)—I inform the House, I am sure to the regret of the opposition, that the Minister for Infrastructure, Transport, Regional Development and Local Government will be absent from question time today and for the remainder of this week as he is attending an international transport forum in Leipzig, Germany.

Opposition members interjecting—

Mr RUDD—I know you love Albo deeply over there. He will be back. On his behalf, the Minister for Finance and Deregulation will answer questions relating to infrastructure and transport and the Minister for Agriculture, Fisheries and Forestry will answer questions relating to regional development and local government.

Mr Tuckey—Mr Speaker, I rise on a point of order. I refer to my rebuttal yesterday, through personal explanation, of allegations and innuendo levelled at me by the Prime Minister, with some assistance from the Minister for Trade, at question time, as recorded on page 4 of the Proof Hansard. Mr Speaker, my right to correct the record has in no way relieved me of the emotional stress and suffering I have experienced from these untrue allegations against my integrity. I therefore request the Prime Minister to follow his past practice and say sorry or, if formality is to prevail, to withdraw.

The SPEAKER—Order! There is no point of order.

QUESTIONS WITHOUT NOTICE

Budget

Mr TURNBULL (2.02 pm)—My question is addressed to the Prime Minister. I refer him to his claim that he will pay off Labor’s massive debt by the year 2022. Will the Prime Minister provide the House with all the projected economic growth figures, inflation rates, budget surpluses and other financial assumptions through to 2022 which he says will support this dubious claim?

Mr RUDD—I thank the honourable member for his question. What I would say in response to it is that, notwithstanding the fact that the government debt and deficit strategy is the lowest debt of any major advanced economy in the world and has been reaffirmed with a AAA credit rating by Standard and Poor’s, the government’s strategy for dealing with the return to surplus and the payment of debt is outlined in the budget papers. The government stands by that strategy.

Swine Influenza

Mr MARLES (2.03 pm)—My question is to the Prime Minister. Will the Prime Minister provide an update on the spread of swine flu in Australia?

Mr RUDD—I thank the honourable member for his question. This morning I was briefed by the Chief Medical Officer on the global public health challenge of human swine influenza and its development in Australia. As of 1200 hours Eastern Standard Time today, the total number of confirmed human swine influenza cases had risen to 61. Among states and territories the numbers are as follows: Victoria, 33; New South Wales, 18; Queensland, five; South Australia, three; Western Australia, one; and the Australian Capital Territory, one. The Australian community should prepare for the number of swine flu cases to continue to increase consistent with the pattern we have seen in other countries around the world. The World Health Organisation confirmed that human-to-human transmission has occurred in the following countries: Belgium, Canada, Chile, Germany, Italy, Japan, Mexico, Panama, Spain, United Kingdom and the United States. Globally, the World Health Organisation has confirmed 46 countries officially
reporting 12,594 cases of human swine influenza. Specifically, in Canada the number of confirmed cases has risen to 921, in Japan the number of confirmed cases has risen to 350 and in the United States the number of confirmed cases has risen to 6,764.

As we consider these numbers, it is important to remember that we are coming into the flu season, while the Northern Hemisphere is moving out of its flu season. Like the normal seasonal flu, most people with swine flu will experience mild symptoms. The CMO advises that people who are treated quickly with antivirals will have a speedy recovery. We know that swine influenza has a hard edge—that is, in a small proportion of cases it can be more severe. That is why, while there is no cause for alarm or panic, we need to remain vigilant and will continue to carefully monitor the situation and act on the advice of our medical experts.

The Commonwealth, along with states and territories, has already acted to advise students returning from countries with a concerning level of transmission that they should remain at home for seven days; has acted to close six schools, four in Victoria and two in South Australia; has provided information to emergency departments and GPs on known characteristics and risk factors for the disease; has established a hotline at 1802007, which has already received a number of inquiries; has ensured that airports have a clinical presence with nurses available; and, on the advice of the CMO, included swine influenza to be a quarantineable disease in humans under the Quarantine Act 1908, so that people likely to have been exposed to potential swine flu can be placed under surveillance and potentially quarantined.

All incoming passenger flights are required to report to the Australian Quarantine Inspection Service, AQIS, on the health status of passengers on the planes. With the use of thermal scanners at international airports, passengers detected as having a raised temperature may be required to provide a nose or throat swab. Health declaration cards have been made compulsory for all international flights since 6 May. Health message signs have also been installed at international airports. Government advertising on radio and in newspapers providing information about what to do if you have symptoms of swine flu has commenced and the pandemic alert has been upgraded to CONTAIN as of 22 May 2009.

The government has had a number of measures in place to closely monitor the situation. The Australian Health Protection Committee, made up of the Commonwealth and state and territory chief medical officers, meets twice daily. Officials in all jurisdictions have been engaged through the National Pandemic Emergency Committee in a 24-hour national incident room at the federal department of health. Critically, Australia remains one of the best prepared countries in the world for a possible pandemic, with a stockpile of more than 8.7 million courses of antivirals. Earlier today the Minister for Health and Ageing and the Chief Medical Officer launched new television ads to ensure that proper information is being provided to parents and to families.

Finally, I also take this opportunity to provide an important message to all Australians. If you are experiencing flu-like symptoms—fever, sore throat, cough, headache and muscle aches and pains—seek the advice of a health professional. Each one of us can take steps to avoid the spread of the flu by simple things: firstly, washing your hands often and thoroughly; secondly, covering your mouth and nose when you sneeze and cough; and, thirdly, disposing of used tissues in the bin. Finally, if any person in the public is experiencing flu-like symptoms, we would urge
them to seek medical advice and try to avoid close contact with others.

**DISTINGUISHED VISITORS**

The SPEAKER (2.08 pm)—I inform the House that we have present in the gallery this afternoon the Prime Minister of the Republic of Vanuatu, the Honourable Edward Natapei. On behalf of the House I extend to him a very warm welcome.

Honourable members—Hear, hear!

**QUESTIONS WITHOUT NOTICE**

**Budget**

Mr HOCKEY (2.08 pm)—My question is to the Treasurer. Given that the budget paper data does not extend to 2022, will the Treasurer provide the House with all of the projected growth figures, inflation rates, budget surpluses and financial assumptions until 2022 that support the Prime Minister’s dubious claim?

Mr SWAN—Yesterday we had some sloppy behaviour from the shadow Treasurer. He came into the House proving that he had not done his homework and made an assertion that we needed to run surpluses of two per cent for eight years. He then moved from that assertion in subsequent questions and he cited a table in the budget papers which actually proved that assertion wrong. The fact is that we do not have to run budget surpluses of that order for eight years. What we do have to run are budget surpluses around one per cent or a little higher through that period, and that is entirely achievable.

When it comes to the provision of information, this government has provided more information than those on the other side ever considered providing at any stage. We are absolutely serious about implementing our medium-term fiscal strategy. Those opposite are acutely embarrassed because they do not have one. So they come in here and cast doubt on growth forecasts and somehow imply that the information is suspect, because they want to run a scare campaign on deficits and borrowing. They are acutely embarrassed, because they know that the Australian people want this government to put in place economic stimulus to support jobs in our community.

Mr Hockey—Mr Speaker, I rise on a point of order concerning relevance. I asked the Treasurer about economic growth figures, inflation rates, budget surpluses in dollar terms and the financial assumptions—

The SPEAKER—The Treasurer will respond to the question.

Mr SWAN—All of those are in the budget papers.

Mr Hockey interjecting

The SPEAKER—The member for North Sydney will withdraw the remark, and without any other additions.

Mr Hockey—I withdraw the remark.

**Swine Influenza**

Ms BURKE (2.11 pm)—My question is to the Minister for Health and Ageing. Will the minister advise the House on the latest swine flu developments and the government’s response to date?

Ms ROXON—I thank the member for Chisholm. Like the member for Corio, I think that particularly Victorian members in this House are very focused on the fast spread of this disease in Australia. I want to just add a couple of points to those made by the Prime Minister that I think will be of interest to the House. In doing so, I might just remind people that this disease came onto the international radar about six weeks ago in Mexico. The Australian government has been using all its efforts to ensure that we delay for as long as possible the entry of this disease into Australia. That has bought us valuable time both in the hope of producing a vaccine quickly by the time we have large
numbers of people suffering from this disease in Australia, and also learning more about the disease—how it spreads and who it is particularly having an impact on. So the delay has benefited this community.

But as the Prime Minister indicated, we are at 61 cases in Australia. Looking at how that developed, our first case was confirmed on 9 May. We had six cases a week ago. We had 31 at the same time yesterday, and there are 61 today. So Australians do have to prepare themselves for the fact that we will see an increase in those numbers. We are seeing the disease spread rapidly in the same way, for example, it did in Japan where in a very short space of time, particularly in high schools, we saw the numbers rise. They are now at 350 confirmed cases.

We know that most people in Australia are experiencing very mild symptoms. Obviously, getting early treatment with antivirals has assisted with that and we hope that that will continue to be the case. But the Prime Minister mentioned the harder edge that this disease does have, and that is that a small proportion of cases can be very severe. We know this is now a disease of young people and that it has a particular impact on children and teenagers. We have also seen from the patterns overseas that pregnant women and asthmatics and others with respiratory problems are particularly at risk. Unfortunately, I do need to remind the House that there have been 92 deaths from this disease across the world, mostly in Mexico. There have been 10 deaths in the United States, one in Canada and one in Costa Rica.

The Prime Minister has taken the House through the range of steps that have been taken to try to delay the disease from coming into Australia and to handle its identification and treatment now that it is in Australia—and I will not repeat those steps. Members of this House will increasingly be getting calls at their electorate offices. People will be looking to us to provide proper information to them. The swine flu hotline is still the best source of reliable information for people to use. The number is 1802007. It has been in place for more than a month. Unsurprisingly, we have seen a spike in the number of calls over the last 24 hours. Please do not hesitate to encourage your constituents who need advice to use that hotline.

I also take this opportunity to advise members—if they have not seen the invitation already—that Professor Jim Bishop has offered to brief all members first thing on Monday on what we know about the spread of this disease around the world. Obviously the situation is changing. I note that Professor Bishop has been providing briefings to both the Leader of the Opposition and the shadow health minister. I understand that more of those briefings will be provided. We are happy to do that and we appreciate the support that has been shown. Obviously this is a difficult and changing situation and we all need to work together. Similarly, we are working closely with the states and territories. We are pleased that they are taking some additional steps in terms of communicating with each other about people traveling across state borders. Also, many of the jurisdictions are setting up special flu clinics. As we move into our flu season, many people who have seasonal flu will fear that they have swine flu. So making sure that facilities are available for the proper testing, identification and handling of the disease is going to be increasingly important.

We need to remain vigilant. We need to keep up our efforts to contain this disease. People should follow the advice of their medical practitioner. Those who are traveling should take care and ensure that they look at the advice provided on the Smartraveller website, which my colleague the Minister for Foreign Affairs is ensuring is kept up
to date as the situation changes around the world. There is no cause for alarm and panic, but the Prime Minister has encouraged people to follow proper flu etiquette. That might sound like a strange thing, but it is valuable in the containment of this disease. Please make sure that you encourage anyone you are in contact with to follow that etiquette and we will be able to reduce the spread of this disease.

Budget

Mr Turnbull (2.17 pm)—My question is again to the Prime Minister. I refer him to my earlier question to him and the member for North Sydney’s question to the Treasurer. In each case, we asked the Prime Minister and the Treasurer to provide the House with the projected economic growth figures, inflation rates, budget surpluses and other financial assumptions through to 2022 that would support the Prime Minister’s dubious claim that all of the massive debt he is running up will be repaid by that date. I refer to the answer that each of them gave, which was that these assumptions were to be found in the budget papers. I would ask the Prime Minister to take the House to the table and the page where those assumptions are laid out.

Mr Rudd—The Leader of the Opposition, in his question, referred to ‘dubious assumptions’. Can I just say that the most dubious assumption being advanced by those opposite is that this country’s deficit and debt strategy is not consistent with a responsible return to budget surplus. The government has provided five years of sets of forecasts and projections for the future; our predecessors provided four. The government’s strategy to return the budget to surplus is outlined in the budget papers. We stand by the strategy.

Mr Turnbull—Mr Speaker, on a point of order: the Prime Minister should apologise for misleading the House. He has conceded that his answer—

The Speaker—The Leader of the Opposition will resume his seat. That is not a point of order.

Budget

Ms Jackson (2.19 pm)—My question is to the Prime Minister. Will the Prime Minister provide an update on the Australian government’s Nation Building for Recovery rollout?

Mr Rudd—The government’s strategy is Nation Building for Recovery. The government’s strategy is to build the economy up; the opposition’s strategy is to talk the economy down. That is it in a nutshell. Those opposite are happy to talk the economy down, to tear the economy down, because they have concluded that it might actually boost their political prospects. That is what it is all about.

Our strategy is clear. Nation Building for Recovery will support jobs, businesses, apprenticeships and training for today by investing in the nation-building infrastructure we need for tomorrow—nation-building infrastructure which a large slab of those opposite have a particular interest in supporting in their electorates and distancing themselves from here in Canberra. Seventy per cent of the government’s nation-building and economic stimulus plan has been targeted towards infrastructure. That means $60 billion is being invested in infrastructure like rail, roads, ports, broadband, solar energy and the biggest school modernisation program Australia has ever seen.

The budget alone invests $22 billion in further infrastructure stimulus. The consequence for jobs is that we will support more than 200,000 jobs that would otherwise be destroyed by the global economic recession—200,000 people whom those opposite, we assume, would prefer to have thrown
onto the unemployment queue. Many Australians will be witnessing construction rolled out at their schools across the nation, across our towns and communities, as we speak. I would ask the House to reflect on this number: 35,000 jobs will be rolled out across the country under our Nation Building for Recovery program. I would like to take the opportunity to report to the House that construction is already well underway. For the benefit of the parliament, I can table an updated list of projects which have been approved for construction. I can table, for example—and I will—a folder of projects already approved under round 1 of the Australian School Pride Program. We have projects here from the—

*Opposition members interjecting—*

**Mr Rudd**—Those opposite laugh at these projects. I thought they were supporting some of these projects. Are they supporting or opposing them?

*Opposition members interjecting—*

**Mr Rudd**—I am about to table them. You have a look at them. I table a folder of projects already approved under round 1 of the Australian School Pride Program. We have got projects for the refurbishment of play areas, car parks and high school lockers at the Macquarie College in New South Wales and for the building of an outdoor learning centre at Palmwoods State School in Queensland, which is just down the road from where the Treasurer and I grew up. Is Palmwoods in the member for Fisher’s electorate or in the member for Fairfax’s electorate? I presume the member for Fairfax welcomes that investment. I table that particular update. I also table a folder of projects already approved under round 2 of the Australian School Pride Program. If those opposite have an interest in their contents, they can sit down and have a read. We have got projects—

*Mr Robert interjecting—*

**The Speaker**—I warn the member for Fadden!

**Mr Rudd**—The member for Fadden would be objecting to projects in his electorate, I assume. The member for Fadden is in the House, standing on his feet now and saying that he does not want any investment in schools in his electorate.

*Mr Hockey interjecting—*

**The Speaker**—I warn the member for North Sydney!

*Mr Robert interjecting—*

**Mr Rudd**—Did I hear the member for Fadden say that he wants no investment in the schools in his electorate? I think I did. I take the intervention from the member for Fadden that he wants no investment in his schools. I table this folder detailing projects from High Wycombe Primary School in Western Australia to fencing and walkways at Moulden Park School in the Northern Territory.

**Mr Abbott**—On a point of order, Mr Speaker: you have warned members opposite for holding up material. Why is the Prime Minister not being warned for doing exactly the same thing? Surely there should be one standard, the same standard, for all members of this House, including the Prime Minister.

**The Speaker**—In responding to the—

**Mr Randall**—It’s taxpayers’ money, mate!

**The Speaker**—The member for Canning is warned!

*Honourable members interjecting—*

**The Speaker**—The member for New England might think that he is being of assistance, but I will ignore the comments. I know the member for North Sydney thinks that he is trying to help me, but sometimes he does not. I just wish to respond to the
point of order raised by the member for Warringah. In doing so, I refer to a ruling of the Speaker back on 15 June 2006:

Whilst a member with the call may make a passing reference to a displayed object or article, members without the call may not do so and will be dealt with accordingly.

That is the only thing that I am attempting to apply with regard to those that are displaying signs. The Prime Minister has the call.

Mr Rudd—Thank you very much, Mr Speaker—

Mr Abbott—On a further point of order, Mr Speaker: could I suggest that a passing reference is rather different from what we have been seeing from the Prime Minister. While I accept what you have said, the fact of the matter is that it would be much easier for members on this side of the House if the Prime Minister were held to an appropriate standard.

The Speaker—The member for Warringah has not dissuaded me from my original ruling.

Mr Rudd—I note the intervention by the member for Canning, in whose electorate we are currently investing through the Building the Education Revolution in 159 projects involving 61 schools with an investment of $65 million. Does he want that investment or not?

Opposition members interjecting—

Mr Rudd—He does want that investment. So he voted against it in Canberra—

The Speaker—The member for Canning will resume his seat.

Opposition members interjecting—

The Speaker—There is no provision for questions to be asked of backbench members—

Mr Melham—You didn’t get that money out of a Liberal government.

Honourable members interjecting—

The Speaker—The member for Banks was hardly helpful on that occasion.

Mr Rudd—What we have witnessed in the parliament today is the Liberal and National parties in absolute disarray—a Liberal Party standing up in the parliament and saying, ‘Yes, we want investment in our local schools,’ and, ‘No, we will not vote for that investment here in Canberra.’ What absolute rancid hypocrisy! I also table a folder of major rail, road and boom gates and black spots projects across Australia. The Leader of the National Party guffaws, as is his custom. I would have thought that any Nat standing up in this parliament and thinking about the importance of boom gate repair across Australia would, if they were worth their salt, stand up for the good folk of the bush and say that we need this extra investment in boom gates and black spots to enhance security. We have got projects from the western Victoria track upgrade to the upgrade of the Northern Expressway in South Australia.

I also table a folder of Australian social and defence housing projects. These are good reading, too. I would draw these to the attention of the member for Herbert, because these are important projects for our men and women in uniform. We have projects from the 28 Defence housing projects approved for Andrews Farm in Adelaide to the refurbishment of 70 social houses in Subiaco—

Mr Briggs—Is that in passing?

The Speaker—if the member for Mayo has a point of order, he can rise, but he cannot interject on me.

Mr Rudd—I assume that the member for Mayo wants no investment in schools in his electorate.

Opposition members interjecting—

Mr Rudd—Apparently, the member for Canning does want deficit to support the in-
vestment in schools in Canning; the member for Mayo does not; the member for Fadden I think does not; the member for O’Connor does not—or does? What absolute disarray! I also table a folder of Australian community infrastructure projects—

Ms Julie Bishop—Mr Speaker, I rise on a point of order. This display is demeaning not only to the office of Prime Minister but to the Parliament of Australia.

The SPEAKER—There is no point of order.

Mr Rudd—In fact, hypocrisy is a demeaning condition, I would say to the member for Curtin. We have projects from a half basketball court in Derby in Tasmania to a community workshop facility at Bourke in New South Wales. I table that list of projects as well. On top of that I also table a list of projects, a folder of projects, approved for Australian Primary Schools for the 21st Century. We have projects from a resource centre at Bajool State School in Queensland to the construction of a community gymnasium in Winnaleah District High School in Tasmania. I table this Australian Primary Schools for the 21st Century folder as well. Can I say to those opposite that what we have had in their—

Mr Tuckey—Mr Speaker, I rise on a point of order relating to the practice of this House in terms of this sort of display. But has he got the one with the missing budget figures in it? It would be worth the exercise.

The SPEAKER—The member for O’Connor will leave the chamber under standing order 94(a) for one hour.

The member for O’Connor then left the chamber.

Mr Rudd—So, in sum, what we have in these folders of projects which are currently underway as part of the government’s Nation Building for Recovery program is a large number of investment projects, part of the 35,000 projects being rolled out across the country. Let it be stated formally on the record that the Liberals and Nationals have voted against 20,000 social housing projects, 11,000 projects in primary schools, 802 defence housing projects—Member for Herbert, hang your head in shame—17 major rail projects, 14 major road projects, 500 black spots projects, 250 boom gate projects—National Party, hang your collective head in shame—and 3,168 community infrastructure projects. The one exception, of course, is if we subtract those projects within the schools area for the member for Canning, because he stood up today and said that he in fact meant to vote with the government when this was actually put through.

What we have here is the most appalling display of Liberal Party hypocrisy, underlined yesterday by the minister for infrastructure standing in this place, showing one Liberal member after another and one National member after another attending supportively the launch of local investment projects in local schools right around the country, and piously and hypocritically claiming that they do not support the investment in these projects whatsoever. Is it any wonder that the people of Australia do not believe what those opposite stand for? We stand for building the Australian economy up; you stand for tearing the Australian economy down.

Budget

Mr Hockey (2.33 pm)—My question is to the Treasurer. I refer to the fact that the Rudd government is now the biggest-spending government in modern Australian history, with government spending at around 29 per cent of GDP. I refer to the fact that the Rudd government has now the biggest net debt since World War II, and I refer to the fact the Rudd government is putting it all on the nation’s credit card, the Ruddcard—$315
billion of debt. I ask the Treasurer: where exactly in the budget papers are the justifications for the Prime Minister’s claim that he is going to pay off the nation’s credit card by 2022? I seek leave to table all of these documents in the same way the Prime Minister did.

Leave not granted.

Mr SWAN—We have just seen the Hockey plan in action—the Leader of the Opposition sitting there, Mr Hockey behind him, trying to sort of nudge out the member for Higgins, who has been lifting his profile over the last couple of weeks. They are all jostling in there at the moment.

Let’s get a couple of things very clear. Statement No. 3 in the budget papers outlines all of the methodology for our projections.

Mr Hockey—To 2022?

Mr SWAN—The shadow Treasurer wants me to go and do all of his homework; I will take him for a reading lesson later on. It is all there.

Mr Hockey—Where? Where is it?

The SPEAKER—Order! The member for North Sydney has asked his question.

Mr SWAN—What he did just then was outline the scare campaign the Liberal Party wants to run. It is actually not about the projections. It is not about the forecasts. It is about a Liberal Party scare campaign. This government has done the responsible thing. We have had a revenue collapse of $210 billion, which they want to pretend has not occurred. The member for Higgins was in the House last night pretending that the mining boom did not give us a revenue surge—telling everybody how brilliant he was and in the next breath pretending that we had not had a revenue collapse from the collapse of the mining boom. Well, of course we have, and the consequence of that is that we have had to borrow responsibly to support jobs.

Mr Hockey—Mr Speaker, I rise on a point of order on relevance. Where in statement 2 does it go to 2022?

The SPEAKER—Order! The member for North Sydney will resume his seat. The Treasurer is responding to the question.

Mr SWAN—We have outlined in unprecedented detail in the budget papers our medium-term fiscal policy, in a way which those opposite have never done. They claimed to be serious about an Intergenerational report and then did nothing about it. So the task falls to us. The task falls to the Labor Party, in the teeth of the global recession, to protect our people by responsible borrowing, by investing in modernising our schools and by investing in infrastructure to support jobs and businesses in our community. What those opposite are so embarrassed about is that, if we take the proposition put by the shadow Treasurer here today to its logical conclusion, what they stand for is higher unemployment and more business failures—because all of these projects that are creating jobs and supporting businesses in our community would not be happening right now. To camouflage their lack of alternatives they have to run this seedy campaign against the forecasts and the projections which have been put forward in good faith by the Commonwealth Treasury.

DISTINGUISHED VISITORS

The SPEAKER (2.38 pm)—I inform the House that we have present in the gallery this afternoon the Rt Hon. John Spellar MP, government whip in the House of Commons with the official title Minister in the Whip’s Office and official role of Comptroller of Her Majesty’s Household. He is also Chair of the All-Party Parliamentary Group for Australia and New Zealand. On behalf of members I welcome him once again.

Honourable members—Hear, hear!
QUESTIONS WITHOUT NOTICE

Budget

Mr SYMON (2.38 pm)—My question is to the Minister for Finance and Deregulation. Will the minister outline the importance of the government’s investment in nation building for future growth and why the government has set out long-term projections for key budget indicators? What is the government’s response to claims that its budget projections are insufficiently rigorous and realistic?

Mr TANNER—I thank the member for Deakin for his question, and I note there are 51 projects, worth over $21 million, scheduled in his electorate. Forty-five of those projects relate to schools. I note also that the members of the opposition voted against all of these projects when they came into the parliament. The government is committed to nation building for recovery through building infrastructure throughout Australia, whereas the opposition is committed to opposing this.

I note that there have been a number of criticisms of projections and figures in the budget, from a variety of sources but most particularly from the member for North Sydney. Yesterday the government, sadly, was not allowed to describe the member for North Sydney as ‘sloppy’ in his approach. It is a pity, because that is about the kindest adjective I can think of to describe his performance. Other words like ‘inaccurate’, ‘innumerate’ and ‘incoherent’ might come to mind, because yesterday the member for North Sydney asserted in the parliament that, in order to return the Commonwealth balance sheet to a debt-free position in the time frame projected by the budget, it would be necessary to run surpluses of two per cent of GDP or more for a period of eight years. Unfortunately, he appears to have done this calculation on the back of an envelope on the spur of the moment, and he has missed one very salient point. He appears to have taken the peak number of net debt, divided it by the figure of eight—for the period of eight years—and come up with $25 billion, which of course is roughly two per cent of GDP now. But it will not be two per cent of GDP in 10 years time. Guess what, Member for North Sydney: GDP grows over time—an extraordinary revelation for a would-be Treasurer!

Opposition members interjecting—

The SPEAKER—Order! Those on my left!

Mr TANNER—Unfortunately, there is, for the member for North Sydney, a very simple explanation as to why the figures in the budget papers show surpluses over the period he is referring to—figures like one per cent of GDP, 1.4 per cent of GDP, 1.6 per cent of GDP or whatever the figure may be—and that is that the figure against which the percentage will be calculated in due course will not be GDP for the year 2009-10; it will be GDP for the year 2019-20.

This is not the first occasion that the member for North Sydney has been decidedly sloppy with his attention to detail and figures. We note immediately that in the response to the budget he claimed that two-thirds of the peak in net debt that the government is projecting in the budget was covered by new spending. Unfortunately, he neglected to mention a very important fact—that he did not include all of the government’s savings measures in his calculations. And, naturally, he made no reference to the point that the total amount of net debt projected was actually lower than the total amount of revenue loss projected over the same period as a result of the global recession.

Finally, I would like to quote something that the member for North Sydney said at the National Press Club last week:
When Lindsay promised to bring together all the IT departments under a review and said there was going to be great savings out of consolidation, I notice, and I might be wrong, that in the budget papers there was not one dollar of savings. Out of all that IT bluster and bluff, there was not one dollar of savings.

Well, I have bad news for you, Member for North Sydney: you are wrong—you are very wrong. On page 50 of the Updated Economic and Fiscal Outlook papers published in February—which, if you were a decent shadow Treasurer, you would be familiar with—there is in fact a set of figures that indicate that there will be savings of over $400 million over four years from the IT savings that the member for North Sydney referred to. If a member of the opposition aspires to be the Treasurer of the nation, they have to do their homework. Being Treasurer is more than just breakfast TV shows and one-liners. It involves detail, it involves rigour and it involves hard work. We have gone from having a shadow Treasurer who copies her work from others to having one who makes things up! That is the standard of performance you get from the Liberal Party in economic debate in this country. If you cannot get your facts right in opposition, you are not fit to run the nation’s finances.

Mr Pyne—Mr Speaker, I rise on a point of order. The point of order is on relevance. The Prime Minister was asked a very specific question: whether he stood by the claim of himself and his Treasurer. We ask him to answer that specific question.

The SPEAKER—Order! The member for Sturt will resume his seat. The Prime Minister is responding to the question.

Mr Rudd—It was the member for Sturt, the economic genius opposite, who said that the Asian financial crisis was just as bad as the current global economic recession. In fact, I think he may have said the Asian financial crisis was worse than the current global economic recession. I think the member for Sturt’s credibility on this question is non-existent. This is a debt and deficit scare campaign—

Mr Pyne—Answer the question, Mr Squiggle!

The SPEAKER—Order! The member for Sturt will withdraw.

Mr Pyne—Withdraw ‘Mr Squiggle’?

The SPEAKER—The member for Sturt will withdraw.
Mr Pyne—I withdraw, Mr Speaker.

Mr Abbott—Mr Speaker, I rise on a point of order. Further to the request you have just put to the member for Sturt, and which he has very graciously complied with, I put it to you that under the standing orders referring to a member as Mr Squiggle is not disorderly—not disorderly at all!

The SPEAKER—The member for Warringah will resume his seat. I say to the member for Warringah that I am not dissuaded from my actions by his argument, but I indicate to the member for Sturt that it is a really surprising set of behaviours, to come into the chamber and within five minutes think that he can prattle on without having the call. As with the display of posters and other things, when people do not have the call they have to expect that when notice is taken of their behaviour it will be dealt with.

Mr Rudd—Many of us on this side of the House would always stand up for the integrity of Miss Pat and the entire crew out there on Mr Squiggle. I am sure the member for Sturt has been a keen student of the program over the years.

I ask those opposite why the member for Sturt jumps to his feet every time I mention the fact that the member for North Sydney has an identical debt and deficit strategy to that of the government. They do not want to hear it— that is what it is all about. It actually goes to the total heart of the hypocrisy of the opposition’s campaign on debt and deficit.

PRIME MINISTER AND TREASURER
Suspension of Standing and Sessional Orders

Mr Turnbull (Wentworth—Leader of the Opposition) (2.48 pm)—I move:

That so much of the standing and sessional orders be suspended as would prevent the Leader of the Opposition moving immediately—That this House censures the Prime Minister and Treasurer for:

1. misleading the House and for refusing to come clean with the Australian people about how they are going to repay the Government’s massive debt; and

2. claiming that the 2009-10 Budget papers contain all data on economic growth, inflation rates, budget surpluses and financial assumptions through to 2022 that would support the Prime Minister’s dubious claim that his Government’s national debt will be paid off by that date.

We have an issue not just of financial integrity but of character. We have a Prime Minister and a Treasurer that have told this House that all the financial assumptions to justify their claim that $315 billion of debt will be paid off by 2022 are in the budget papers. They know they are not—they simply are not there. There are all those forecasts and estimates and projections through to 2012-13. The budget papers do not contain the financial and economic projections through to 2022. That is why, in good faith, we ask the Prime Minister to provide those assumptions: because he is saying to the Australian people that he is going to fling onto the shoulders of our children and their children debt unprecedented in our history—debt that has been incurred in large measure to enable the government to send out cheques to millions of Australians. This is debt that has been incurred while revenues were falling to enable the government to engage in cash splashes. Australians right around the country are saying to themselves, ‘What is the government doing, putting us further and further into debt and with so little to show for it?’

This matter of debt is a matter of vital public interest. For years, the coalition in government laboured hard to pay off the debt that the Australian Labor Party left us with—$96 billion. It took us a decade to pay that off, so naturally we are entitled to ask: how long will it take to pay off $315 billion of
gross debt—$203 billion, they assert, in net debt?

Any claim that a government makes to be able to deliver a financial result has to be backed up by some evidence and assumptions. What are their assumptions about revenues, about economic growth, about inflation and about employment? All of these factors are perfectly relevant and perfectly necessary to enable the Australian people to form a view as to whether this debt—this so-called temporary debt—will be the work of 13 years to pay off or the work of 33 years or more to pay off. How can we trust the government? If the government is not prepared to provide the assumptions, how can anyone believe its claims that it will pay this debt off by 2022?

We would assume that the government has all those assumptions at their fingertips. We would assume that the Prime Minister and the Treasurer would not make this claim and would not give this reassurance to the Australian people without having all of that financial information at their fingertips. So it is perfectly reasonable for the opposition to ask the government—not once but three times—to provide that information here in question time. And what were we told? ‘Oh, it’s all in the budget papers.’ Those were the Treasurer’s own words. He said, ‘All of those are in the budget papers.’ But they are not in the budget papers. We asked him to nominate the page and he just gave us a few minutes of abusing the opposition. This is not good enough.

This Prime Minister and this Treasurer have deliberately misled the House. They have stated that vital and relevant financial information necessary for any Australian to form a view about whether this debt can or will be repaid by 2022 is set out in the budget papers, but most plainly it is not. Either they made a reckless claim that had no basis in fact, in which case they should acknowledge that and apologise to this House, or they have made that claim based on financial assumptions and economic projections, in which case they should make those projections public. They are the ones who have claimed that $315 billion of debt will be paid off by 2022. They are the ones who have given an assurance that it will be paid off in 13 years. They are the ones who have sought to reassure Australians who are anxious about the heavy burden of debt that they can see being thrown onto the shoulders of their children. It is they who have made that claim, it is we who have asked them to provide the evidence for us and it is the government that has misled the House by saying that the evidence is to be found in the budget papers, where it is not.

This is not the first time we have seen the financial recklessness of this government. We need only go back to the extraordinarily reckless claims made by this government about the so-called National Broadband Network. It had a cost of $43 billion—so they claimed—and there was no business plan and no financial analysis. The Prime Minister said on The 7.30 Report that it was an outstanding commercial investment. Like a snake oil salesman he called out for mums and dads to invest in it. Where is the financial analysis for that? None is to be found. This is the problem with this government. They are given to recklessness in spending and recklessness in making claims about economic and financial matters vital to the future of our children.

We have seen confirmed today in the Senate estimates that the $43 billion proposed to be spent on the National Broadband Network will, apart from $2.4 billion of it, all have to be borrowed, and not a cent of it—not one cent—is included in that $315 billion debt figure. So the $315 billion does not include anything for broadband and it does not in-
clude anything for Ruddbank and yet the government claims that it will be paid off in 2022.

This is a fundamental question about the government’s integrity. If the Prime Minister and the Treasurer want the Australian people to believe them when they say that this debt can and will be repaid, all they have to do—and they can do it right now—is provide the figures on which they base their claim. Or is this like the reckless claim about broadband? The day after the Prime Minister said that it was commercially viable and mums and dads should invest in it, his Treasurer was asked, ‘How many people will subscribe?’ He said, ‘Oh, I don’t know that.’ He was then asked, ‘What will they be asked to pay?’ He did not know that either. In other words they knew nothing about it. They had plucked a figure out of the air and thrown it out there as a distraction. I fear that this is precisely what they have done with their claim about the repayment of debt.

The government can claim that it is borrowing money to invest in infrastructure, it can claim that it is investing money in schools, it can argue the case for its cash splashes and it can say that that is a fiscal stimulus. There will be arguments for and against the merit of those investments and payments. But the one thing we know for sure is that every dollar of debt is a fiscal drag. Every single dollar of debt we fling onto the shoulders of our children will make it harder for them to enjoy a lifestyle and a standard of living equal to or better than that which we have enjoyed, because every dollar of debt will have to be paid for. It will have to have interest paid and principal repaid and all of that will mean higher taxes and higher interest rates in the future.

That is why Australians are so anxious about this debt. That is why they are concerned that each and every Australian man, woman and child is being loaded up with $10,000 of debt—$10,000 of debt raised by a government that 18 months ago had no debt at all and had cash in the bank. That is the level of the recklessness. Yet when we ask the government for the basic financial facts on which they base their claim that the debt will be repaid they will not provide it, and then they mislead this House and the nation by claiming those figures are in the budget papers when they know full well they are not.

This Prime Minister and this Treasurer have not simply thrown an unsustainable level of debt on the shoulders of our children but insulted us. They have insulted our children and the children who will come after them, because they have said, ‘We are going to raise this debt and we have no idea how it will be repaid.’ More importantly, they do not care. They neither know nor care about the damage they are wreaking on this nation.

(Time expired)

Mr HOCKEY (North Sydney) (2.59 pm)—I second the motion. The Prime Minister expects us to believe that he is a fiscal conservative. Yet the Prime Minister took us into the deepest deficit since World War 2. The Prime Minister expects us to believe, and the Australian people to believe, that he can control debt. Yet he has delivered the biggest debt for the Australian government since World War II. The Prime Minister expects us to believe, and the Australian people to believe, that he has a plan to get Australia out of the Rudd government debt, the debt that was accrued in just one budget.

He expects us to believe a figure that never appeared before on a date that never appeared before. With a sense of panic the Prime Minister plucked out of the air 2022,
13 years hence, for the repayment of the Rudd government debt. It is not in the budget papers, but with a sense of panic he pulled it out of the air. Then, when we started to ask questions about the economic assumptions, about the justification for that so-called 13-year plan—longer than anything the Soviet Union can be proud of—he expected us to take him at his word. Today the Prime Minister and the Treasurer, with a rhinoceros hide, came into this place and said, ‘It’s all in the budget papers.’ We asked them specifically: ‘Exactly where in the budget papers? Point out the data. Point out the assumptions about economic growth. Point out the assumptions about inflation. Point out all of the detail that gives any credibility at all to the claim by the Prime Minister that he is going to pay off the debt in 13 years.’ And there is silence. If there is not silence, they try and have what we call in this business ‘weapons of mass distraction’.

The Prime Minister has stood here for a number of days and held up photos. It is like Kevin’s world tour. Normally we get the Eiffel Tower, normally we get the Vatican, normally we get each and every thing. On this occasion we have Handy Manny going like Bob the Builder—mixing all the children’s metaphors—around the nation pretending to build. He is not telling the Australian people it is all borrowed money. He is forgetting that fact, a fact that is fundamental to the economic destiny of our nation. At a time when countries—not just companies, but countries—are struggling to raise money to pay their day-to-day bills this Prime Minister is running around the country protesting about the fact that the opposition did not support him on the biggest spending package in memory. It is $43 billion, and yet he decrying us for asking how this is going to be paid for. Isn’t there a contradiction there? The Prime Minister says, day after day, question after question, that we opposed all these initiatives, and yet he has the hide to claim that there would be no difference in the debt between the coalition and the Labor Party. What a hide! To come into this place, the House of Representatives, the people’s House, and to simply lie to the Australian people about the justification for his claim that the debt of the nation will be repaid by 2022 means that the spin of the Prime Minister and the incompetence of the Treasurer are as great as the debt, the legacy that they are leaving the Australian people. We are asking basic questions about the numbers. If we are wrong about those numbers, tell us where we are wrong. Tell us how we are wrong. Give us the numbers. Tell us exactly what the assumptions are that lead you to claim that you are going to pay off the debt.

There is one message out of this: the Rudd government stands for the biggest debt the Australian people have had since World War II. The Rudd government stands for a failure in fiscal policy. The Rudd government stands for incompetence. The Rudd government stands for spin. The Rudd government is not going to deliver the Australian people any hope that they can get us out of the financial mess that they have made far worse.

Mr Stephen Smith—Mr Speaker, I rise on a point of order. You might want to draw to the attention of the member of North Sydney that it is not a censure motion; it is a suspension motion. And he might want to be careful about the assertions he makes about the telling of truths.

Mr Swan (Lilley—Treasurer) (3.05 pm)—This is a classic case of overreach from a dying leader. He never gets fired up about jobs for Australians. He only gets fired up about one thing: his own job. Of course we have all the huffing and puffing from the shadow Treasurer up there trying to tell all of his colleagues how he is better qualified than the Leader of the Opposition. We had a de-
fining moment in Australian politics a couple of weeks ago. The Leader of the Opposition went to the Press Club the week before the budget and he said, ‘Labor’s stimulus packages have not created one job.’ That is what he said. All the evidence has been presented in this chamber over the past few days of jobs that are being supported by this government. The core of our budget is to support jobs. If it was not for our budget, many more people would over time become unemployed.

What they resent in the budget forecasts, and what they resent in the budget projections, is that we are doing everything within our power to support employment in the Australian community. So when we talk about the school modernisation program, when we talk about nation building for recovery, when we talk about roads, rails and ports, we are talking about jobs. We are talking about Australian jobs for Australian families. There is one thing about the Labor Party: when times are tough, we look after families and we look after our community. Those opposite are so out of touch, so unable to comprehend the nature of the economic challenge facing this nation, that they do not understand the need for stimulus. The Leader of the Opposition does not walk in the same shopping aisles as average Australians, and neither do many on that front bench. That is why they do not support economic stimulus.

We support employment in the Australian community. We were prepared to do something about the age pension. We stand up for our principles. We must protect our people, and we are protecting our people in the teeth of this savage global recession by responsibly putting in place economic stimulus. And who opposes that? The Liberal and National parties, who famously came into this House and said their approach is to sit and to wait and to see—to see many more people, hundreds of thousands of people, relegated to the unemployment queues. That is what this debate is about, because they will not admit that the responsible thing to do right now is to invest in the future and to support jobs in our community, and that is what we are doing. And we are borrowing responsibly and we are going to pay down the debt over time responsibly. We are doing all of those things.

We have had a discussion about what is or is not in the budget papers. These budget papers have been the most comprehensive that have been produced in this parliament—much more comprehensive than anything that has been produced by those opposite and certainly much more comprehensive than anything that was produced by the member for Higgins. We have got estimates for two years—2009-10 and 2010-11. We have got projections for 2011-12. We have got medium-term projections for the budget and for net debt right through to 2019-20. When has that ever happened before? Never. And they have got the hide to come into this House and pretend that we have not been open and transparent. You could not be more open and you could not be more transparent than we have been in these budget papers. It is not our fault that the shadow Treasurer cannot read them. It is just not our fault. He might want to blame us for his inability to actually read the budget papers—and he could not do it in the House here yesterday when he made the preposterous claim that we needed surpluses of two per cent of GDP for eight years. It was disproved by the very graph that he was holding up in the House. He got away with it today but it will not be forgotten, because what it demonstrates is the absolute incompetence of the shadow Treasurer.

Mr Hockey—Tell us what the inflation figure is, Wayne.

The SPEAKER—Order! The member for North Sydney was heard in silence.
Mr SWAN—He needs to go through the various budget statements which do contain the assumptions all the way through them.

Mr Hockey—Where?

The SPEAKER—Order! Member for North Sydney, this is not a time for asking questions, and you were heard in silence.

Mr SWAN—if he cannot read them he should go and hire somebody who can help him. What this government has been about is investing in the future. What we have been talking about through this budget is nation building for recovery to support employment, nation building to make sure that our people are protected from the ravages of this global recession. That is what the budget is all about. That is why, in this budget, we have the very strong support of the business community. We have the strong support of the business community for economic stimulus because they understand that when the world imposes such a sharp contraction in global demand on an economy such as this, the only force in society that can move in to protect people, to protect families and to protect businesses is the national government.

Those opposite have got the hide to come in here and complain about a net debt figure of 3.7 per cent in 2019-20. That is a remarkably low figure. They have the hide to ignore the fact that when they left government they had $58 billion worth of securities on issue anyway. We have not heard anything about that form of debt, and that was necessary debt and we supported that debt. And there is a role for debt in the circumstances we are in at the moment, because we nation build. What we do is invest in the future. We expand our capacity. There have been all of these questions about inflation. What our nation building for recovery is all about is expanding the productive capacity of this economy to maximise the opportunities that surely will come when global growth returns. That is what investment in road and rail and port is all about and, of course, what our investment in education is all about, from primary school to secondary school and higher education. It is all about investing in the future. It is absolutely sensible to borrow to do some of those things and, as growth returns, bring the budget back to surplus and pay down the debt. That is the responsible course of action that we have embarked upon.

In any other parliament in the world there would be oppositions supporting these logical, sane propositions from the government. But it is a measure of how feral those opposite have become, how they are unable to handle the role of opposition and how embittered they have become by their election defeat that they cannot come into this House and support Australian families and Australian businesses in their hour of need. They really should be condemned for this behaviour. It is so opportunistic.

Of course, the Leader of the Opposition does know better, but he is now so consumed with the threat from the shadow Treasurer on the one hand and the member for Higgins on the other, who are conducting this foot race behind him every day, that he is getting involved in some of the most desperate, irresponsible political tactics I have ever seen in this House. How you could come in here and claim it is irresponsible to pay down net debt to 3.7 per cent is entirely beyond me. Other nations around the world—advanced economies—are having net debt levels of 80 per cent. It is a small price to pay to protect our people, to invest in the future, to look after families and to make sure that we chart a course through a global recession, protecting our people to the maximum possible extent, which brings me back to where I began.

The Leader of the Opposition stood at the National Press Club and said, ‘Stimulus has
not created one single job,' despite all of the evidence—retail sales, housing, consumer confidence. All of these things are higher in Australia than they are anywhere else in the world, because the Australian government had the courage to face up to its responsibilities, to borrow to put in place phase 1 of economic stimulus, phase 2 of economic stimulus and phase 3 of economic stimulus. Phase 3 of economic stimulus was the budget—nation building for recovery. It was the investment in road, rail and port that those opposite would not make when it was raining gold bars during the mining boom. They could not make those decisions then.

We have taken the responsible decision to invest in the future to protect our people, which is why we reject entirely this motion from those opposite, because there is not a shred of economic credibility in their behaviour and absolutely nothing to their baseless assertions about our projections and our forecasts. We stand by them because they have been prepared by some of the most professional people, respected here and around the world, in our Treasury. We stand by them because what we have the courage to do is to stand up for Australia in the middle of the global recession. It is incredible that the only people in the community who are opposing what we are doing are the Liberal and National parties in this parliament, who do not have the sense to understand the nature of the challenge or the courage to develop an alternative policy framework. This government has done it. We are absolutely proud of it. We have a course set to pay down debt and get back to surplus and we will pursue that. (Time expired)

Question put:
That the motion (Mr Turnbull's) be agreed to.
The House divided. [3.19 pm]
Mr Rudd—Mr Speaker, I ask that further questions be placed on the Notice Paper.

AUNG SAN SUU KYI

Mr Stephen Smith (Perth—Minister for Foreign Affairs) (3.22 pm)—On indulgence, Mr Speaker: I would like to briefly report to the House on the circumstances surrounding Aung San Suu Kyi. Today is the anniversary of her most recent period of detention. She has been detained by Burma’s military regime for 13 of the last 19 years.

Yesterday Aung San Suu Kyi was served with a notice from the military regime indicating to her that her current period of detention would end, effective today. Whilst, on the one hand, we welcome that, we are of course deeply suspicious that the device the regime is currently using is what we regard as spurious charges against Aung San Suu Kyi. Her trial will recommence today.

I spoke to our ambassador in Rangoon last night, who was one of the diplomats present in the court yesterday. I am pleased to advise the House that our ambassador advises that Aung San Suu Kyi is in good health and in good spirits and clearly conducting herself with dignity and civility in very difficult circumstances.

We hope that these spurious charges are not taken any further, but our very grave concern is that this will be used as a device for her further imprisonment or detention and we again, as we have done in recent days and weeks and consistently over the years, call for her immediate and unconditional release.

I make the point that we welcome very much the very strong remarks that have come from our ASEAN partners. I spoke in recent days to the Secretary-General of ASEAN, Dr Surin Pitsuwan, and I have spoken to my Thai counterpart, Foreign Minister Kasit. Thailand is of course chairing ASEAN at the moment. We welcome very much the strong show of support by ASEAN and its constituent members for Aung San Suu Kyi and her immediate and unconditional release.

Ms Julie Bishop (Curtin) (3.25 pm)—On indulgence: it was in July 1989 that Aung San Suu Kyi was first placed under house arrest by the Burmese junta that has ruled Burma since 1962. In July 1989, Burma was leading up to elections that were in fact held the following year. The party that Aung San Suu Kyi was leading, the National League for Democracy, had gained widespread support throughout Burma, and it is widely believed that the detention of Aung San Suu Kyi in July 1989 was to thwart their aspirations to win seats in the forthcoming election. In fact, in 1990 the National League for Democracy won 82 per cent of the popu-
lar vote, yet their leader of course was still under house arrest.

She went on to be awarded the Nobel prize for what was described at the time as one of the loneliest and most courageous battles for freedom and democracy the world had ever seen. As the Minister for Foreign Affairs indicated, over the past 19 years Aung San Suu Kyi has been held in detention, under house arrest, at her home in Rangoon for 13 of them. The most recent period of detention has been for six years, and it is a rather cruel irony that the Burmese regime would serve Aung San Suu Kyi with a notice stating that her current period of detention expires on 27 May when she is in fact in detention on what we would describe as trumped-up charges that are being heard in a sham trial designed to ensure that they can extend the period of detention so that Aung San Suu Kyi does not take part in the next elections, which are scheduled for 2010.

The National League for Democracy still has widespread support. Aung San Suu Kyi has extraordinary support among the people of Burma. When I visited her in 1995, I noticed that there were hundreds of people gathered outside her home waiting to catch a glimpse of her. I would imagine that today hundreds if not thousands of people in Burma would still be gathered around her home in Rangoon to show support.

The coalition joins with the government and other countries in condemning the Burmese regime for these acts which have detained and isolated Aung San Suu Kyi over the past two decades. In particular, we support the statements of President Obama that this is a sham trial and calling for the immediate and unconditional release of Aung San Suu Kyi. The coalition stands with the government on this issue. We urge other countries in the region, including China and India, who have bilateral relations with Burma, to use whatever pressure they can bring to bear on the Burmese regime to secure the immediate and unconditional release of freedom and democracy campaigner Aung San Suu Kyi.

PERSONAL EXPLANATIONS
Dr JENSEN (Tangney) (3.28 pm)—Mr Speaker, I wish to make a personal explanation.

The SPEAKER—Does the honourable member claim to have been misrepresented?
Dr JENSEN—Absolutely.

The SPEAKER—Please proceed.

Dr JENSEN—On page 15 of the West Australian today, journalist Andrew Probyn, under the headline ‘Jensen may sit as independent if dumped by Liberals’, reported the following:

Party strategists believe Federal Liberal MP Dennis Jensen is considering quitting the party and sitting on the crossbenches as an independent if he loses endorsement for the blue-ribbon Perth seat of Tangney.

Dr Jensen, the only sitting WA Liberal MP to face a preselection challenge, yesterday refused to comment …

Mr Speaker, this is clearly not the point. In fact, I did make a comment to Probyn, both on the telephone and by email. Last night at 6.04 pm Australian Eastern Standard Time, I sent the following email to Probyn and to his editor, Brett McCarthy:

Andrew,

Further to our phone conversation today, I would like to restate the following: I am proud to be the Liberal member for Tangney. I look forward to contesting the next federal election as the Liberal candidate for Tangney and I look forward to serving another term as the Liberal member for Tangney after winning that election. Under the Liberal Party rules, I am unable to make any further comment on the preselection, as has been explained to you several times, and I will not respond to rumours from anonymous sources who
lack the courage to stand by their words. Perhaps they are the same sources cited by your newspaper earlier this year on the preselection issue with information which all turned out to be false. This is not a refusal to comment, as you suggested in your article published in the West last Saturday, and I would strongly dispute any suggestion that I have been in any way evasive on these questions.

Regards,

Dennis Jensen.

If Andrew Probyn wishes to report in future that I have no comment, he will be correct as I have directed my office never to deal with Probyn in future.

Mr RANDALL (Canning) (3.31 pm)—Mr Speaker, I wish to make a personal explanation.

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

Mr RANDALL—I do, on two occasions.

The SPEAKER—Please proceed.

Mr RANDALL—Today the Prime Minister in question time claimed that I do not support education funding for the schools in my electorate of Canning. This is as gross misrepresentation. I support whatever taxpayer funds or funds borrowed on behalf of taxpayers are going into my electorate. What I do not support is the cash splash, and that needs to be differentiated.

The SPEAKER—The honourable member will now go to the next matter.

Mr RANDALL—On the second matter, in today’s Sydney Morning Herald, in the article ‘Hard hat and head for figures’, Annabel Crabb said:
The Liberal MP Don Randall stole out of the chamber and returned with a bright yellow hard hat, which he wasn’t quite brave enough to put on his head.

Mr Speaker, I did not steal out anywhere. It was the member for La Trobe—this man sitting here. Secondly, no-one in this House would question my courage to do whatever in the chamber, given the fact that I outed the Prime Minister with that cut-out.

The SPEAKER—The member for Canning will resume his seat. While I do not adjudicate on personal explanations, I am not sure whether it was the member for Canning or the member for La Trobe who was at greater distress over that article.

Mr ROBERT (Fadden) (3.33 pm)—Mr Speaker, I wish to make a personal explanation.

The SPEAKER—Does the member claimed to have been misrepresented?

Mr ROBERT—Most egregiously, Mr Speaker.

The SPEAKER—Please proceed.

Mr ROBERT—In question time today the Prime Minister had the temerity, the audacity, the blatant effrontery, to suggest that I would not welcome any funds spent in the electorate of Fadden. I wish to put the Prime Minister at ease and say that I welcome all federal funds in Fadden; what I do not welcome is the manner in which they are raised and the way in which debt is imposed upon future generations.

The SPEAKER—Order! The member for Fadden has explained where he has been misrepresented.

AUDITOR-GENERAL’S REPORTS

Reports Nos 38 and 39 of 2008-09

The SPEAKER (3.33 pm)—I present the Auditor-General’s performance audit reports for 2008-09 entitled Audit report No. 38, Administration of the buyback component of the Securing our Fishing Future structural adjustment package: Department of Agriculture, Fisheries and Forestry, and Audit report No. 39, Administration of the Securing our Fishing Future structural adjustment package assistance programs: Department of Agriculture, Fisheries and Forestry.
Ordered that the reports be made parlia-
mentary papers.

MINISTERIAL STATEMENTS
Australian Financial Centre Forum

Mr BOWEN (Prospect—Minister for
Competition Policy and Consumer Affairs,
and Assistant Treasurer) (3.34 pm)—by
leave—I take this opportunity to update the
House on the government’s policy objective
of promoting Australia as a financial services
hub. The government has long had the policy
of identifying artificial barriers to the com-
petitiveness of the Australian financial ser-
vices sector and eliminating these barriers.
The Australian financial services sector is
well developed and competitive but, as I
have said in the past, the robustness of the
Australian financial services sector has not
translated into exports. While we have the
fourth largest pool of funds under manage-
ment in the world and a very good funds
management capacity, we have not attracted
significant amounts of overseas money to be
invested or managed in Australia. Accord-
ingly, the government made a commitment
when in opposition to reduce the withholding
tax on the distribution to nonresidents by
Australian and managed funds. This was
quite a controversial announcement at the
time. It was fervently resisted by the previ-
ous government. However, on 1 July 2009
the relevant withholding tax rate will go to
15 per cent and on 1 July 2010 it will go to
7.5 per cent, one of the lowest rates in the
world. This is an example of the government
identifying artificial barriers to the competi-
tiveness of our funds management industry
and financial services sector more generally
and eliminating them.

We very much recognise that there is more
to be done. Last July the government con-
vened a financial services hub summit in
Sydney with industry regulators and state
governments to assist in further identifying
competitive barriers and outline a path for
going forward. The summit was clear in its
recommendation that we need a permanent
body to close the ring between the govern-
ment and the sector and to promote Australia
as a financial services hub. Accordingly, on
26 September last year I announced the es-
tablishment of the Australian Financial Cen-
tre Forum to develop a coherent framework
to advance the Australian financial services
sector’s international competitiveness and
position Australia as a leading financial ser-
dices centre. I announced the appointment
of Mr Mark Johnson, a retired deputy chairman
of Macquarie Bank, as chairman of the fo-
rum and also the establishment of a panel of
experts and an industry reference group, all
supported by the Treasury secretariat. The
structure of the forum reflects the fact that it
is a joint government-industry initiative
aimed at ensuring that the comparative
strengths of the Australian financial services
sector are recognised and utilised and that
the sector is in a position to take full advan-
tage of the opportunities available to it.

Today I report to parliament progress
made by this forum since its establishment.
The first point to make is that the forum was
born in the midst of a global crisis which
deteriorated markedly shortly after the an-
nouncement of the initiative. The Australian
financial services sector has certainly not
been immune from this crisis but the sector
has, comparatively, fared better than most.
This is due in no short measure to the quality
of our regulatory system and of the people
who administer it. It also reflects well on the
quality and risk management skills of corpo-
rate Australia.

Nevertheless, this is a tough time for the
Australian economy. Out of this adversity
will arise opportunities. It is in anticipation
of those opportunities that the government
remains committed to the Australian Finan-
cial Centre Forum initiative. The develop-
ment of a blueprint for positioning Australia as a leading financial centre as the world emerges from the current crisis is regarded as a priority by the government. Since its establishment the forum’s panel of experts and reference group have met regularly and have called for and received two rounds of submissions from industry. Forum representatives have also met personally with many stakeholders in the sector. I have been kept up to date with the feedback from industry and already this feedback, along with the input from other government initiatives, has led to government actions.

On 12 May, after receiving the recommendations of the Board of Tax and the Australian Financial Centre Forum, I announced a major modernisation of the attribution rules and the deemed capital account treatment for capital gains and losses made on disposal of investment assets by managed investment trusts subject to appropriate integrity rules. Australia’s attribution rules, the controlled foreign company, or CFC, rules and the foreign investment fund, or FIF, rules, the transfer of trust rules and the deemed present entitlement rules, are notoriously complex. Under the government’s announced changes to the attribution rules, the CFC provisions will be retained as the primary set of rules designed to counter tax deferral arrangements. The CFC provisions will be rewritten in the Income Tax Assessment Act 1997. The FIF provisions will be repealed and replaced by a specific, narrowly defined anti-avoidance rule that applies to offshore accumulation or rollup funds. The deemed present entitlement rules will be repealed. The transfer of trust rules will be retained with amendments to enhance their effectiveness and improve their integrity.

These reforms will dramatically reduce compliance costs for managed funds and other businesses, saving business up to $80 million each year. The reforms are fiscally responsible and will help Australian companies compete in global markets at minimal revenue cost while delivering major compliance cost benefits. Allowing for deemed capital account treatment for managed investment trusts will provide more certainty, dramatically reduce complexity and compliance costs for effective businesses and ensure Australia’s tax regime is competitive in attracting foreign funds. There remain a number of implementation details that need to be considered with this measure and which will be canvassed in a Treasury consultation paper to be released shortly.

As I said in announcing them, these measures form a key part of the Rudd government’s election commitment to make Australia a funds management hub in the Asia-Pacific region and will help boost financial services exports. The changes have been welcomed by industry. The Deputy Chief Executive of the Investment and Financial Services Association, Mr John O’Shaughnessy, for example, commented:

These budget measures will provide a strong platform for the Australian managed funds industry to continue to grow domestically and increase its share of its exports to the region.

The government continues to examine other possible areas for reform identified by the Australian Financial Centre Forum and looks forward to receiving its further reports later in the year.

Many of the issues raised by the industry through the forum are tax related. In particular, representations have been made on the subject of interest withholding tax. These submissions go to tax on interest paid on borrowings by Australian branches and subsidiaries of foreign financial institutions to their parent companies and on interest paid by Australian banks in respect of foreign sourced deposits. Another interbank funding issue that has been raised is that of the limit
of deductibility of interest paid to foreign bank branch parents with reference to the London interbank offer rate.

Industries place considerable importance on the issue of clarity in the tax system. The forum has received many representations suggesting that the lack of tax clarity and consistency in a number of areas is inhibiting the growth and development of the financial services sector. The forum has written to the Henry review outlining the nature of these concerns and they will be considered in the context of that review. A particular issue that industry has raised is the tax treatment of income derived by foreign funds when they utilise the services of Australian fund managers. I have asked the Treasury to examine and provide advice on industry’s proposal to introduce an investment manager exemption.

Another taxation matter that has been raised in the context of the forum is the question of the GST on financial supplies. As I announced on 12 May, I have agreed to Treasury undertaking reviews of the GST margin scheme and the application of the GST to financial supplies. I have asked the Treasury to consult widely. These reviews are designed to simplify the operation of the legislation and reduce both compliance and administrative costs while retaining existing policy intent. To facilitate reviews, Treasury has prepared discussion papers and welcomes submissions. The discussion papers can be obtained from the Treasury website.

Ease of market access within the Asia-Pacific region and beyond for Australian financial services companies is a key dimension of the work of the forum. Within that context the potential development of a network of appropriate mutual recognition arrangements for the financial sector regulation area has been raised by the forum as a recommendation for priority treatment. As a result, I have raised this matter with the Minister for Superannuation and Corporate Law and I know that he is actively pursuing the matter and, indeed, recently raised this issue on his visit to Singapore with the relevant officials there.

A specific suggestion that has come out of these submissions to the forum is that of establishing a regulatory one-stop online gateway which streamlines and facilitates foreign entrants into the Australian market. This proposal, which would appear to have some merit, is being examined in more detail in the context of the forum’s ongoing work.

An interesting matter that has been raised through the forum and elsewhere, notably through Austrade, DFAT and by my colleague the Minister for Trade, is that of Islamic finance. This has been highlighted as an area of emergent opportunity. Despite the global financial crisis in the Middle East and other Islamic centres, there are funds to invest and a demand for Islamic finance products. Regulation in some jurisdictions can create an uneven playing field for these products due to their form. Those countries where Islamic finance products are easily facilitated will have a competitive advantage in attracting these funds. Many countries around the world including the United Kingdom and France are taking measures aimed at facilitating Islamic finance products.

The Australian government is concerned to ensure that the Australian financial sector is not being left behind in this emerging field, and I am pleased to note that the Australian Financial Centre Forum held a roundtable on Islamic finance and taxation issues at the Treasury offices in Canberra in March. This roundtable was a start in identifying whether there are any regulatory impediments in relation to promoting Islamic finance products in Australia.

I am pleased to announce that the Australian Financial Centre Forum website is
online and I encourage members of the public to view the site where they can find details of submissions made to the forum and other information. The site can be accessed at www.treasury.gov.au/afcf. The government looks forward to receiving the forum’s recommendation on a policy blueprint for promoting Australia as the leading financial services hub later this year. I will report back to parliament as appropriate on further progress made by the forum.

On behalf of the government, I would like to thank the forum chair, Mark Johnson, and all members of the panel of experts and the reference group for their hard work and intellectual input to this very important initiative. The government is confident that, as a result of the ongoing work and recommendations of the forum, what will emerge will be an even more open, well-regulated, competitive and innovative financial services sector that is able to take full advantage of the regional and global opportunities which are likely to come its way in the future.

In the current environment, in which the financial services industry around the world has been battered from crisis to crisis, it would be easy to walk away from the promotion of Australia as a financial services hub—that would be the worst outcome. For several years to come, I suspect that the world’s investors will be looking for a safe, stable home for investments. With the help of the Australian Financial Centre Forum, we will be well placed to make the most of this opportunity.

Madam Deputy Speaker, I ask leave of the House to move a motion to enable the member for Aston to speak for 11 minutes.

Leave granted.

Mr BOWEN—I move:

That so much of the standing and sessional orders be suspended as would prevent Mr Pearce speaking in reply to the ministerial statement for a period not exceeding 11 minutes.

Question agreed to.

Mr PEARCE (Aston) (3.45 pm)—The opposition welcomes this opportunity to reply to the minister’s update on the government’s policy objective of promoting Australia as a financial services hub. At this stage, I do not intend to respond in detail to the particular measures that the minister has touched on today—suffice it to say that these are matters the industry has also raised with me. I recognise that these are important objectives in ensuring that the domestic industry is in a strong and competitive position to export its capability and to continue to grow and generate high-skilled jobs in our country at a time when they are most needed.

My concern today is not with what the Assistant Treasurer has spoken about but, rather, what he has not said. The Assistant Treasurer has today failed to say how, for example, attacking confidence in Australia’s superannuation system is a good thing for Australia’s ambition in the region, or how removing incentives for employees to access share schemes is going to attract and help retain talented individuals in the Australian financial services sector. The coalition’s view is that we can no longer look at policy responses like these in isolation. These things are all interconnected—as the government discovered when it introduced an unlimited bank guarantee which overnight resulted in the freezing of $20 billion worth of mortgage funds. These are all policy decisions which impact upon Australia’s attractiveness as a financial services hub in our region.

The briskly constructed and poorly executed bank deposit guarantee continues to significantly distort the Australian financial system. The key questions surrounding the distortion caused by the guarantee remain unanswered and, indeed, unresolved. The
originally unlimited guarantee cover, which is now capped at $1 million, has not been wound back despite calls from many key stakeholders that it be wound back to $100,000. Further, there remains no plan for the phasing out of the guarantee in three years time. This alone has caused more instability within the market and the region than would have otherwise occurred because of the financial crisis.

The removal of the risk and return differential undermined formerly stable and reliable investments such as mortgage trusts and cash management trusts, resulting in the freezing of the funds of 300,000 Australians. These were cash management trusts and funds that people from the Asia-Pacific region were attracted to because they were offered here in Australia. Those 300,000 Australians were told by the Treasurer to ‘go to Centrelink’. Does the government intend to leave these distortions unresolved for the next three years? When does the government plan to restore confidence and stability to the marketplace?

Another troubling aspect of the government’s mismanagement of the financial services sector is their approach to short selling. Short selling is an important mechanism in the Australian Securities Exchange and exchanges across the Asia-Pacific region. Labor has dithered over the short selling regulations and, to this day, the so-called urgent short selling bill remains impotent and vacuous. If ASIC had been provided with an appropriate disclosure regime which appropriately regulated short selling, the ban may have been lifted earlier and players not only in Australia but across the region could again have looked to Australia as an attractive financial services market.

The government’s indecisiveness has resulted in a proliferation of instability in the financial markets, and this has impacted on our attractiveness across the Asia-Pacific region. There is no disclosure regime because the government have not tabled the regulations. On this, however, the government would not agree—because they think that they have—but clearly such claims are contrary to the statements made by ASIC. Last week ASIC said that they looked forward—in other words, in the future—to the commencement of the government’s permanent disclosure regime. On the same day, the SDIA said that what they would really like to see now is the detailed obligations in relation to short selling regulations, which are yet to be released by the government. So it seems that there is no consensus that there is a comprehensive disclosure regime. Again, this is having an impact upon Australia’s attractiveness as a financial services hub in our region.

What is lacking, of course, is certainty and stability. If this government is serious, it needs to consider all financial services policy actions in the context of its overall vision for the sector and for the region. This is the only way to capture and foster long-term investment in our financial services sector. In this regard, we are supportive of the establishment of the Australian Financial Centre Forum and, of course, its objectives. But clearly it does not go far enough, as the above policy bungles highlight.

I want to remind the House that it was the former coalition government that established Axis Australia in 1999 to position Australia as a global financial centre in the Asian time zone. Australia’s role as a global financial services centre in the Asia-Pacific region is one that successive Australian governments have supported through various policy and promotional initiatives. Indeed, the financial services sector today generates some $81 billion in value, or 8.7 per cent of real growth, with an annual average growth rate of 4.3 per cent since 1991. This contribution
to GDP is up from 6.5 per cent two decades ago, and its expansion has also aided growth in related sectors such as communications, property and business services, providing hundreds of thousands of jobs for Australian workers.

Let us not forget that superannuation is a vital component of the Australian financial services industry—and confidence in that system is being eroded by this government. In the interests of short-term political expediency, the government has undermined efforts to provide self-sufficient retirement benefits for all Australians and to provide a stable and sustainable budget. This is an important point that again impacts on our attractiveness as a financial services sector. For more than 20 years successive governments have succeeded in encouraging Australians to take control over the planning of their future yet, over the course of one evening, Labor has systematically swept aside any sense Australians may have had of a secure future and instead left working families with uncertainty and a loss of confidence in the superannuation system.

I believe that governments have an obligation to provide a stable and certain environment via which people can plan their future. Labor has instead brought on a crisis of confidence over compulsory super and is shaking the public belief that we should take responsibility as best we can to secure arrangements for our own future retirement needs. As a matter of fact the Prime Minister said, just 12 days before the last election, that there would be no change to the superannuation laws, not ‘one jot or one tittle’. And Senator Sherry, the Minister for Superannuation and Corporate Law, said in April that Labor would maintain the co-contribution scheme. At this difficult time for savings and superannuation and for the whole of the Australian financial services sector, confidence in our laws is paramount for encouraging much needed stability. Uncertainty in superannuation and in other areas of financial services undermines this system’s credibility and undermines the perceived safety of the Australian system. The government seems incapable of realising that continually changing the rules is not the best way to promote certainty and to attract inbound investment. This government would do well to remember that superannuation is the bedrock upon which the funds management industry and many others have developed and matured. It is time to restore confidence in the system and ensure that Australia continues to be seen as having world’s best practice.

In this regard, the coalition also has serious concerns with the government’s approach to competition in the sector. Default fund monopolies are inconsistent with a vibrant and open financial services sector, yet the government tacitly approves the work of the AIRC with respect to the so-called modernising of awards. The more we restrict competition the less our market will be seen as an attractive one in which to do business and the less likely it is that offshore markets will open their doors to our Australian firms. At this time, with record debt and record budget deficits, we need government measures that will attract capital, not measures that will impede its flow. This is a very important consideration for us here in Australia, given our geographic location within the world. We have to make Australia an attractive destination for the flow of capital; otherwise people can send their money elsewhere. We are a long way from the rest of the world and unless we are an attractive destination for capital it will not flow to us. I believe it is time the government took a comprehensive approach to growing Australia’s financial services sector and stopped giving with the one hand and taking away with the other.
Allowing huge structural problems that impact on our financial services sector—such as the bungled bank deposit guarantee—to fester alongside inaction on short selling and the winding back on superannuation is, I believe, a sure-fire way to actually destroy and take away from Australia’s reputation as a financial services centre. Creating a global financial services centre is all about providing certainty and stability. You have to ask the question: how can we attract foreign investment and position Australia as a leading financial market if the government continually undermines, in all of its policy initiatives, certainty and stability? How can you possibly achieve that when certainty and stability are constantly being undermined?

That Australia should be a financial services centre is an important objective for the future of our country. We must consider this goal as a holistic concept. Political expediency by this government should not get in the way of us as a country achieving this goal, of us working towards truly making Australia the most attractive centre for financial services across the Asia-Pacific region. I urge the government to set aside its political strategy and to actually adopt an economic strategy so that Australia can achieve the position of being a leader in global financial services and, most importantly, be a leader in financial services in the Asia-Pacific region.

MATTERS OF PUBLIC IMPORTANCE

Budget

The DEPUTY SPEAKER (Ms AE Burke)—Mr Speaker has received letters from the honourable member for Casey and the honourable member for Lyne proposing that definite matters of public importance be submitted to the House for discussion today. As required by standing order 46(d) I have selected the matter which, in my opinion, is the most urgent and important; that is, that proposed by the honourable member for Casey, namely:

The chaos and confusion resulting from the Government’s bungled budget night announcement which has seen employee share schemes suspended across the country.

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 ANTHONY SMITH (Casey) (3.57 pm)—I commend you, Madam Deputy Speaker, on your choice. It has been two weeks of chaos and confusion since the budget—two weeks of utter debilitation for employee share ownership schemes across Australia. Two weeks ago, on budget night, the Assistant Treasurer made an announcement that snap-froze every employee share scheme around Australia, and for two weeks the government have ducked, weaved and done everything possible except take responsibility for the chaos they have caused.

This debacle is a window into this Labor government through which we see many things. We see the true Labor Party hatred of workers having shares in the companies they work in. We see the lack of attention to detail and we see the ducking and the covering up whenever something goes wrong. This Assistant Treasurer presided first over Fuelwatch. Then he presided over GroceryWatch. Now he is presiding over this employee share scheme fiasco. This Assistant Treasurer—the fool of Fuelwatch and the goose of GroceryWatch—is now the shocker of employee share ownership schemes. And for two weeks he has done nothing.

On budget night the Treasurer and the Assistant Treasurer announced that they were ending deferral on tax for employee share ownership schemes and limiting the existing
concession. Within two days it was obvious that this announcement had had a catastrophic effect right across the business world in Australia. By Thursday of budget week it was obvious to the Assistant Treasurer—share plans frozen after tax changes. And, as day after day went by, the Assistant Treasurer stopped and did nothing.

The Minister for Finance and Deregulation, Lindsay Tanner, said everyone participating in the share schemes was somehow rorting their tax. But in the budget announcement and in the budget papers themselves there was precious little detail. All that was announced was that the deferral was being abolished and the concession limited to $60,000 of income. The effect this announcement had, as I said, was the suspension of share schemes across many businesses. The effect was that those on every level of income had their share scheme suspended. The effect was, with suspended share schemes, no-one was getting access to employee shares.

Knowing that this chaos had been caused, the reaction from ministers, up to the Prime Minister, was, first of all, to do nothing. Let’s go through some of the exact advice the Assistant Treasurer got in the days following the budget. The Managing Director of Computershare, Geoff Price, said:

All the share plans we operate are likely to be suspended until there’s some clarity …

He also said:

They—

the government—

just don’t seem to get it …

… … …

How can the Government say they support share schemes when their proposed changes will tax the legitimate tax-qualifying plans out of existence?

… … …

The proposed changes simply render the vast majority of plans uneconomic …

The Woolworths finance director echoed these concerns when he said:

… the government hasn’t thought through the changes to employee share ownership. It has effectively frozen employee share schemes. Many small and medium-sized businesses depend on equity ownership because they simply don’t have the cash.

In the face of this, the response was bluff and bluster, as we have seen so much with these ministers opposite. For two weeks we have had nothing but bluff and bluster. It is as if they are provided with their lines. It is almost like they are tape-recorded, like the tape is inserted into the minister like some sort of automated telephone answering service. We had the same thing from the finance minister and the Prime Minister in the week after budget week, with the headline: ‘PM stone-walls on employee shares’. We had day after day of chaos, and the government’s response was to do absolutely nothing.

It is amazing that the government and the minister opposite could make this announcement in the first place without seeing what damage would be done. This is the big question for the Assistant Treasurer: did the Assistant Treasurer intend to shut down share schemes across Australia? Was that the intention of the budget announcement—we know that has been the effect, but we do not know if it was the intention, because he has not said anything in the last two weeks—or was it simply a rolled gold stuff-up?

They might have asked themselves why the deferral existed in the first place. That would be a reasonable question for an Assistant Treasurer to ask. The deferral exists so that, if you are on $50,000 and you are provided with some shares which you cannot touch for a number of years, you pay the tax when the shares are in a position where you can actually sell them or use them. Without a
deferral, you would have to pay that tax up-front. That is the effect of the budget announcement. So the Assistant Treasurer’s decision is now that workers on every level of income—and let’s leave aside this class rhetoric the government resort to at every opportunity, whenever they are in trouble—have no deferral, and the minute they are provided with shares in name that they cannot access for a number of years they are required to pay the tax upfront. You can just imagine it in the workplace: ‘We’re issuing you with some shares that you can’t touch for a number of years but you need to pay the tax now. I hope you’re happy. Go down to the bank and get a loan to pay the tax.’

Another question they might have asked is, ‘Why does no other country in the world do this?’ That might have been a good question. Apart from, ‘Why does the deferral exist in the first place,’ they could have asked, ‘Why don’t other countries do this?’ But these were questions that absolutely eluded the Assistant Treasurer—and the Treasurer, of course, who presided over this with him. It may well be the case that I am being terribly unfair to the Assistant Treasurer. I like to consider all possibilities. It may well be that this was the Treasurer’s decision and the Assistant Treasurer found out about it very late in the piece, after the budget papers were printed. He might say so in his response. It is quite possible that is the case, but we have not heard that.

In two weeks we have seen companies right across Australia criticising this announcement. With chaos all around, with share schemes suspended all over the country, the government’s response was to pretend it was not happening. Then, finally, after some in the union movement joined the chorus of complaint, pointing out that the changes were a disaster—when the Assistant Treasurer, the Treasurer, the Prime Minister and the finance minister were the only four people living in this country who thought this was a good decision—they decided to start to consult. Their first instinct was to cover it up, to use class war rhetoric. Only after being dragged kicking and screaming did they finally decide to consult.

So on Sunday afternoon we had an announcement from the Assistant Treasurer that there would be, in his words, a consultation which put everything on the table. There was some language at the start of his announcement saying that concerns had been raised but, when you read the announcement, it says everything is on the table. Then, on Monday morning, we had the Treasurer conceding on the AM program that mistakes had been made.

Mistakes have been made by the Treasurer and the Assistant Treasurer. Share schemes across Australia are frozen. Those on the other side know this. Those on the back-bench on the other side know this too. They know that this is wide ranging. They know that this affects every employee at every income level. They know that, if share schemes stay frozen, there will not be much to tax. And they know, because they are hearing it from their union members, that this is an absolute disaster. What we are now seeing, two weeks after the budget, is a U-turn taking place in slow motion. There is still some way to go, but this U-turn is taking place in slow motion.

The government have said it has tax avoidance concerns. Budget Paper No. 2, which outlines the measure in less than a page, at about five paragraphs, does not give any detail on those. As companies have said, if there is a problem with collection of tax, by all means deal with that. If the problem is that employees four and five years down the track are neglecting to pay tax, deal with that. Companies are also telling anyone who will listen that they happily provide all de-
tails of all employees to the tax office. Many companies have been doing that for some years. But, no, what we had was a decision by the government that there were some termites, and the solution was to bulldoze the entire house. That was the government’s solution. And they did it on budget night. They knew about it the day after the budget. The *Financial Review* put it on its front page two days after the budget and had it on its front page for six of the next seven days—but, still, absolutely no response.

As I said at the outset, this debacle is a window into the Labor government on so many levels. It exposes their lack of understanding and their economic incompetence. It exposes their lack of focus on the detail. It exposes their salivating attitude to doing anything they can to trample on aspiration in Australia without thinking about the consequences. And the very people they have hurt the most are the people least able to pay tax upfront. Hello! They are low-income earners. You do not have to listen to me, and I know you will not listen to the business community, but everyone is saying it—apart from you. It is the red phone; pick it up! Everyone is saying it: you have created a coalition of business and unions against your catastrophic announcement.

Two weeks later, the minister was finally dragged kicking and screaming. Perhaps he was arguing behind the scenes; I don’t know. It would be a good democratic duty if he shared it with the House. Perhaps he was arguing behind the scenes. Perhaps he had that fixed looked on his face saying, ‘Swan-nie, this is a disaster; what have you done?’ Perhaps he did. I don’t know. If he did he could share it with us and we would not tell a soul! But these last two weeks have shown the incompetence of those opposite. And there is a way to go yet. The U-turn has a way to go and the Assistant Treasurer is still slowly on the move.

Mr BOWEN (Prospect—Minister for Competition Policy and Consumer Affairs, and Assistant Treasurer) (4.12 pm)—I am glad to have this opportunity to discuss this in the House. It is an opportunity I thought might come a little earlier. I thought the opposition were so cranky about this that sometime in the last two weeks I might have got a question, and I would have been able to answer it. I would have been able to put some of these things on the record. I was sitting there, on my spot down the end of the front bench, waiting and hoping for a question from the member for Casey. Alas, I waited in the forlorn hope that he would somehow get a question through the tactics committee. I thought he might get one up on Monday. Then I thought I might get one on Tuesday. If the opposition really were angry about this, if the opposition really understood and cared about this, they would at some point have asked me a question in question time,
but there was nothing—until Wednesday, two weeks after the budget, we get an MPI. At least now we have the opportunity to put some of the issues on the table, to put on the table some of the background and the context to the government’s position.

There is an important obligation on every government, regardless of its party, to protect the tax base and to ensure that everybody is paying their fair share of tax. It is important that, while we continue to support employee share ownership and all the schemes that can have good benefits in the workplace—and I think that would have bipartisan support—we also ensure that they cannot be manipulated in a way that facilitates tax evasion. It would be irresponsible for the government to ignore the advice of the Australian Taxation Office and the Treasury that there are serious compliance issues with the tax treatment of employee share ownership schemes.

A number of groups have been in discussions with the government and made public comments about the government’s measures. Most of these groups—not all, but the majority—have acknowledged the government’s concerns. They have said, ‘Yes, we think there is a real problem here.’ Some of them have said: ‘This should have been fixed a long time ago. Yes, there are real integrity issues. Yes, it is good that you are dealing with them. Can we have a talk with you about the way you deal with them?’ The sensible and practical thing for the government to do is to listen to those concerns and to say to those groups: ‘We won’t walk away for a second from the objective of ensuring that everybody pays their fair share of tax. We won’t walk away from that at all. But we are more than happy to sit down with you and talk through the detail and see if there are ways that your concerns can be assuaged, see if we can deal with your issues in such a way that meets the government’s objectives but puts your mind at rest.’

So we have had, over recent years, a very serious loss of tax revenue from people being paid some of their salary in shares, deferring a tax on that income and either never declaring it or cutting their tax in half by declaring it only as capital gains and not as income. I thought I might share with the House a couple of case studies. Obviously I cannot go into individuals’ details. That would be most inappropriate. But here are a couple of case studies from the ATO. I stress that these are just snapshots of a couple of cases. One person acquired options in the 2004 income year. The taxpayer did not elect to be taxed upfront, instead preferring to defer any tax liability to a future time. In the 2005 income year the taxpayer exercised some of the options and immediately sold the shares from that exercise. The taxpayer did not include any discount from the exercise of the options in their tax return for that year. Instead, the taxpayer incorrectly included a capital gain in their tax return for the 2005 income year and applied the discount. An ATO audit found that the extra tax payable from that one individual was over half a million dollars.

Here is another one. One taxpayer acquired options in the 2002, 2003 and 2005 income years. The taxpayer deferred, as the law allows, any tax liability to a future time. And, in the 2004 and 2005 income years, the taxpayer exercised some of the options but did not include any of the discounts from the exercise of the options in the tax returns and did not pay any tax on those discounts. In the 2005 income year the taxpayer ceased employment and exercised all the remaining options. Again, the taxpayer failed to pay the tax owing. A tax office audit revealed that the additional tax payable for this individual was over $440,000.

These are just two case studies showing the House the extent of the potential tax loss. That is $1 million from two people. I share
with the House this fact: eight per cent of the 1,300 taxpayers examined under tax office programs focusing on wealthy Australians had tax shortfalls relating to employee share schemes. The tax office advice to the government is that the loss to revenue is very significant indeed and over the forward estimates period could well add up to many hundreds of millions of dollars.

We have a real integrity issue here. It is an issue that the government would be negligent to ignore. But, at the same time, we are supporters of employee share ownership schemes. Without walking away from the central tenets of the measure—the central objectives of the measure—we have recognised that there might be ways that these could be better addressed. There might ways that, by working with the industry, we could deal with some of the genuine concerns that have been raised. This is far from the shadow minister’s characterisation that we have arrogantly refused to listen, that we have arrogantly shut down the debate and that we have refused to acknowledge that there are any issues. Quite the contrary—we have said publicly on several occasions that we are happy to work with the sector to try and work through their concerns.

The alternative would be to refuse to recognise that perhaps the measure might be improved. The alternative would be to arrogantly refuse to meet with the industry or with the sector and to allow the uncertainty to drag on for months. I have a feeling that that is perhaps what the Liberal Party would have done in the same situation. How do I know that? It is because they have form on this.

In October 2007 my predecessor in the role of Assistant Treasurer, the honourable member for Dickson, made an announcement. He announced major changes to the tax treatment of scrip for scrip takeovers. The member for Lindsay would remember it well. The then Assistant Treasurer announced these changes, and his objectives, I must say, were good. He was cracking down on tax evasion. I would give him my 100 per cent support—there was no question that his motives were welcome. But he made a mistake. The laws were poorly crafted. There were unintended consequences from the member for Dickson’s measure.

The operation of capital markets in Australia was fundamentally changed. Takeovers, which are important for economic efficiency, stopped in their tracks. Expert commentators said that up to $28 billion worth of takeovers were scrapped because of the member for Dickson’s mistake. Now, we all make mistakes. I am not critical of the member for Dickson for that. He was trying to stop tax evasion, and he had my support in trying to stop tax evasion.

But what did he do? Did he acknowledge that maybe it could have been done better? Did he acknowledge that perhaps there had been an error? Did he acknowledge that they had rushed in and made mistakes? No, he arrogantly refused to acknowledge that and they barrelled on. And what did they do? Frankly, they left it to me to fix. They waited for the election. The new government had to come in and I had to work through a better law with the industry, with the Treasury and with all affected sectors to achieve the objectives that the member for Dickson was correctly trying to achieve but had bungled. He had got it wrong. As I say, my criticism is not of the member for Dickson for getting it wrong. I do not criticise him for trying. My criticism is that he arrogantly refused to acknowledge that perhaps it could have been done better. My criticism is that he allowed months of uncertainty and that he stopped takeovers for months—$28 billion worth of
takeovers because of the member for Dickson’s bungled policy.

If we are going to have a fair dinkum debate, let us have a look at these two case studies. In both case studies, the government is trying to crack down on tax evasion. They are very laudable efforts. In both case studies, the government is saying, ‘We want to make sure everybody is paying their fair share of tax.’ In case study No. 1, the member for Dickson’s exercise, there are unintended consequences arising and mistakes are being made. And he is arrogantly refusing to recognise it and sit down and work through the issues with industry. He is arrogantly refusing to acknowledge that perhaps it could have been done better. In case study No. 2, we have this government saying, on the advice of the ATO: ‘We have a serious integrity issue here. We have to make sure that people are paying their fair share of tax. We have to ensure that workers who don’t have access to employee share ownership schemes aren’t subsidising those who do.’ That is what this government did.

We have sat down with industry in meeting after meeting over the last week or so and said: ‘Okay, tell us your concerns. We will work through them with you. Perhaps we could change the way we implement the measure. Perhaps we can do some finetuning. Perhaps we can adjust. Perhaps what we can do is achieve our objectives in a slightly different way.’ And we do not mind admitting that perhaps we could calibrate this measure better. That is the difference between the Liberal approach and the Labor approach. That is the difference between doing things the right way and the wrong way. So let’s not have lectures from those opposite about not understanding business or not understanding that things need to be fixed when there are unintended consequences. Let’s not have the member for Casey saying that this just shows that the Labor Party does not know how business works, because the opposite is the case.

What this case study and the member for Dickson’s case study show is that we are more than happy to sit down with business and work through issues. The member for Casey called the Labor Party’s approach the ‘hatred’ of employee share ownership schemes. He said, ‘You hate these things and you do not understand how business works.’ There are a few little problems there in the member for Casey’s narrative. It was the Keating government that established employee share ownership schemes. It was the Keating government and, in fairness, the Howard government—

Mr Anthony Smith—And you that killed it.

Mr BOWEN—Let those opposite continue—but it was the Keating government that recognised the productivity benefits of employee share ownership schemes. I am sure the member for Casey has done his research and checked the record and checked what I said in opposition and he will have seen my support for employee share ownership schemes. He will also have seen the Treasurer’s support for employee share ownership schemes. And he will know that there are senior figures in this government who strongly support employee share ownership schemes but happen to believe that everybody should have to pay their fair share of tax as well. The two things are not mutually exclusive.

If this government was so anti-business, if this government did not understand how business works, why is it that there are so many measures in this budget that are supported by business? Why is it that business has come out and endorsed this budget and its particular measures so well? Why is it that business has welcomed our changes to the treatment of off-market share buybacks, for
example? It is not something you are going to read about on the front page of the *Daily Telegraph*, but it is an important reform. It is something that business has been calling for.

Then there are our abolition of the foreign investment fund regime and the rewriting of the controlled foreign company, or CFC, regime. Why is it that business had called for the previous government, the so-called business-friendly previous government, to do these things for years and was ignored? It has taken this government to act on these things. They might have been getting around to it. Maybe another 10 or 15 years in office and they might have got to it—fair call. But we have done it in our second budget.

Our measures in relation to the foreign investment fund and the controlled foreign company regime will save business $80 million a year in compliance costs. This is a government which understands business; this is a government which works with business and works through the issues. These are issues that people have been raising for years and they are things that it has fallen upon us to do. If the opposition really supported business they would start listening to business and get behind the Australian Business Investment Partnership. That is what they would do. It is another sign of the opposition being completely out of touch with the needs of business.

Part of my job, part of the job of the Minister for Finance and Deregulation and part of the job of the Treasurer is to engage with business. I would suspect that there is not a boardroom in Sydney, Melbourne or Brisbane that has not had the Treasurer, the finance minister or me in it over the last 18 months. We engage with business. And let me tell you this: what they say in the boardrooms of Australia is that the Leader of the Opposition is not a popular camper because he is taking a cheap and populist approach to the crisis facing the Australian economy. The Leader of the Opposition is opposing the government’s every measure. Around the boardrooms of Australia they say, ‘Malcolm knows better.’ They say: ‘The Leader of the Opposition should understand how business works, and we suspect he does. So why would the Leader of the Opposition oppose something as sensible and necessary as the Australian Business Investment Partnership?’ They say this in the boardrooms around Australia all the time. And the reason is—and business knows it—he is not the Leader of the Opposition; he is the leader of the opportunists. He will take every opportunity to make a cheap political attack on this government and not do what is right in the national interest. He will not get behind this government’s efforts to support Australia through this worst global financial crisis. That is why the business community have written off the Leader of the Opposition as a waste of time. That is why the business community says, ‘Maybe we would be better with the member for North Sydney or the member for Higgins leading the opposition, because this guy just does not get it.’

That is why the business community looks to Labor for engagement; that is why the business community looks to this government to get us through this crisis; and that is why they see the current Leader of the Opposition as nothing better than a hypocrite and opportunist.

Mr MORRISON (Cook) (4.27 pm)—I am reminded of that commercial with Pro Hart where he made an enormous mess on the carpet and the cleaner who came into the room and saw this enormous mess said, ‘Oh, Mr Hart, what a mess!’ Mr Hart thought it was art and many people would think it was art. The one thing that is different between that analogy and what we see with the government is that, when they do all these things, they think they have created a great
artwork in government. But what we know, time and time again, is that once they have come to office and splashed the paint around and rolled around on the carpet with government money the Australian public will turn up and walk in and say to this Prime Minister, ‘Oh, Mr Rudd, what a mess!’ And it will be up to the coalition once again to turn up and continue the story of Australian politics, which is that every time Labor get in they create such a fiscal mess that the Australian public turn to the coalition and say, ‘It is time for you to clean up their mess again.’

This issue is a very big deal. Between 600,000 and one million employees participate in these schemes. My own electorate of Cook has the highest employment of Qantas employees, and Qantas offers 34,000 employees these types of schemes. Of the top 500 listed companies, 450 offer these types of schemes, and for small business it is an important tool to facilitate transition and succession arrangements and to transfer ownership to employees, which is not something this government has an enthusiasm for.

What we have seen with this measure is the same as we have seen with many measures in this budget. The approach here is purely ideological. They simply do not understand this issue—they do not get this issue—and they are not passionate about it. It is not something that they want to see encouraged in the Australian workplace. They highlight, through the budget, this political doctrine of attacking those they simply do not like and do not want to encourage. They attach to them all of these pernicious phrases. They call the doctors who want to help people with fertility treatment ‘overcharging doctors’ and they engage in doctor bashing. Here they describe the people who want to engage in share ownership schemes as tax burglars, which we just heard the Assistant Treasurer say in this place. He said the people who want to engage in these things are tax burglars. They apply these pernicious terms to them to try to impugn their motive as some sort of unholy one and to try to justify their ideological war and their lack of enthusiasm for things that actually make a difference in the workplace.

The requirement to pay, as the shadow minister at the dispatch box clearly said, the tax upfront is without question a discouragement. It is a disincentive to the establishment and take-up of these schemes. I believe the government knows this. They know that by putting in these measures the take-up of these schemes will be discouraged. As Rahm Emanuel said and as the member for Higgins said in his speech the other night, ‘Never waste a crisis.’ That is what we have seen from this government all the way through this economic crisis. It has been an opportunity for them to repackage social agendas and social spending agendas as economic stimuli. That is what we are seeing with their rather unholy approach to this issue.

We simply need to look no further than the Deputy Prime Minister and the Minister for Small Business, Independent Contractors and the Service Economy. Back in 2000 they were part of a House of Representatives inquiry into these types of schemes. They signed themselves up to a report which said that there is no clear and objective evidence for the claimed productivity pay-off from such schemes. The Assistant Treasurer said before that there are some people in the government who support these types of things. Clearly not the Deputy Prime Minister. Clearly not the minister for small business. They do not believe it. They simply do not buy it. They are not interested in supporting it. That is what we see in these measures here before us.

It is another step in Labor’s attempt to re-regulate our economy. They are looking to
reregulate our economy. This poses an enormous threat to the recovery of the Australian economy when it comes out of recession, which will hopefully be sooner rather than later, but that is hard to believe under this government. Labor’s forecasts, as put out both in their budget papers and in the plethora of other information they have been talking about which is not in the budget papers, are putting forward a scenario of miracle growth to get us out of debt and deficit. But even their early-year forecasts rely critically on comparisons between the current economic situation and situations in the early 1990s and the early 1980s to justify the growth forecasts they have in their budget papers.

It was also noted the other night—and I made this point myself in my own budget reply speech—that it is quite clear that the recession in the early 1990s was far worse, at least on the forecast provided by this government, than the recession we are going through here. The government likes to talk about the global recession when it is talking about these measures, but when it comes to talking about the Australian recession it is a lot more quiet. I quote the member for Higgins from the other night:

… we are told this is the greatest downturn since the Great Depression and yet, on the other hand, the budget forecasts a contraction of half a per cent of GDP. In the year to June 1983, in that recession, there was a contraction of 3.4 per cent. In the recession to June 1991, there was a contraction of 1.5 per cent, so the government is in fact forecasting a much milder recession than 1991 or 1983.

He went on to say—and this is absolutely true:

The only thing that will be greater coming out of this recession is the budget deficit, because in neither of those recessions did the budget deficit ever blow out to five per cent of GDP.

The other thing I would say is this. As we seek to climb out of this recession the other thing that was different in the nineties and in the eighties was that at least the economy was trying to grow into an open field, or at least a more open field. We had a situation where there had been economic reforms that had been put in place prior to that, economic reforms which were shaded by those introduced by the Howard government, but at least our economy was trying to grow into a more liberally regulated economy. What we are seeing under this government is a tightening. What we are seeing from this government is a reregulation, whether it is in the labour market, the financial markets, here in terms of employee arrangements or any of these things. What we are seeing is that this government wants to take forecasts from the early 1990s and the early 1980s, and it wants to bind up the economy. It is going to bind it up with its proposed CPRS, the emissions trading scheme. They will not tell us what the impact of that scheme will be on their growth forecasts. They will not tell us what the impact of that will be on the debt and their ability to repay the debt. They are saying they want us to regrow in a more regulated, tightened, structured economy which does not allow for things like employee share ownership schemes, where people cannot invest in the productivity of their business and seek to gain the advantage of putting in the sweat equity as employees and have the opportunity to share in the prosperity that comes from that. This is something this government simply does not believe in. So our economy will have to try and grow again in the bog that this government is creating with the policies that it is putting on our economy as we speak, and this is a classic measure.

This is a rushed and bungled measure. We have seen plenty of rushed and bungled measures from this government, such as the unlimited bank guarantee which froze the
Mr BRADBURY (Lindsay) (4.37 pm)—I thought it was a little bit rich when I saw the reference in the matter of public importance from the member for Casey to ‘chaos and confusion’—hallmarks of the Liberal Party post John Howard. We have seen the operation of that mob over there in this parliament. It has been chaos and confusion. We have seen it not just in their response to the budget; we have seen it on a number of specific bills. When the Nation-building Funds Bill came before the Senate, we could not quite work out what happened, because the opposition did not all turn up to vote. There were those who turned up to vote who voted for it, there were those who turned up to vote who voted against it and then there were those who apparently were stuck in the toilet! But the reality was that there was no unity. There was chaos and confusion. Some might even suggest that they are the two warring factions within the Liberal Party—chaos and confusion. It sounds a little bit like Get Smart except that there is no Control, I can tell you—it is chaos and confusion.

Those on the other side come forward and try to portray this as an attack on employee share ownership plans. That could not be further from the truth. This government is committed, as previous Labor governments have been committed, to having a strong employee share ownership scheme sector in place. That is something that we support and that we wish to continue to support. But we also feel very strongly about maintaining integrity in our tax system. I would have thought that those on the other side perhaps chose to ignore some of these lurks and loopholes. I have to say that when there is a lurk and a loophole the Liberal Party is not far away.

When we look at the operation of these employee share ownership schemes for those at the higher end of the income scale—I am talking above $1 million, and I will look at
some of those figures in a minute—and at the massive tax concessions or, in many cases, the massive amounts of tax that were not paid or that were avoided, I would have thought it would be a matter of public importance for us to shine a spotlight on that. I would have thought that we should try to act on behalf of all those taxpayers who look to us to recover revenue where it is due and payable, to stand up and recover revenue from those who are trying to avoid their obligations and, in some cases, as a result of confusion, are simply unable to meet their obligations.

I think it is worth noting from the outset that one in 20 people earning under $100,000 is in an employee share ownership scheme. For those earning above $100,000 it is one in six. So by anyone’s calculation this is not the overwhelming majority of the workforce—far from it. When the member for Casey says that this plan attacks the very people that need the most help, then I simply make the point: one in 20 people earning under $100,000 has access to an employee share ownership plan. If there is a tax exemption or tax concession available to one in 20, then it begs the question of equity for the remaining 19 in 20. But these measures are directed at the avoidance end of the spectrum. They are directed towards the issues that the ATO has raised. I note that the ATO has said that about eight per cent of the 1,300 executives who earn more than $1 million a year fail to disclose an average of $180,000 in income. That was from share schemes. We are talking about $18 million being defrauded from the taxpayer, whether it be in the form of avoidance or confusion. The ATO has estimated that up to $100 million of revenue has been lost as a result of avoidance.

The member for Casey asked many questions, but the one question that needs to be asked is: if this sort of revenue leakage has been occurring for some years now, why was it that those on the other side, when they had the opportunity in government, did not stand up for hardworking taxpayers who pay their fair share, and try to recover some of these funds? Not only did they not stand up for those hardworking taxpayers when they were in government; they now want to stand against them in opposition. I think it says a lot about the perspective that they bring to these issues.

Let me look at one particular example. Let’s consider the case of an executive—and I know that those on the other side do not want to focus on executives in this debate, the cheerleaders of the golden handshake brigade. Let’s take an example of an executive who accepts a position in an Australian company and, as part of his remuneration package, receives 500,000 shares in the company. Those shares are provided to the executive at no cost but are valued on the market at 50c each. Let’s pick that figure. The executive then elects to defer paying tax on the shares. He does not include the discount—that is, the $250,000—in his income in the year in which he acquires them. Five years after acquiring the shares he decides to move overseas. He later ceases his employment and he would be required to include his income for the year and the discount plus any accrued gains on the shares. What happens if that executive is no longer in the country? It is not unusual for that to occur.

The problem with deferral is that it is very difficult at that subsequent point to effect enforcement, and that is one of the major problems with the current scheme. It may not be a consideration for many people that have shares in employee share ownership plans but it is a major consideration for those people at the top end of town who, either through avoidance or confusion, are not paying their fair share. This is a measure that is directed towards ensuring that those people pay their fair share. I would have thought
that, if ever there were a time for us to be really taking some hard decisions in relation to clawing back revenue leakages from those that are not paying their fair share, it would be in the current climate, with the $210 billion worth of tax revenues that have just evaporated as a result of the global recession and the slowdown in commodity prices. I would have thought that now was the time to be acting. Those on the other side stand up and talk about debt but they are not proposing anything and they have not proposed anything that would get the budget any closer to being in surplus than it is at the moment. They deny the fact that the $210 billion worth of revenue that is lost would be lost whether they were in government or not. That is the reality.

You would have thought that the Leader of the Opposition in his address in reply to the budget would have given the global economic recession a guernsey, but it did not even get a mention. There has been a lot of talk about what was in the budget speech, but there has not been enough focus on what was not in the budget speech in reply. It did not even mention the global economic recession. Those on the other side are pretty fond of selectively quoting parts of the budget papers. One thing that you will not hear them quote is that on page 1-6 of the budget overview in Budget Paper No. 1 it says:

The world economy is expected to contract by 1½ per cent in 2009—the first annual contraction in six decades.

This will be the first annual contraction in global growth in 60 years. I would have thought that that is an extraordinary circumstance.

Those on the other side, and the member for Cook is first and foremost among them, come forward and want to tell us that things are not nearly as bad here as they are elsewhere and do not require the decisive action that this government has taken to try and cushion our economy against the impact of the global recession.

Mr Anthony Smith—Every time you say ‘decisive’, you get a pat on the back.

Mr BRADBURY—I will take that interjection from the member for Casey. I heard his comments earlier about the hard hats. They are very sensitive on that side about hard hats. I did not see them wearing hard hats very often when they were in government, because they did not build anything. They did not believe in building the nation; nation building was not their priority. They get sensitive about the hard hats.

Just yesterday there was a bit of a kerfuffle about the hard hat. The member for Canning says that he was not the one who brought the hard hat in, but that it was the member for La Trobe. I will take his word for that. I was astonished that they had a hard hat nearby. They never needed one in their 12 years in office, because they did not build anything; they did not invest in the nation. But then it became a little bit clearer to me why he had such ready access to the hard hat: he needed it yesterday morning in the joint party room meeting—in fact, I think that they were standard issue.

Talk about division; talk about chaos and confusion. They do not know whether they are Arthur or Martha or whether they are greener or browner than the Labor Party when it comes to the CPRS. They do not know whether they support it or not. They have a leader who said that he was the voice of reason—the voice of progress—in the cabinet. But now he is a stick in the mud; he is an obstacle; he is the speed hump that is blocking any progress on that front.

Mr ROBERT (Fadden) (4.47 pm)—These are truly dark days for the great Australian dream. There was a time in this country when Australia per capita had more share
ownership than any other nation on the face of the planet. Australians were encouraged to have a stake in the companies in which they worked. The heart of that was the employee share scheme. Whether you bought in, whether you bought shares, whether you bought options, whether you paid for them, whether you received them, whether they were part of remuneration or whether they were an incentive, those schemes were all about providing an opportunity for ownership, for partnership. They meant that you did not have to just be an employee but could be an owner in the company in which you worked. Then along came that nervous little man, the Treasurer, and his dodgy sidekick, the Assistant Treasurer, looking to scoop $200 million over the forward estimates by removing the ability to defer tax on acquiring shares through a share scheme and putting a $60,000 limit on it.

I do not know what is worse, moving to impose a cap of $60,000 and then affecting all shareholders or the hide of the statement in Budget Paper No. 2 in part 1 in the section on revenue measures for Treasury—and I know that the Treasurer gets lost when we talk about his budget. The paper says:

This ensures that the concessions encourage a better take-up and availability of employee share arrangements by low and middle-income employees.

The budget papers say that the whole point of this measure is to encourage low-income employees to take it up. But if they did nothing it would still encourage low- and middle-income employees to take it up. It does not change anything if you are earning under $60,000; it provides no incentive or disincentive; nothing changes. Yet the Treasurer came out and said:

There is no doubt that the arrangements that have been in place deliver massive benefits to some executives on very high remuneration. It was time for that to be reformed and that’s what we’ve done.

The budget paper says that this is about an incentive for low- and middle-income earners yet the Treasurer says that this is about punishing and closing a loophole for high-income earners. The question is: what is the measure about? It absolutely and utterly seems to be the case that there is no consistency.

If indeed the budget papers are correct and this is about an incentive, why is it that so many of our companies are closing down their employee share schemes? At Australia’s top 100 companies, about 600,000 Australians are involved in share plans. Woolworths has more than 40,000 people on plans; there are 100,000 in Wesfarmers. Ninety per cent of the member companies of the Australian Mines and Metals Association have employee share schemes. Seventy-five per cent of shop-floor employees at Alcoa are members of such plans. And what has been the response of the corporations of this country to this government’s measure? Close down, scrap, defer and hold plans.

I asked the Assistant Treasurer, who seems to have disappeared from the House, these questions. How does suspending and shutting down so many of the nation’s plans encourage better take up and availability? If they are all being shut down—if no companies in the nation bar a few are offering a share plan and the opportunity to buy into the wealth of the nation and to take a stake in your own company and your own future—then, in the name of all that is sacred, how can you possibly meet your stated intent of improving take-up and access by low- and middle-income employees? It is simply and utterly a farce. It is no wonder that this government is running and ducking for cover.

Or is there a more sinister motive? Is it not really about the $60,000 and trying to
hide large tax earners? Could it be a direct attack on the aspiration of Australians? Is it the desire for everyone to live in tidy-tacky houses that all look the same, because that is what pure socialism wants? Should everyone just be the same, with a massive redistribution of wealth? Is that the real intent hidden behind the vagary of the budget papers? I will leave that to the ballot box and for Australians to determine. This measure, though, is a farce and the companies of this nation have judged and condemned it as such.

Mr HAYES (Werriwa) (4.52 pm)—After listening to this debate, I have to wonder about the opposition’s tactics and the reason they have waited for two weeks. They have waited some two weeks since the budget to bring this matter before us today. Let us face it: they cannot say anything about the CPRS. They cannot say anything about schools—all the ones who want money for their schools are walking out of the room at the moment. They are not going to talk about black spot funding, or, in Wilson’s case, level crossings up in his electorate. They are not going to talk about roads or support of local government. So what do they want to talk about? They want to talk about tax schemes. Comrade Smith wants to talk about workers’ rights, but if he were genuine about workers’ rights this bloke would not have voted for Work Choices on however many occasions—was it six or seven times they voted for Work Choices?—to strip away workers’ rights. Let us make no bones about that.

What we are trying to do is set up taxation arrangements so that under these schemes people are called upon to pay their fair share of tax. That is spreading the burden across all those who work. If you look at employee share ownership schemes, you will see that only one in 20 workers at the moment is in one of those schemes. But that does not mean that we do not need to review it.

The opposition are now picking on an issue some two weeks after the budget. It has certainly been covered in the newspapers over the last two weeks, but they waited. In addition, we are in a situation where the Assistant Treasurer has already put in train a consultation process with all the stakeholders to address these issues. We are not going to compromise on people paying their fair share of tax. What we are going to do, however, is look at what is fair, with a view to providing a positive set of arrangements that will encourage employee share ownership. I have worked for organisations that have sponsored such schemes over many, many years. I think it does encourage loyalty and participation and provides motivation when employees share in the company’s profits. Those things are all true.

Not once have those opposite indicated what the ATO have said so far, that it is the people at the higher end of the schemes who are involved in tax abuse or the confusion that has caused this amount of tax losses. What the ATO is saying at the moment is that in excess of hundreds of millions of dollars of tax revenue have likely been squandered as a consequence of these schemes. I would have thought it was in the interest of everyone in this chamber and of the people they represent in their electorates to ensure that we protect the integrity of our tax base. Surely we should not simply go about our business, allowing the highest income earners a means to defer their tax increases or, alternatively, to pay half of what they would have been required to pay in tax by declaring it a capital gain.

That is not what we intend to do. We do intend to move to protect the integrity of the tax system and we do intend to do so in such a way that it is done in consultation with all stakeholders, the industries concerned and also the various groups out there who actually sponsor these schemes. I am sure Com-
rade Smith will not have been lobbied by too many unions to date, but there are those who have actually taken the time to talk to a number of the trade unions out there, such as the Australian Workers Union, and work out what they are asking for. Sure, they do want that review to take place—and we are committed to that review—but they say that the fundamentally unfair aspect of this arrangement is that the higher income earners rorted the scheme. I do not think that it is inappropriate at this stage for us to move to review that aspect of it with a view to tightening it up so people pay their fair share of tax.

I do not know about your electorates, but in my case 98 per cent of the electorate of Werriwa earn under $100,000. They are the people that I want to make sure are not disproportionately affected by tax arrangements. They need to see that we are making the effort for their benefit, to ensure that everyone is called upon to pay their fair share of tax. And, if we abide by that principle, we are in a position to protect the integrity of our tax system. Apart from the consultation process the government is entering into—

(Time expired)

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

PRIVILEGE

Mr PYNE (Sturt) (4.57 pm)—Under standing order 51, I wish to raise a matter of privilege. Mr Deputy Speaker Scott, to me this matter represents a prima facie case of breach of privilege, and I ask you to ask the Speaker to take the appropriate action to give precedence to a motion to refer this matter to the House of Representatives Standing Committee of Privileges and Members’ Interests. Repeatedly in this House in the last sitting weeks, the Prime Minister, the Minister for Infrastructure, Transport, Regional Development and Local Government, the Minister for Education and the Minister for Agriculture, Fisheries and Forestry have sought to denigrate members of the opposition who support projects, grants or programs that are available to organisations, groups, associations or businesses in their own electorates.

As you know, Mr Deputy Speaker, members of parliament have a duty to represent their voters. Community groups and others expect their local MPs and other local representatives to write letters of support, to seek appointments with ministers, to meet with ministers and to lobby on behalf of their community organisations, their sporting groups, their local associations and local businesses to support job, infrastructure and other grants and programs that go into our electorates. That is true for members on both sides of the House, whether we are Liberal, Labor, National or even Independent.

Members of the opposition are being hindered in doing so. They are being inhibited from doing their work because of the personal denigration by members of the government—

Mr Price interjecting—

Mr Hayes interjecting—

Mr PYNE—You think it is funny; it is actually really serious. You think it is tremendously amusing. Your interjection was, ‘Come over to this side of the House,’ so in fact what you are saying is that we should all be Labor MPs—which is exactly the point I am making. That is exactly the point, Mr Deputy Speaker, that I am making. Members are being hindered, and I personally feel inhibited in doing my work as a member of parliament, in writing letters of support and in working for community organisations, associations and businesses so they are able to get access to the programs, grants and other spending that all governments of all
political persuasions provide in our electorates.

Members are concerned that they will be denigrated for doing their job. But, more importantly, we are getting feedback on this side of the House that community organisations and others are concerned that their applications will be seen in a different light from those coming from government MPs in government seats. That goes to the very issue of privilege.

Mr Price—Point of order, Mr Deputy Speaker.

Mr PYNE—You cannot call for a point of order on a matter of privilege.

The DEPUTY SPEAKER (Hon. BC Scott)—The Chief Government Whip will resume his seat. The member for Sturt is raising a matter of privilege. He has the call.

Mr Price—Treat it seriously!

Mr PYNE—I am treating it seriously. Community organisations, from feedback we are receiving, are concerned that their applications for grants, for programs and for government infrastructure spending will be seen in a different light because they are not being proposed by government members. That goes to the very nub of the breach of privilege. It is contrary to all the traditions of the Westminster system, which we operate under, in which government should be blind as to whether the applications come from Liberal, Labor, National or Independent members of parliament. They should be decided on their merits. It is contrary to the way this parliament has operated for the last 108 years. It amounts to a prima facie case of the intimidation of members of parliament while carrying out their duties.

I place this matter before the Speaker and ask him to consider it and report back to the House on the implications of this breach of privilege. I ask him to give precedence to a motion for this to be referred to the privileges committee forthwith.

The DEPUTY SPEAKER—I will report the matter to the Speaker.

HEALTH WORKFORCE AUSTRALIA 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) (5.02 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

THERAPEUTIC GOODS AMENDMENT (MEDICAL DEVICES AND OTHER MEASURES) BILL 2008 [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) (5.03 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.
TAX LAWS AMENDMENT (2009 MEASURES No. 3) BILL 2009

Report from Main Committee

Bill returned from Main Committee without amendment, appropriation message having been reported; certified copy of the bill presented.

Ordered that this bill be considered immediately.

Bill agreed to.

Third Reading

Mr SNOWDON (Lingiari—Minister for Defence Science and Personnel) (5.04 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

HIGHER EDUCATION SUPPORT AMENDMENT (VET FEE-HELP AND PROVIDERS) BILL 2009

Second Reading

Ms NEAL (Robertson) (5.05 pm)—I rise today to speak in support of the Higher Education Support Amendment (VET FEE-HELP and Providers) Bill 2009. Before I address the specific measures contained in the bill, I would like to say a few words about vocational education, particularly in my state of New South Wales. TAFE New South Wales is the largest provider of vocational education and training in the Southern Hemisphere. It enrols more than 500,000 students every year and offers a wide range of courses through 10 institutes, with more than 130 campuses across the state. It teaches over 1,200 qualifications, most of which are nationally accredited under the Australian Qualifications Framework.

There have been big expansions in TAFE New South Wales over the last decade with enrolments increasing by over 76,000 since 1998. TAFE New South Wales currently teaches courses at all vocational education and training levels from certificate I through to graduate diploma. With 1,200 courses, TAFE New South Wales covers almost every industry area, from traditional trades like plumbing, manufacturing and engineering to new and emerging industries like photonics and nanotechnology. TAFE New South Wales also has an extensive program of second-chance education. Almost one-third of enrollees at TAFE NSW pay either a concession fee or no fee at all for their studies.

The National Centre for Vocational Education Research found that TAFE NSW has high levels of employer satisfaction. In fact 83.2 per cent of NSW employers were satisfied with the quality of apprentice/apprenticeship training provided by TAFE NSW, and this compares very favourably with the national average of 78.6 per cent. I want to take the opportunity today to congratulate TAFE NSW on the quality of their education and in particular the quality of their staff and encourage them to continue providing the high-quality training for vocational education that they have provided to date. It is certainly outstanding, and New South Wales is very proud of it.

The bill before us today aims to give greater consistency and clarity to the VET FEE-HELP Assistance Scheme arrangements that are currently in place in the vocational education and training sector. Courses that are available at NSW TAFE and through other registered training organisations will be impacted by this bill. It seeks to do this by introducing a number of technical amendments to the Higher Education Support Act 2003. The amendments will make the arrangements consistent with those currently in place in the wider higher education sector. In short, this bill will ensure consistency between the VET FEE-HELP system and the existing FEE-HELP system.
The VET FEE-HELP Assistance Scheme provides loans to eligible fee-paying students undertaking certain VET courses of study. The scheme is targeted to certain higher level skills, as access to assistance under the scheme is limited to VET courses of study leading to the award of a VET diploma, VET advanced diploma, VET graduate diploma or VET graduate certificate. The scheme helps pay for all or part of a student’s tuition fees. Under the scheme, students can access training and defer the fees until they are able to pay. It is pretty much similar to that previously—prior to 2007—available for university students. I do not mean to suggest that those loans are no longer available in universities; before 2007 they were not available for those in VET courses. These ‘income contingent loans’ have been available in the higher education sector, as I have said, for a very long time, but they were not introduced until quite recently for the VET sector.

Over time there has been an increase in the number of VET providers in Australia. VET is currently provided through a national network of over 4,000 public and private registered training organisations. As a result, the number of providers applying for access to VET FEE-HELP has increased over time. But the process of accreditation is very rigorous. The rigour of this accreditation system is evidenced by the fact that as of 20 March 2009 there were just 12 approved VET providers in Australia. There are 15 others currently on the Federal Register of Legislative Instruments, or FRLI, awaiting the parliamentary disallowance period.

In addition to these developments, the range of study units and courses offered by these providers has also broadened over time. It is now timely that clarity is sought in defining the types of study units, courses and modules that can properly qualify under the assistance scheme. As the VET FEE-HELP Assistance Scheme stands at the moment, there is no specific instrument to limit or control the eligibility of study units or courses that may attract assistance. As a result, it is currently possible for an eligible student to access VET FEE-HELP assistance for VET units of study which are not essential to the relevant VET course of study—in other words, something that they are studying for pleasure rather than to complete their course. One of the major provisions of this bill, therefore, will ensure that a student’s access to assistance under the scheme is limited to those VET units of study that are essential to the completion of their particular course of study. Only those units of study that are essential will be eligible under the scheme. This will ensure that access to the VET FEE-HELP scheme is more appropriately targeted.

This amendment is particularly important because of the Australian government’s decision to support the Victorian government’s VET reform agenda by allowing for the extension of the assistance scheme to subsidised diploma and advanced diploma students in that state. As of 1 July 2009, a greater number of VET providers will be offering access to VET FEE-HELP assistance to their students, increasing the possibility that funding may be used to support students undertaking non-essential VET units of study.

The second set of provisions in the bill streamlines the process by which providers are given approval to offer VET FEE-HELP assistance to their students. Under current arrangements the Higher Education Support Act requires that a notice of approval must be registered on the Federal Register of Legislative Instruments and tabled in both houses of parliament. Fifteen joint sitting days—the disallowance period—must then elapse before the notice of approval can take effect and the higher education or VET provider can begin offering FEE-HELP or VET
FEE-HELP assistance to students. That is why at the moment we have such a comparatively small number. But over time of course this will increase. Amendments to the act will now allow notices of approval for both higher education and VET providers to take effect on the day immediately following the day the notice is registered on the Federal Register of Legislative Instruments. Following the amendments, higher education and VET providers will be able to offer assistance to students immediately following the registration on the federal register. These amendments to the provider approval process will ensure that a greater number of approved higher education and VET providers can operate sooner. This will have the effect of giving eligible students faster access to FEE-HELP or VET FEE-HELP assistance with those providers.

The third set of measures that the bill introduces relates to the minister’s ability to revoke a VET FEE-HELP provider’s approval. Under the new arrangements, the minister will be able revoke the approval as a VET provider of a body corporate if that body corporate: no longer offers VET courses; ceases to be established under a law of the Commonwealth, a state or territory; no longer carries on business in Australia; or no longer has its central management and control in Australia.

These changes to the revocation arrangements will make the VET system consistent with allied changes made to the Higher Education Support Act in 2007. They are largely technical changes but they carry important protections for the minister and the Commonwealth. It should be noted that the changes to the approvals process will in no way disadvantage students. If a notice of approval is disallowed and the provider has already allowed student access to assistance, those students would be able to access whatever rights accrued under the act prior to the relevant notice of approval ceasing to have effect.

The changes contained in this bill will bring consistency to the delivery of student assistance across the higher education sectors. The changes in this bill may seem minor and technical, but it is extremely important that over time adjustments are made to schemes such as this to ensure their integrity and prevent abuse, because ultimately, if this were to occur, the scheme would be undermined and the advantages and assistance given to students undertaking VET courses would be lost. I commend the bill to the House.

Ms KATE ELLIS (Adelaide—Minister for Youth and Minister for Sport) (5.15 pm)—In reply—In summing up this debate I would like to take the opportunity to thank the member for Robertson for her contribution to this debate and indeed to thank all of the members who have spoken on the Higher Education Support Amendment (VET FEE-HELP and Providers) Bill 2009. I also thank the opposition for their support of this bill, a bill which makes minor clarifications and adjustments to the operation of the FEE-HELP and VET FEE-HELP assistance schemes under the Higher Education Support Act 2003.

VET FEE-HELP assists students studying diploma, advanced diploma, graduate certificate and graduate diploma courses by providing a loan for all or part of their tuition costs. The scheme is aimed at encouraging students studying within the vocational education and training sector to pursue pathways to further or higher skill qualifications in the higher education sector. It ensures that students have the opportunity to access higher level skills training without the financial burden that may otherwise prevent them from enrolling in such courses.
This bill clarifies that a student cannot access VET FEE-HELP assistance to undertake a unit of study unless that unit of study is essential to the student’s course of study. In addition, the bill ensures that if a provider of VET FEE-HELP assistance does not maintain certain standards set by the act then it can be required to cease operating as a VET provider. This amendment mirrors that made to the act in 2007 in relation to the operation of higher education providers, ensuring consistency between the FEE-HELP and VET FEE-HELP assistance schemes. These amendments improve the protections already in place for both students and for the Commonwealth.

The bill also makes minor changes to the higher education and VET provider approval process to allow higher education and VET provider notices of approval to take effect on the day immediately following the day the relevant notice is registered on the Federal Register of Legislative Instruments. The amendments remove unnecessary delays in the approvals process, ensuring that a greater number of approved higher education and VET providers can operate sooner, giving eligible students faster access to VET FEE-HELP assistance with those providers. I commend the bill to the House and urge all members to support this important legislation.

Question agreed to.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

Third Reading

Ms KATE ELLIS (Adelaide—Minister for Youth and Minister for Sport) (5.19 pm)—by leave—I move:
That this bill be now read a third time.
Question agreed to.
Bill read a third time.

CAR DEALERSHIP FINANCING GUARANTEE APPROPRIATION BILL 2009
Second Reading

Debate resumed from 14 May, on motion by Mr Bowen:
That this bill be now read a second time.

Mr PEARCE (Aston) (5.19 pm)—The Car Dealership Financing Guarantee Appropriation Bill 2009 provides for a standing appropriation to enable claims to be paid under the deed of guarantee in respect of the Australian government guarantee to support interim funding to car dealerships, executed on behalf of the Commonwealth on 23 December 2008. On 5 December 2008, the Treasurer announced the establishment of a special purpose vehicle, an SPV, with the support of Australian banks, to provide liquidity to eligible car dealers who were left without financing as a result of the departure of two large automotive finance leasing companies from the Australian market following the onset of the global financial crisis. The two companies are GE Money Motor Solutions, a subsidiary of GE Money, a division of GE Capital, one of four main businesses of General Electric; and GMAC Australia LLC, GMAC’s automotive and motorcycle finance business in Australia. GMAC is the automotive finance business of General Motors Corporation.

It is estimated that one-quarter of new car dealerships obtained wholesale floor plan finance though GE Money Motor Solutions and GMAC Australia LLC. The SPV, otherwise known as ‘OzCar’, was established as a trust on 2 January this year. Under the agreements negotiated with the Commonwealth Bank of Australia, the ANZ Bank, the National Australia Bank and Westpac, the four major banks will provide liquidity to OzCar through the purchase of AAA rated OzCar securities. Most of these securities
will require a Commonwealth guarantee so that they qualify as AAA in order for the four major banks to purchase the securities. Having raised funds through the sale of securities to the banks, OzCar will make available funding for 12 months to eligible car dealerships requiring finance.

In his second reading speech for the bill, the Assistant Treasurer told the House that most of the former GE and GMAC dealerships had managed to secure alternative financing, primarily through the remaining lenders. As a result of the orderly wind-down of GE and GMAC loan books and alternative sources of finance, the initial estimate of $2 billion to finance future loans was reduced to $850 million. The Assistant Treasurer stated that the final figure will be much less and the appropriation to support the Commonwealth guarantee will apply to around $550 million of the securities issued by the OzCar SPV.

Let me go to the issue of new vehicle sales. New vehicle sales figures for April 2009, released on 5 May by the Federal Chamber of Automotive Industries, show that just under 64,000 passenger motor vehicles, SUVs and commercial vehicles were sold in April 2009, a fall of some 24 per cent compared with the same month in 2008. In the year to date, a total of just under 277,000 new vehicles have been sold, which is a fall of just over 20 per cent compared with the same period last year, suggesting annual sales for 2009 of 840,000, compared with over 1,012,000 sales in 2008. The fall in new car sales reflects the broader slowdown in the Australian economy and globally, with the four local motor vehicle manufacturers reducing production in response to falling demand. Production levels are the lowest since the 2001 downturn and have led to temporary stand-downs and a four-day week for automotive component manufacturers.

According to the explanatory memorandum to the bill, the overall contingent liability for the Commonwealth is around $550 million, comprising 45 per cent of the remaining GE Money and GMAC loan books and 85 per cent of the Ford Credit loan book. To limit the risk to taxpayers’ funds, the SPV will only be available to advance funds if it is satisfied that the dealership is not subject to any insolvency event. In the event that the deed of guarantee is called upon, any payment made under it will reduce the underlying cash balance. The explanatory memorandum states:

The extent of the impact on the underlying cash balance will depend on borrowers’ default and borrowers’ ability to meet any SPV’s claims. Under the Series Notice, the Trustee indemnifies the Commonwealth (out of the assets of the Trust) against any amounts paid or required to be paid by the Commonwealth under the Guarantee.

No securities have yet been issued under the OzCar SPV. However, as the guarantee covers most of the Ford car dealerships and as new loans are taken out in the new financial year, the SPV will underpin the next 12 months of trading by dealerships. With this assistance from the government, new car sales are forecast to recover, as we hope. The coalition supports this bill.

Mr MARLES (Corio) (5.25 pm)—I rise to speak in support of the Car Dealership Financing Guarantee Appropriation Bill 2009. When the global economic crisis came upon us last year, two car financing companies ended up leaving the Australian market as a result of the global credit crunch. One was GE Money Motor Solutions and the other was GMAC, the auto financing business of General Motors Corporation. Between these two financing companies, about a quarter of the wholesale floor plan finance was supplied to new car dealerships within this country. In addition to these two car financing companies leaving the Australian
On 5 December last year the Treasurer announced that a special purpose vehicle-financing vehicle would be created to deal with this situation, and on 2 January this year this special purpose vehicle, known as OzCar, was established as a trust. The point of OzCar was to provide liquidity to car dealerships so that they would be able to put in place wholesale floor plan financing arrangements in order to provide finance for the purchase of cars.

Car dealerships within this country are a critical segment of our economy. If we look at the auto industry as a whole, it employs something in the order of 66,000 Australians. When you consider that a large proportion of those vehicles which are made in Australia are also sold and used in Australia, then you see the significance of retail car dealerships within the entire economy. It is a particularly important sector of the economy within regional Australia.

My electorate of Corio covers Geelong, where we have long been known as a car town. Indeed, to be more specific, we have been known as Ford town. Ford has played a significant role in Geelong since the 1920s, and this is not just through the making of cars or through the employment of car manufacturing workers but also through the enormous contribution that Ford makes to the town in which it is based, such as Geelong. As one example of that, Ford has been the long-term sponsor of the Geelong Football Club. Indeed, that sponsorship arrangement between Ford and the Geelong Football Club represents the single longest sponsorship arrangement in world sport. That says something of how significant a company like Ford is to a place like Geelong.

But it is not just those people who are involved in the manufacturing of cars in Geelong—and there are many thousands who are employed by Ford in that endeavour. In addition to that, we also have in Geelong the largest new car Ford dealership in Australia, Rex Gorell Ford, which has been in business for 24 years. Indeed, the Rex Gorell Group itself employs 320 Geelong workers.

The Gorell family are a long-time established family within Geelong; their roots in our city go back to the mid-19th century. Not only do they contribute to Geelong through being a major employer within our region but, indeed, the Gorell family and in particular Rex Gorell have been leading citizens within our community and have made generous contributions of their time and effort to many aspects of the Geelong community. Rex Gorell Ford is just one dealership, and there is just one person in charge of that dealership, but it represents how important car dealerships are to a place like Geelong and it represents how important car dealerships are as a segment of the Australian economy.

So, with that in mind, the special purpose vehicle OzCar is playing a very important role in ensuring that this segment of the economy survives a very difficult period of time. It works in the following way: OzCar is a special purpose financial vehicle which will be managed by Perpetual Nominees and Credit Suisse. It will work closely with both the Commonwealth Treasury and the four
major Australian banks, ANZ, the Commonwealth Bank, Westpac and the National Australia Bank.

OzCar will provide finance in the following way. The four major banks will purchase securities from OzCar and these securities will all have a AAA rating under the Standard and Poor’s rating system. They will have that rating by virtue of a guarantee provided by the Commonwealth government. That guarantee was provided on 23 December last year by a deed of guarantee. Through the funds raised in this way, OzCar can then provide finance to eligible dealerships to ensure that these dealerships have in place a wholesale floor plan financing arrangement. This provision will be in place for 12 months.

At the outset, it needs to be said that the car dealership sector of our economy have dealt very well with GE and GMAC leaving the Australian market. Indeed, a very large proportion of the financing which was previously covered by GE and GMAC has now been covered by other finance providers. It is a credit to the car dealership sector that they have managed to put those arrangements in place. But, nevertheless, OzCar will still be needed, particularly in relation to Ford Credit.

This will not be, in any sense, a blank cheque for those car dealerships. Very significant prudential parameters will be put in place around the way in which this finance will be provided. First of all, in order to be an eligible car dealership you need to have previously had in place a car financing arrangement through either GE Money Motor Solutions, through GMAC or through Ford Credit. The finance that will be provided by OzCar will only be provided to wholesale floor plans.

Auditors will be put in place to monitor the stock management systems of any car dealership which seeks to avail itself of finance through OzCar. While there will be no guarantee fee associated with the guarantee provided by the Commonwealth, while there will be no guarantee fee charged in the pricing of this finance—and there will not be a fee charged, because it is important not to place any additional pressure on these loans and on consumers in what is already a stressed part of our market—and that fee will not be part of the charging system, finance will be issued at a price with sufficient income and reserve buffers to meet any losses. In addition to all of that, dealerships will need to demonstrate that they are viable dealerships in order to avail themselves of finance through OzCar.

All of those prudential parameters which are placed around the providing of finance from OzCar to these dealership are being put in place so that there are significant protections upon the public purse and so that the situation arising where the guarantee may come into place hopefully does not occur at all. But, in any event, these parameters are being put in place to avoid the risk of the guarantee ultimately needing to be called upon.

The specifics of this bill in the context of this initiative provide for the appropriation for any claims that are made as a result of the guarantee which is given by the Commonwealth government in relation to the securities which are issued by OzCar to the four major banks. Of course, that guarantee is critical in this whole package in order to attract the AAA rating of Standard and Poor’s. In providing for this appropriation, there is not a specific limit established within this bill. The extent of any claims on the public purse will obviously depend on the extent to which the guarantee is called upon where any loans that are issued by OzCar are not fulfilled. So it is impossible to state exactly what appropriation, if any, will ultimately be
required. But the contingent liability associated with this is estimated to be $550 million. That equates to 45 per cent of the remaining GE and GMAC loan books and 85 per cent of the Ford Credit loan book.

This is a very significant initiative. It is one that was put in place very rapidly and very efficiently in order to deal with a crisis that was imposing itself on a very important segment of our society. Were a situation to have occurred such that significant numbers of car dealerships found themselves in a position where they were unable to trade, that would have resulted in a significant loss of employment throughout the economy, particularly in regional areas such as Geelong. So it is very much to the government’s credit that it was able to act as quickly as it did, similar to the way in which it acted quickly in dealing with this global economic crisis more broadly. The government acted swiftly in providing security in our economy through the bank guarantees and the various stimulus packages, and this has provided a means by which we have been able to guide our economy and our society through a very difficult time.

This is an important initiative for a very critical sector that is already doing it tough. The year-to-date figures for car sales in Australia through April this year show that 276,935 vehicles were sold, compared to sales of 347,514 vehicles through April last year. That is a difference of 70,579 cars or a decline in sales over that period of 20.3 per cent. This is a sector of our economy that is already doing it tough as a result of the global economic recession. It is very important that it does not receive a double blow through the credit crunch which is at the heart of the global economic recession. This bill plays an important part in a very important initiative to ensure that this sector does not receive that double blow. For that reason, I commend it to the House.

Mr TUCKEY (O’Connor) (5.39 pm)—As the member for Corio informed the House, the Car Dealership Financing Guarantee Appropriation Bill 2009 is necessary and urgently required legislation simply because certain providers of capital, based primarily in the United States, decided that they had to repatriate the funds they had available to head office. As a consequence, the Australian retail and wholesale vehicle industry found itself in a position of not being able to finance even its stock on hand, which is known as floor plan. The government, by a fairly simple mechanism of guarantees—with a contingent liability which, in this case, I doubt will be called upon—was able to give security to the industry.

As the second reading speech informed us, even at this stage a number of car retailers and wholesalers are finding that alternative opportunities are appearing. It has always been a very profitable sector for the finance industry, and within Australia it is surprising how few people do not pay their debts of this nature. It is not a bad bet, because an interesting aspect of this particular form of financing is that the security of a vehicle is well known. More particularly, as I experienced for many years in the earthmoving industry, we would go to the finance companies to finance things like Caterpillar graders that were often worth more when you traded them in than the cash price you paid for them originally. We were still charged usurious interest rates on an item that was better than a block of land. It had a fairly well defined value and the only risk, really, was that it might not have been adequately maintained during its working life. It tended to maintain its value in nominal terms and, of course, if it could not be sold in one locality, then, unlike a block of land or a building, it could be shifted to where the market was more prosperous. I just make that point in passing because I remember
cursing that on many occasions when I was in the earthmoving business.

The reality is that quick action by the government on this occasion was appropriate, but it did not load future generations with a potential debt. In racing terms, it was a pretty good bet. The member for Corio, who has now left the chamber, made two remarks that I thought were interesting, considering my wider view of the future of the motor car industry and, more particularly, vehicle manufacturing in Australia. He talked about the industry doing it tough. Significantly and more particularly, whilst Australian manufactured vehicles are primarily sold into the fleet market, that is an area where suddenly businesses are saying: ‘Yes, things are tough. We’ll extend the useful life of vehicles we have’—under whatever arrangement. So there are fewer sales occurring. The member for Corio also talked about a double blow. To the government’s credit, there was no double blow in the availability of finance in this particular sector.

In the much publicised debate on emissions trading schemes that we listened to yesterday it was pointed out that the Obama administration has now managed to get some terms of reference—if you like, a draft bill—through its own party structures, which are much more flexible and fluid in America compared with the discipline that applies to major parties in this country. They have put through a set of issues that will eventually be debated in congress. That probably will be made even more generous to the manufacturing sector in that country but, as it exists, a trade exposed industry—and for the purposes of this debate read ‘car manufacturing’—will get a 100 per cent exemption. All such trade exposed industries under the bill at its present level of generosity will get that particular exemption. Under the draft bill, they will also have it for about three or four times longer than is proposed under the legislation introduced into this place.

One only has to look at the fact that, with billions of dollars of taxpayers’ money, the major American owned manufacturers are being restructured, and under those arrangements it is patently obvious that some of the huge cost burdens they have carried—for instance, their health funds, which I have read previously cost about US$1,500 a motor car—are to be restructured. There are discussions about how that is happening, and one proposal might be that a union health fund gets a lot of shares and will then rely on the profitability of the company to fund the health services of their members. Nevertheless, the cost of building motor vehicles in the US is going to fall.

As the wider implications for these companies—like GM, which it appears is going to sell its German manufacturing arm, Opel, as part of its restructure—become known, the question in the boardrooms in Detroit is going to be about this. ‘We are now restructured and we now make vehicles cheaper, and the more we can sell anywhere in the world, the cheaper they will get,’ they will say. What is more, it has always been the case in the motor car industry that the price has been relevant to the local preparedness to pay, and the profits have been averaged across different markets. So the board members over there are saying: ‘Things are starting to look pretty good. Furthermore, those dopey cows down in Australia have decided to increase the operating cost of General Motors Holden. We can export our cars over there to the advantage of our business here in Detroit and sell them much more competitively than trying to continue to make them in Australia.’

Now what does that mean? What if the board of Ford are coming to the same conclusion? Then there is whatever state Chrys-
ler might be in and whether it is going to be Fiat or whatever, I do not know how other people are experiencing their driving at present but I keep noticing more and more American built Jeeps on the roads of Perth. They are fully built up vehicles coming from somewhere else and competing, I would imagine, with the Ford Territory. Recently they have put out these ‘You can do it’ TV ads, where they are cutting the prices of all of those vehicles and making them extremely competitive. So what is going to happen? A doing-it-tough double blow.

The second component of the double blow has been removed by this legislation, and I welcome it. But there is another time bomb sitting there for the Australian manufacturing industry. Of course we now acknowledge that the Chinese have outgrown tin cans and—this was pointed out to me the other day—where once they were the great international patent infringers of the world, they are now actually having court cases within their own country protecting patent rights. They have proved in so many ways that they just get better at things. I do not care what happens at Copenhagen, but I know they will not penalise their trade exposed industries.

Considering my interest in a renewable solution to emissions and in light of the great job opportunities that that would generate as well as, to my mind, cheaper electricity—and I might come back to this in a minute—I have read with great interest that they have gone out into the desert on the Silk Road, where the wind has blown sand into people’s eyes for centuries, to harvest the wind. They are currently building the longest high-voltage DC line in the world—2,000 kilometres long—so they can better transfer electricity with the minimum loss of energy. It is a 6.6-gigawatt capacity line. That is pretty big. It is twice the generating capacity, by the same measurement, of all Western Australia—and they are building it now. Why are they building it? So that their manufacturing sector on the east coast can have green power from their huge hydro resources and these wind and other resources. So, whilst they might go along to Copenhagen and accept some targets, they are not going to do it at the cost of their industry.

Some will hoo-ha this little lecture that I am giving to the House—typically, there are not many around to listen to it—but I have a very funny feeling that I will be very sadly saying, ‘I told you so,’ as I have done on other occasions with speeches made in this place, when all these circumstances come together and the owners of General Motors Holden and Ford Australia and probably Toyota too say, ‘Sorry, we’ve got this ultra-cheap means of transporting fully built up cars around Australia’—you only have to see those huge ships coming in now—‘so we’re not going to manufacture in Australia.’ Mitsubishi have made that decision and Nissan made it years ago. The GMs and all those are going to have a tough enough time anyway, and I want to talk a little bit about that on the other side of the ledger. Those companies face extinction if one additional ounce of burden is placed upon them, and let us hope their unions do not go silly under the laws that will come in in a month or so.

I have written to the Secretary of the AWMU drawing this matter to his attention, and not in a dog-in-the-manger way but enclosing what I have been promoting—which I could never get into the head of John Howard, I have to say—as the solution to the climate change issue without destroying the economy. I will be interested to know if this fellow has real concern for his workforce, which totals about 40,000 or 50,000 Australians who are involved just in the vehicle manufacturing sector, to say nothing of the retail sector, which this legislation has a lot to say about and who number even more, although they will survive. They will still be
here and they will be okay, because they will be selling fully built up American motor cars. People will still buy them and they are going to be better and cheaper—their price will line up with that of the Chinese. It is going to be tough anyway, but why would this parliament be contemplating a set of rules when the simple solution for those most affected is to pack up and go somewhere where there is a better deal, at whatever level that might be?

I just cannot believe the carpetbaggers at the Business Council, who only see the opportunity to have a new derivative so they can trade in fresh air. They say, ‘We want certainty.’ I know what ‘certainty’ is. They want to know whether they are going to leave town or not. It is not: ‘Once we have the certainty we will go back to our shareholders in this economic climate and ask them for a few more billion dollars so we can reconstruct our industries.’ No, they will just run them down, and they will otherwise start investing overseas.

It gets pretty dreadful, because we have very few other problems in Australia like what I call Kakadon’t. Some of you may have read the article in the *Australian* about Kakadu: is it Kakadu or Kakadon’t? The journalist came down on the side of Kakadon’t. That is a disease throughout Australia. It was a challenge that we failed. It is a challenge I hope the Western Australian government is going to do something about, and we got a little bit of encouragement the other day that we are actually going to get an LNG plant in the Kimberley. But here we are with this government still sneaking along under the minister for the environment, still holding a heritage inquiry into 6,000 kilometres of rock and sand called the Kimberley, which includes the occasional waterfall. And there sits an energy generation capacity equal to all the energy consumed in Australia.

Now we have another option. Instead of pumping gas down pipelines—and the existing pipeline between the Pilbara and Perth consumes 250 megawatts of energy in pumping the gas, with 700,000 tonnes of emissions—the first thing we should be doing now in meeting the additional power supplies of Perth and the nation is generating gas energy in the Pilbara for the use of the Pilbara and for transmission with high-voltage DC to the Western Australian grid and onwards to South Australia and the rest of Australia. People—Rex Connor and others—talked of putting a pipeline across the middle of Australia. Much better: just send the electricity. But, having done that and extending that to the LNG place at James Price Point, you are on the doorstep of the tidal region, and then it is attractive for some investor to do it. I just want to say that this car industry is under dreadful threat—a double blow, according to the member for Corio—because of other legislation in this place that probably will not work and that is the wrong solution.

I want to make another point in the few minutes I have left to speak tonight. I took an immediate positive view to the GM crash. One of their announcements was: ‘We’re going to drop Pontiac.’ One of their major Pontiac brands happens to be made in Australia—over here it was known as the Camaro. More particularly, and I drive one, there is the six-litre SS V8. In writing to the chief executive of GMH, I told him what a good motor car it was. I listed myself as some sort of expert, having once owned a Delahaye, once smashed up a Lamborghini, driven just about every imported American car from time to time—and I forgot to tell him I had also had a Jaguar and a Mercedes. I think I am some sort of judge and I think that car stands up very well in that company. I said to him: ‘What are we going to do? Are we just going to cop it, or do you write to
GM in Detroit and say: “Send the Pontiac brand name out to Australia. If you don’t want to retail our cars, we’ll sell them on the internet.” That sounds funny and silly, doesn’t it? But tell that to Dell, and tell it to the people who sell their second-hand vehicles on the internet. When you start talking about maintenance and all of that, in my state we have a crowd called Auto Masters. They are a chain, a franchise, of repairmen. I do not know if they are in other states, or how many there would be in America.

If you can escape the ETS, there are opportunities for Australia’s manufacturers to become niche marketers with special vehicles. Yes, they use a bit more petrol, but some people want them, and rear-wheel drive is another factor. That is my proposition of a positive nature. All that, of course, disappears if the ETS drives these companies back to their base in America and these other places. I just think that is so important. You do not need finance for motor cars you do not make. There is a real challenge there. I appreciate that the father-in-law of the Parliamentary Secretary for Regional Development and Northern Australia, who is sitting at the table, would be cheering with every word I am saying. He has this funny belief that, in the Labor Party, jobs for workers come first, and he and I took a strong view in that regard in protecting forest workers’ jobs. We lost the jobs, and we lost 170 lives recently because of their absence from the forests, which is another tragedy. Anyway, my best wishes to your father-in-law. (Time expired)

Mr HAYES (Werriwa) (5.59 pm)—The Australian automotive industry plays a critical role in the Australian economy. It provides many thousands of jobs and generates a great deal of income from exports. It is a major investor in R&D, and its activities have extensive linkages to other sectors of the community. It is for these reasons that I rise today to support the Car Dealership Financing Guarantee Appropriation Bill 2009.

The OzCar special purpose vehicle initiative is designed to provide crucial wholesale floor plan finance to eligible car dealerships to ensure that the departure of GE Money Motor Solutions and GMAC and the liquidity challenges Ford Credit currently faces do not result in the closure of hundreds of otherwise viable car dealers across the nation, which would result in the loss of many thousands of jobs. This initiative was put in place by this government to stabilise that part of the industry.

The special purpose vehicle initiative will protect jobs across the Australian car industry, and it will certainly have an impact in local communities in these very challenging times—and earlier in the debate we heard the member for Corio speak about the experience in his electorate, which is centred on Geelong. As I said, vibrant and viable car dealerships are critical to this industry. The measures put forward in this bill are essential to minimise the adverse impact on the car industry and many regional communities as a result of the serious liquidity pressures confronting various finance providers, which has resulted in the exit of the two largest financiers in the motor vehicle finance industry. We know that car dealerships generally cannot remain in business without a viable floor plan financing arrangement. This is not a plan for retail businesses; this is not some form of guarantee that allows people to expand their businesses. This plan allows car dealers to guarantee their floor plan in terms of the wholesaling of vehicles to ensure that they are in a position to locally market vehicles and distribute them to customers.

Today I have taken the opportunity to talk to a number of the vehicle dealerships in my area—as I am sure a lot of the members participating in the discussion on this bill will
I have spoken to small, medium and large dealers, some of whom have been in my area for 20 years or more. These include Clintons, the Paul Wakeling Motor Group, McGraths at Liverpool and Peter Warren at Liverpool, which also owns Macarthur Ford. These are all significant businesses in Campbelltown and Liverpool. These local dealerships across my electorate employ many hundreds of local people, if not more, in their workshops and as salespeople and as marketing people. They also contribute a lot to my community. On many occasions I have spoken in this place about what a number of these people contribute to organisations such as Lifeline, Kids for Macarthur and Macarthur Disability Services—and others have contributed to the local football club, Wests Tigers, of which we are truly proud.

These car dealerships have a central focus on the areas that they service. They are not just the people you go to every time you are fortunate enough to be in a position to get a new vehicle; they are people you see contributing positively to the community they serve. These people help us to change and improve the lives of many people in our community, some of whom have been dealt a not very positive hand in life. The people who work for and own these dealerships have made significant contributions and continue to do so.

On a personal note, I value the contribution that vehicle dealerships make to my community—and, like many members on this side of the House, I have taken the time to speak about their contributions. In my discussions with dealers today, I found them very optimistic about the actions taken by this government in relation to securing the viability of the Australian automotive industry. Some of them are potentially exposed to risk following the withdrawal of the two largest automotive financiers. The government has been working with the four leading Australian banks—ANZ Bank, Commonwealth Bank, National Australia Bank and Westpac—as well as various other financiers to put in place an arrangement that can provide critical wholesale floor plan finance to those eligible car dealers who have been left stranded as a result of the exit from the Australian market of GE Money Motor Solutions and GMAC.

Although the market has responded very positively since January 2009, with a very large proportion of former GE and GMAC sponsored dealerships securing finance through other providers, there are still some dealerships that will need to rely on the special purpose vehicle—including those from Ford Credit—over the next 12 months to remain in business. A key role of the Australian government is to provide a Commonwealth guarantee on certain securities issued by the special purpose vehicle that were initially risk rated at below AAA. The Commonwealth’s guarantee will ensure that those securities are rated AAA, thereby allowing the four participating banks to buy them and contribute liquidity to the special purpose vehicle, which will then be lent to eligible car dealers.

The eligible car dealerships under this scheme are those which have been financed by GE Money Motor Solutions and GMAC or which are currently funded by Ford Credit. The OzCar SPV is a short-term arrangement, designed to reach fruition in 12 months. It is designed to address the critical market failures now. If left unaddressed, those failures have the very real potential to cripple our industry. I want to make it abundantly clear that the special purpose vehicle will only provide finance to wholesale floor plans. As I said a little earlier, it is not there to provide liquidity for retail lending.
I mentioned earlier the positive comments from the local dealers I had the opportunity of telephoning today. They are also echoed by the Executive Director of the Motor Trades Association of Australia. The media statement issued by Michael Delaney, the head of the association, on 5 December 2008 thanks the Australian government on the announcement of establishing this special purpose vehicle and states:

Absent these measures we believed and were able to document to Government that Australia would have lost five hundred car dealers from its near to 1,500 new car franchised dealers, with 3,500 outlets, would have lost up to 75,000 jobs and would have seen most all of the present stock of motor vehicles fire-saled through liquidations at anything up to below 50 percent of the list price. That would have wiped-out the valuations of all new and used cars, for all persons and parties holding a motor vehicle as an asset and in many cases could have caused a cascading call for more security from the financiers of those parties.

That is certainly an endorsement from the Motor Trades Association of Australia. This guarantee that the Australian government has made will hopefully not be called upon. Hopefully people are able to continue their trade. But they can now do so in the confidence that this vehicle is there to assist in that regard. As I indicated, whilst I may not have a motor vehicle manufacturer in my area, as has the member for Corio or my colleagues from South Australia who are also more than well aware of the significance of the manufacturing of motor vehicles in their state, I certainly see and value the contribution that the motor vehicle dealerships have made to my local community in Werriwa. I see and value the amount of time, effort and money they put into the training and development of staff and the overall contributions they make through being good corporate citizens throughout many of our regions. I commend the bill to the House.

Mrs HULL (Riverina) (6.10 pm)—I rise to set the scene on the Car Dealership Financing Guarantee Appropriation Bill 2009. On the surface it seems to be something that is going to provide significant support and is going to get a lot of our dealerships out of trouble. Sadly, the case in rural and regional Australia is that this is not happening. I will set the scene with my email to the Department of the Treasury on 20 March wherein I say:

We have a crisis in car dealer finance for many dealers covering around 80-90 dealers in NSW as determined by the NSW MTA. It appears that there is no finance for these dealers as a result of GM removing their finance. The dealers have been working with MTA to try to get other finance options through St George and Esanda, however the dealers have now been told by Esanda that the applications that have been put to the finance companies particularly from marginal rural and regional dealers as a result of the ongoing drought, have not been approved because the Special Purpose Fund appears not to be operating. The real crisis I have is one dealer at the moment in one of my communities who has been in a family business for 100 years and who has been dramatically affected by the drought period so much so that he has qualified under the drought program. He is at this moment in Sydney trying to get some help but to no avail. He cannot sell cars because the banks are not wanting to fund the sales or the floor plan, that means that the 10 full time jobs will go as early as the end of this month. He has been battling with this since GM removed finance.

I go on to say:

I have spoken this morning with an officer in your office and explained the urgency of this issue. I would so appreciate some assistance in someone ringing the dealer to guide him through the options that he may not know about as per my discussion with the officer in your office.

Sadly, most of the finance companies seemed to be saying to the dealers across my electorate that the special purpose fund, about which we are speaking this evening, was
certainly not operational. It was not about what you knew or how you presented yourself as to whether or not you would be able to get access to this fund. It was almost about who you knew.

Let me remind the House that the bill was:

... limited to guaranteeing securities that the OzCar Trust facility issues which are risk rated below ‘AAA’ by Standard & Poors.

It appropriates funds to enable claims to be paid under the Deed of Guarantee in respect of the Australian Government Guarantee to support interim funding to car dealerships, executed on behalf of the Commonwealth on 23 December 2008.

The Bill provides an appropriation for the purpose of paying any claims pursuant to the Deed of Guarantee.

The appropriation is not subject to a specific monetary limit.

The overall contingent liability for the Australian Government is estimated to be around $550 million comprising around 45 percent of the remaining GE and GMAC loan books and 85 per cent of the Ford Credit loan book.

Under the Dealer Eligibility Criteria the SPV will only be able to advance funds if it is satisfied that the dealership is not subject to any insolvency event.

So that was the bill as we saw it last year.

Then came the email that I sent off to Treasury, saying: ‘I have a crisis. I’ve been told that this fund is available. I have information from the government that says this special purpose fund is operational. Yet the people that I represent are being told by the finance companies: “Sorry about that. We are not getting any money out of that fund; it is not operational.”

Can I explain to the House the current financial situation of regional towns, particularly in the electorate of Riverina. Apart from the city of Wagga Wagga, the economies of all towns and villages in my electorate of Riverina are underpinned by agriculture or value-added industry resulting and arising from agriculture. Agriculture has an overriding hand in the make-up of all of my regional communities. Many facets of these towns are either indirectly affected by, or can be solely attributed to, the state of our local agriculture and climatic conditions—currently, drought. Some of these facets are, for example, the sociodemographics, consumer confidence and population changes. For the past seven years—continuing to this very day—when we have had floods and heavy rains in most areas across Australia, the electorate of Riverina has received no reprieve from the drought. It is still the most amazingly drought-stricken area that one could see. Just this weekend, when I was out in my electorate, I was confronted by a dust storm that was almost interminable, maybe 200 feet high, rolling across every town and community. That is the kind of environment that we are experiencing at the moment.

A downturn in the economy is nothing new for many of the towns and villages in my electorate. The continuing drought had already shaken our consumer confidence well before the financial crisis hit. As I said, my electorate experienced seven years of ongoing drought before this global financial crisis. They were hurting big time. The employers in all of the towns across my electorate are brave and absolutely stoic people and have continued to employ their employees regardless. It is the employers’ homes that are mortgaged. It is the employers that go home late at night and cannot sleep because all of their material possessions are on the line. And they still guarantee the employment of people in their local communities.

We already had this major drought problem when the luxury vehicle tax was introduced by this government. That was supposed to pin down and target those great big rich people in the community with luxury cars. It actually also targeted those car deal-
ers who required four-wheel drives, which came in under luxury car tax, to make a living. Rather than those exclusive dealers that you see on many of the roads in Sydney, who provide Porsches, Mercs and a million other luxury cars, it was the dealers in rural and regional Australia, particularly in my electorate of Riverina, that were hit hard by that luxury car tax and by having the price of their vehicles rise as well. Those very dealers underpin employment in most of the towns across my electorate, providing a large amount of employment. So the car dealers had gone through seven difficult years of drought, then they were hit by the luxury car tax, and then along came the economic crisis. They are in enormously difficult circumstances. We thought we had a crisis before—we haven’t seen anything yet.

The impact on our economy and our regional businesses, primarily these car dealerships, was absolutely extraordinary. They were being kicked when they were already down. In one of the towns in my electorate, a locally owned car dealership actually qualified under the drought program for drought support assistance. This shows the impact that the drought was already having on our local car dealerships, without even factoring in the global financial crisis.

The withdrawal of finance by GE Money Motor Solutions and GMAC was, in simple terms, the last straw for many of those dealerships in my electorate. The coalition, and particularly I, were very disappointed in the government’s inability to address the serious problems that the car industry was, and still is, experiencing. We have this bill, but, seriously, it is not working for many of the people who desperately require assistance. It has already been exacerbated by the now infamous unlimited bank guarantee.

Prior to the government’s announcement in December, the coalition had called on the government to provide urgent support to car dealerships right around the country. I was one of the people calling for assistance, not for the big manufacturing industries out there with multitudes of employees under the one roof but for the multiple employers right across Australia that desperately required that assistance and support. I was very happy to see this particular program put in place because I believed it was the answer we required. But, as I have mentioned, it did not come to fruition.

I have maintained the links with my communities and I understand what is happening on the ground. The message coming from car dealerships is, simply, ‘Help!’ There is a strong cry for help, at this very moment, on this very day. Today my office has spoken with an owner-operator of a car dealership in my electorate. That owner-operator has explained his circumstances to us. From 2004-05 to 2009 their sales have dropped by 60 per cent. They had 19 staff members in 2004; they have eight currently. They believe this is a consequence of the drought and, in their opinion, it is significantly associated with and underpinned by the financial crisis. His business has no debt—it owns the building, it owns all of the cars and it has substantial savings, so it is not at risk of going bankrupt. Since GMAC withdrew, this businessman has not been able to get anyone to take his business on. Esanda, St George and Capital Finance have all rejected his claim. Capital Finance said that he did not meet the criteria and that his business could not give them enough retail paper. The reason was that his business was too far out, too small—they were not interested. He could only supply them with half a million dollars in contracts per year. They wanted half a million dollars per month, in our drought stricken region. Esanda and St George gave similar rejections. This person has been financing the

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sales himself. He believes the SPV does not work.

I make this appeal to the government because I think the intentions of the government may have been very honourable. I think the intentions of the government were very good. There is a lot of material that precedes the Car Dealership Financing Guarantee Appropriation Bill 2009. There are a lot of ex-planatory notes and deeds of guarantees. There are quite a lot of hurdles and challenges that have to be met—major dramas that have to be overcome. The legal and contractual arrangements that underpin this bill are very technical. The government does not pay out any money; it just gives guarantee support of moneys to be paid out. I am wondering just how much of the available funds is actually being accessed. It would be great to know just how much of those available funds is going out to those dealers who are in crisis.

Seriously, they want us to write half a million dollars of contracts per month in rural communities! This particular business underpins probably one of the largest employers in the community. Generally, how these guys work is that a dealer with a dealership in a given community goes out and takes a dealership in another community and provides employment in other local communities, where it is very difficult to get employment.

I remember my conversations and the absolute crisis calls that I spoke about in the beginning of my speech. When I banged that email out to Treasury I was saying: there is a crisis here. I had another guy on the phone from the streets in Sydney, desperately trying to save the employment of 10 staff members in a business that has been in the family for 100 years. He was not a Johnny-come-lately fly-by-nighter, not a person who does not understand business structure or the way in which business works—this family had been in business for 100 years. The business was an institution and was employing 10 people in full-time jobs at the time. This was the other man I was referring to in this community, with his dealership, back in March when I sent this emergency email. I think it has to be recognised that there has been some slowness, some reticence, some lack of interest in ensuring that those people in rural and regional Australia are entitled to get some support as well. Those people in drought affected communities are entitled to maybe have just a little bit of leniency on these criteria.

As I have explained, the person that we spoke to today is not going bankrupt—he owns his building, he owns his stock and he has eight staff members still employed out of the 19 that he did have employed. But he is too small. I would urge that the government consider and understand this issue and move to address it, because it is simply unjust, unfair and quite discriminatory. I am sure that there was not an understanding of these types of issues when this scheme was first put together. It would be great if the Prime Minister and the Treasurer could see their way clear to change some of these criteria to give those people a break, those people who are still employing people, who still have their houses mortgaged in most cases and who are doing it tough but are still committed to jobs. I understood that that was what we were all about in responding to this financial crisis: retaining jobs, jobs, jobs. These people are retaining jobs, jobs, jobs; but they are retaining them without the assistance of this program.

Mr PERRETT (Moreton) (6.28 pm)—The Rudd government has real cred when it comes to supporting Australian small businesses in these most difficult of economic times. Every right-minded MP in this House would support our budget initiatives to bol-
ster business, support the economy and protect jobs—measures like the 50 per cent tax break for eligible assets, $10 million to help small business go online, R&D tax credits for small- and mid-sized businesses, changes to PAYG instalments to ensure better cash-flow for small business, and, of course, the stimulus payments we delivered to millions of Australians which then flowed directly to the retail and service sectors. These are practical initiatives that are helping sustain Australian businesses and support Australian jobs.

It is in this same spirit that I rise to support the Car Dealership Financing Guarantee Appropriation Bill 2009, Mr Deputy Speaker Andrews, and I do so knowing your background. It is a bit strange for me, a lawyer turned politician, to be talking about used car dealers. I think of when they do those rankings of professions in terms of how people are trusted. If we look at politicians, lawyers and car dealers, I think that is about the rolled gold trifecta at the bottom. Perhaps if I threw in a journalist it would be a slam misere.

Leaving that aside, obviously the Australian motor vehicle industry is a very important industry. It employs around 66,000 Australians. It generates billions of dollars in exports and is a crucial partner for many other industries. I see it nearly every day when I go home and I drive past the facade of motor vehicle retailers at the Moorooka Magic Mile. I look beyond all of them and I see all of these other industries—a plethora of motor vehicle support businesses. Where I live is just around the corner from the Moorooka Magic Mile of motors. This iconic strip of car sales businesses on Ipswich Road is well known in Brisbane, and perhaps all over Queensland and even Northern New South Wales. I would suggest that the Moorooka Magic Mile is Australia’s most famous car sales precinct and the best.

If you ask any of the retailers along that strip they will tell you it is home to Australia’s largest range of new and used vehicles—businesses like Brisbane Proton, Bar-to’n’s Holden, Just Nice Cars, Moorooka Nissan and Hyundai, Motorama Auto Superstore, Motorama Mitsubishi, Motorama Toy-ota, QLD 4WD Sales, Salters of Moorooka, Westpoint Autos, Rod’s Public Wholesale, XCarz and Kar King, to name but a few. And then there are all those other car support companies that I mentioned earlier. All of these motor vehicle businesses—some big, some small—help stimulate jobs and trade in my electorate.

Unfortunately, as some of the earlier speakers have mentioned, Australian car dealerships have suffered collateral damage due to the global economic crisis. The pressure on global credit markets—and consequently our own domestic credit markets—has seen two motor finance companies, GE Money Motor Solutions and GMAC, leave the market and another, Ford Credit, endure extreme pressure. Without finance to get vehicles on the showroom floor, most car dealerships simply cannot remain in business.

The latest sale figures give us a grim picture of the impact of the global downturn on our local car industry. The Federal Chamber of Automotive Industries reported 64,000 new car sales in April 2009, down from 84,000 in April 2008. That is a slump of 23.8 per cent. The impact is even more severe for luxury cars, which saw a 40 per cent drop in sales in April, year on year.

This morning I spoke to Alex Salter from Salters of Moorooka. Salters of Moorooka is a well-known used car dealer that has been selling used cars on the magic mile for 34 years. Alex is a very experienced and well-respected operator, and he said that his profits are down around 40 per cent. He only sells used cars and uses his own stock, so he
has not been as affected as much as the dealers that sell new cars that have had some of the finance problems. But he did assure me that the global recession has seriously affected a lot of other dealers that he is in communication with. Thankfully, for me, there is still a lot of magic left in my magic mile, but there are other MPs who could not say the same thing.

This morning I also spoke to someone that you might know, Deputy Speaker, Ross Tait, who runs not only Ballina Toyota but also Ross Tait Toyota out in St George. I have known him for a long time and, as this legislation will benefit all of the electorates in Australia, I thought it would be appropriate to seek some background from a regional retailer, not just someone blessed enough to be on the Moorooka Magic Mile or in my electorate. I cannot really speak for Ballina because I do not know that part of the world, but I do know the bush around St George very well and it is probably the same as many other National Party electorates—or even Labor Party electorates like Leichhardt, Flynn, Capricornia or maybe even Blair.

Ross Tait, from Ross Tait Toyota, told me that most of the dealers he knows have been really struggling for the last 12 months. However, he also said—and this is very important—that sales have doubled since the Rudd government’s economic stimulus strategy came into play. Prior to our economic stimulus strategy, which many people in the House voted against, Ross had not had to lay anybody off. Unlike the example given the previous speaker, he has been able to keep everybody because he said they were too hard to get in the bush and so he was trying to hold onto them. However, such tough decisions were on the horizon until things started to change a few weeks ago. He said the last six weeks had been particularly positive and he wanted me to thank Kevin Rudd personally on his behalf. So thank you, Prime Minister.

Today when I was talking to Ross Tait I had to interrupt the phone call to run down here to the chamber because some people in the House were playing silly buggers with quorums. In the time that I was away from that phone call, which was only about 15 minutes, Ross Tait made a vehicle sale to a small business man. It was to a bloke called Peter Haslem of Haslem Agriculture, which I understand is a bug-checking business. Peter Haslem told Ross that he wanted me to know that he would not have bought the vehicle but for the Rudd government’s tax breaks for small businesses. So thank you, Treasurer, and thank you, Prime Minister. The people from the bush thank you.

When the market fails that is what good government does. Responsible governments step in. And that is what the Rudd government is doing. Obviously, the last thing we want to see is the closure of otherwise viable car dealerships. It would not only be bad for those businesses and their employees; it is also bad for consumers and would impact on other areas of the economy—especially in rural communities, as the previous speaker noted. This bill before the House will breathe life back into Australian car dealerships by ensuring there is finance available for those who need it.

At the end of 2008, the Treasurer announced the creation of the OzCar special purpose vehicle to provide finance to eligible car dealerships. For those people that have just begun listening, I should clarify that the OzCar special purpose vehicle is not some sort of Aston Martin that Q supplies to James Bond. It is not that sort of vehicle. It is obviously a financial vehicle. The SPV will raise funds by selling securities to the four major banks, which will then lend those funds to car dealerships. These funds will be available
to dealerships that had been financed by GE Money Motor Solutions or GMAC or who are currently financed by Ford Credit.

This bill introduces a guarantee to ensure that securities issued by the SPV that would be rated below AAA are in fact rated AAA. In other words, the Commonwealth government will take on the credit risk to ensure that car dealers can access finance to keep cars in their showrooms and car yards. OzCar will provide loans up until 30 June 2010.

This is not a free-for-all; it is a sensible response to the market failure. SPV finance is available for the wholesale purchase of vehicles. It is not available as finance for retail lending as there are many other lending options still available to consumers. Dealerships will need to prove that they have a viable business case and an ability to repay the loan—that is of course prudent as we are talking about a possible call on the public purse—and I understand that auditors will monitor stock management of dealers accessing SPV finance.

There will be no fee for the guarantee as we do not want to see extra costs passed on to consumers. The guarantee is there to stimulate liquidity in the market but of course, ideally, the guarantee will never be called upon. Nevertheless, this is good policy.

As I said from the outset, this bill is about providing a buffer for businesses and jobs and ensuring that our car industry can ride out the credit crunch and the economic slowdown. We need to ensure that there is still sparkle and magic at the ‘Moorooka magic mile’ and all similar places. I commend the bill to the House.

Mr BILLSON (Dunkley) (6.38 pm)—I listened with interest to the speakers’ contributions to the Car Dealership Financing Guarantee Appropriation Bill 2009 and I recall how well advocates are able to leave out important parts of the story as they extol the virtue of something before this House. This bill amounts to a soccer player or footballer, who has scored an own goal and is facing the relegation of their team, working hard to at least assist someone else in scoring a goal for their team so that they are not relegated. That is what is happening here.

What occurred with the poor overreach by the Rudd government in the way it handled the bank guarantee issue was that it dried up non-primary bank funding sources for so many other areas of enterprise in our economy. One of them was new car dealerships. The Prime Minister did not follow the wise advice and the considered proposals of the opposition for a limited and targeted guarantee and instead guaranteed everything in the hands of our major banks. This meant that anyone else who was in the lending game and trying to attract deposits to support their loan book was left out in the cold. It was the Rudd government’s own goal that put the Australian economy—in this case the new car industry—behind the mark and facing relegation.

The Rudd government subsequently recognised its error in its intervention in the financing markets and tried to at least pass the ball in an assist to the car industry so that the car industry can assist itself to score a goal and avoid relegation and get back into the game. That is what this bill is about. It is an assist after an own goal.

The bill specifically tries to provide a facility for financing motor vehicles on the floor of new car dealer showrooms where they are used to show the range of vehicles that are available, hopefully, to tantalise consumers and enable dealers to get on with selling cars and supporting the car industry and all those involved in servicing and maintaining vehicles and in the retail and whole-
sale improvement and after-market management of our vehicle fleet.

This bill does that by putting a standing appropriation in place that enables claims to be paid under a deed of guarantee. The deed will see the major banks bring together the finance and then make it available for funding of car dealerships. This deed was executed by the Commonwealth with the banks in December 2008. The execution of the deed occurred some weeks after the 5 December 2008 announcement by the Treasurer that, in order to compensate for the own goal and the very damaging impact of the poor management of the banking guarantee by the Rudd government, this special purpose vehicle funding instrument would be available through Australia’s big four banks to provide liquidity to eligible car dealers who were left without financing because their traditional finance providers had been frozen out of the marketplace. These finance providers were finding it very difficult to attract the funds so that they could offer that financing because they, unlike the big banks, were not included in the bank deposits guarantee that the Rudd government put in place.

So you can see the course of events: an overreach by an inexperienced government—Prime Minister Rudd is not known for his economic literacy and certainly does not seem to have sound and grounded economic principles that he sticks with—to almost a one-upmanship on what the opposition had put forward, and a lack of understanding of how that action would reverberate through the finance sector. And here we are today discussing a remedy to that own goal, which we hope will assist the car industry.

Those actions and the inability of other non-guaranteed deposit takers to then provide finance facilities for activities like the new car industry are the reasons that we are here today. The two main companies, GE Money Motor Solutions—which is a subsidiary of GE Money, which is in turn a division of GE Capital, which is one of the four main businesses of General Electric—and GMAC Australia Ltd, and, more recently, Ford Credit, are feeling the consequences of the Rudd government’s overreach on bank deposits.

The circumstances that arose were very vivid in my electorate. As the member for Moreton and the member for Riverina commented, it certainly reverberated through an important part of our local economy. The selling, reselling, servicing, improvement and after-market enhancement of motor vehicles and vehicle LPG conversions are all very important parts of the local economy and are major employers. When new car dealers could not afford to maintain their floor stock it had profound implications for employment and economic activity in my electorate. Down Wells Road, the Nepean Highway and other areas where there is a congregation of car dealers you saw large areas of pavement with no vehicles on them. To try to get through the storm that had been created by the Rudd government they downsized the amount of floor stock they held.

What that meant was, clearly, the floor stock that was put to the marketplace was not the best they had available, and some of the costs in that floor stock were proving very difficult for businesses to accommodate. What happened prior to the need for this bill was that new car dealers effectively leased display stock off these financing companies and through those leasing payments paid for the availability of those vehicles. When they were purchased, that sale put in train the full payment for that vehicle and so on. Without having that leasing of the floor stock facility available, you could imagine, less stock was on the floor. What that meant, though, was that dealers then scrambled to try and find
financing options to maintain their floor
stock under quite different terms and condi-
tions.

I mentioned earlier that this announce-
ment was made on 5 December 2008. It is
now 27 May 2009. It was characterised as an
emergency intervention back in December,
and here we are discussing it now. It was
characterised as an emergency intervention
that had a shelf life of 12 months, and here
we are almost half the way through that pe-
riod debating it in the parliament. It will
probably be well over half that emergency
period before it actually passes through both
houses of this parliament. What has hap-
pened in the meantime is that the resource-
fulness and the resilience of the car industry
and the dealers, in particular, have been
tested. I have had dealers explain to me how
others have come forward to offer them fi-
nancing as long as they provided security
over personal assets, their firstborn and even
family pets—slight exaggeration. The point I
am making is that a leasing arrangement for
the floor stock has then become a very large
financial burden around the necks of indi-
vidual proprietors as they have sought to
show those who have moved into the void
after GMAC and GE Money had moved.

As they sought to fill that void, new lend-
ers came in and were asking very viable,
long-established, successful and profitable
businesses, some of quite significant scale
with multiple outlets and servicing activities
and integrated motor vehicle enterprises—
these were not little shows; these were big
shows—to find in some cases seven-digit
sums of money themselves to provide as se-
curity for the floor stock. These things do not
happen overnight. You found proprietors
having to reorganise their personal affairs, to
take out mortgages or second mortgages on
some of their personal assets, including their
homes, to look at the way they could bring
that kind of capital to the table as security so
that they could get financing made all the
more difficult and all the more expensive
because of the way the Rudd government
mishandled the bank guarantee. And they
were told to do it quickly. Some that I have
spoken to said: ‘Yes, we have discussed it
within our group and amongst our principals
and our families, and we believe we can do
all of that. We can bring together that capi-
tal.’ In some cases it was 40 per cent of the
value of the floor stock. This was not a small
amount of money. They had agreed that they
would go down that pathway, so confident
were they about the future of their business
and the prospects of the new car industry.
But that takes time. Anybody who knows
anything about the way businesses operate
and the interplay between the business assets
and the personal assets knows that if you
bring personal assets in to secure finance for
the business there is a fair amount of work. I
suppose that is work generated for the ac-
countancy sector, in getting tax advice and
all those things. It does not happen over-
night.

So I was getting phone calls about what
had been covered in the media. What had
been covered in the media was the an-
nouncement of this ACSA, this financing
vehicle, and how it was going to be their sal-
vation. Even those in the industry did not
quite know how they were going to access it.
Up until last month nobody had accessed
this. Up until last month some people offer-
ing finance to dealers that were having trou-
ble coming up with this huge chunk of secu-
rity had not even registered to participate. So
we had the announcement but not the actual
machinery. In the meantime, since December
2008 until now—and I would imagine we
will see it for some weeks to come—you
have seen an almost stealth like rationalisa-
tion of the industry where atrophy is being
used by some with motives that are unclear
to thin out the number of participants in the
industry because the finance that was there, that helped them build their businesses and be successful employers, was changed and compromised by the mishandling of the bank guarantee by the Rudd government.

So I am pleased this bill is here. Many of the car dealers in my electorate would not be happy with me if I did not ask the question: where has it been? Those car dealers who have had to substantially rearrange their personal affairs to bring together in some cases seven digits plus of personal assets and wealth to secure a line of credit would wonder, ‘Where has this vehicle been?’ And we should spare a thought for those that in the interim between the big announcement and now are no longer in the business. We had the announcement but where was the machinery? I hope this works and I hope it provides some support for the dealers who have been left out in the cold by a problem not of their making, a poor handling of the bank guarantee by the Rudd government that compromised the funding streams on which they built successful businesses, in some cases for decades. It is a problem not of their making, but they have been left out in the cold. Here we are on a cold night, just about in winter in Canberra, talking about something that has left them very cold for nearly half the year. I hope this gets rolled out and is made available soon. I hope the terms and conditions that accompany accessing this vehicle are not so punishing and so punitive, like the examples that have been brought to my attention where this becomes a policy action in name only and not a policy action that is offering help. I hope it does offer help, because these people in the industry need that help.

We have seen examples of what has been happening in sales trends and the like. That is worrying. I remember in the Howard government years when we had a million vehicles sold in a year. I hear many businesses saying: ‘Please, can we have that again. We will make very good use of those positive times.’ But there is a reduction in activity in the industry and this has just been an own goal made by the Rudd government that has made the situation even more difficult.

But it is not the only challenge. I was meeting with some of the leading people in the LPG conversion industry that operate out of the Dunkley electorate. They are very talented, very forward looking. They were pleased when the budget was announced that despite the lead-up press—where there were strategic leaks about price gouging and profiteering compromising the LPG conversion grant—the grant hung on. The amount diminished but the industry is keen to make the best of the announcement of the Rudd government. It was put to me that there may be options and opportunities to improve the effectiveness of that grant. Perhaps registered converters with access to registration information could validate the eligibility of people seeking conversions and then have the money paid directly, with those seeking the conversions only paying the gap. That might be attractive, particularly for people without the cash flow to pay for the full conversion upfront. They would only need to pay the difference. In some cases in Victoria, where I think more than 40 per cent of the conversions that have been eligible for this grant have taken place, that might open up an enlarged market.

The LP gas industry would benefit from another opportunity that the government has through its own leasing arrangements. I was flabbergasted to learn that people with vehicles contracted through LeasePlan could not get LPG conversions as an after-market improvement. LeasePlan just would not have a bar of it. I found that odd for people who are trying to support the Australian car industry and looking for more environmentally friendly fuel consumption and fuel type.
Unless it was done through the original equipment manufacturer, LeasePlan would not support it. That is disappointing and it is an area where government could do something constructive to support the LPG industry.

In the few minutes that are available I want to pay tribute to the Victorian Automobile Chamber of Commerce, the VACC. They do a terrific job and I certainly value their insights, their perseverance and the quality of their contribution to public debate. You can imagine my surprise when I learnt in the second week of May that the Rudd government decision about its skills council was going to leave the automotive industry out on a limb. I was surprised by that. At a time when I thought competency and skills in an increasingly sophisticated sector such as the automotive industry would be very important and when manufacturing so often holds up the automotive industry as an example of world-class, day-in, day-out endeavour and of what Australia and Australian companies can do, they were left out.

Manufacturing Skills Australia, which was going to handle vocational education and training, was not going to include anyone from the Australian automotive industry. They have been soaked up under the broader representation of the Australian Industry Group. I can understand why AiG would think that was a good outcome, and good luck to them. But, as the Executive Director of the VACC, David Purchase, said:

This decision has the appearance of a deal and that someone has been blowing in the Minister’s ear.

He went on to say:

This decision does not have the support of any of the key stakeholders. The car manufacturers, component parts suppliers, the automotive retailers and the union, all believe this decision to be incorrect.

VACC considers training to be of the utmost importance. As the largest automotive apprentice employer in Victoria and as one of the State’s leading skills training facilitators, we feel passionately about skills training.

This decision by Julia Gillard’s office has left the Automotive Industry confused. Why would they consider textiles and chemical manufacturers to be aware of skills training needs in the automotive sector?

How would manufacturers understand the skills required in automotive retailing? There is no point in making cars if you do not have a skilled aftermarket workforce to sell them, service them and repair them.

That is a point that I think many members in this parliament have been making in relation to the debate about the car dealership financing guarantee and the importance of the car industry to local economies.

Mr Purchase went on to say:

Nobody understands the training needs of the Australian automotive industry better than the automotive industry itself and that is why the Government must reverse this decision and leave training in the hands of those who know the Automotive Industry the best.

The Automotive Industry needs the ability to determine its own training arrangements and that has effectively been taken away from us.

All I can say is hear, hear; I agree. This is another opportunity where the government can show that its commitment to the automotive industry goes beyond some of the big public statements, the big media events. Perhaps if the skills council had had a hard hat opportunity that the automotive industry could provide, they might have got a better look in. This decision is a bad decision; it needs to be changed, and I encourage the government to do that.

In closing, I hope the Car Dealership Financing Guarantee begins soon to provide the support it purports to provide. It is great to have this bill before the House on a prob-
lem that has been created by the government—an own goal by the government—and that they are now seeking to at least do an assist pass so the automotive industry can help get itself back on track. It was supposed to have had a use-by date of 12 months. We are nearly halfway through that period already and dealers are yet to see a tangible upside from this measure. I hope it gets passed quickly and implemented even more effectively, because the industry needs it. I support the industry in my electorate. I hope they have a prosperous future and that they can count on my support, just as the opposition supports this bill.

Mr TREvor (Flynn) (6.58 pm)—I rise tonight to speak on my government’s Car Dealership Financing Guarantee Appropriation Bill 2009. In so doing, I would like to speak about the support that this bill will provide to many small- and medium-sized businesses, not only in the electorate of Flynn but throughout the whole of Australia, particularly in regional Australia, and the boost to business confidence that we are already starting to witness in the car retail sector as a result of early government intervention in this area. In no uncertain terms—and we all accept this—the car industry in Australia is hurting and hurting badly. The global financial crisis has taken a heavy toll on this industry, as with many others.

To look at the sales statistics is quite frightening. For example, figures released this month by the Federal Chamber of Automotive Industries tell a very sobering story. New passenger and commercial motor vehicle sales for April this year have fallen by 23.9 per cent compared to April of last year. On a year-to-date basis, sales have fallen on average by 23.3 per cent compared to the same period last year. I note that among the sharpest falls are sales of vehicles used by many small and medium businesses, such as light buses, trucks and heavy commercial vehicles, with a fall in sales of between 30 to 45 per cent year to date when compared to the 2008 figures.

On an annualised basis, it is forecast that some 172,000 fewer vehicles will be sold in 2009 compared to last year. This sharp fall in demand at the shopfront has filtered back to the factory floor with four local Australian vehicle manufacturers reducing production and implementing temporary stand downs, even introducing a four-day week for component manufacturers in an effort to get through these very tough times. As I said earlier, the Australian car industry is hurting very badly and we all recognise that.

Falling sales and production figures are not, however, the only bad news that this industry has had to face. You could be mistaken for thinking that matters could not get any worse for this industry, but late last year two large automotive finance companies announced that they would be withdrawing from the Australian market due to the global financial crisis. These companies, as we know, were GE Money Solutions—a part of the General Electric group—and GMAC, the automotive finance arm of the General Motors Corporation. It is estimated that up to one-quarter of new car dealerships relied on these two companies to obtain their wholesale floor plan finance.

Floor plan finance is a critical aspect of the retail car sector. Without it, the first option is to simply use the businesses cash flow to purchase vehicles for use in show rooms, which is not an option for many in the industry with the high upfront costs required to stock a dealership. The second option is, quite frankly, empty car dealerships with no stock on hand to sell. Both of these options provide little relief to an industry already hit with falling sales of around 20 per cent on average.
As we have heard in this House before, the Rudd government believes that it is not only the responsibility of governments to step in when the private sector retreats but the obligation of government to fill this gap. This has been the attitude of my government, which has stimulated our economy in the light of the global financial crisis and this is the attitude that the government has taken to help an already suffering car industry and the 66,000 Australians who are employed by it and their families who depend on it. Not only does the Rudd government believe in stepping in when the private sector retreats, we believe in doing so without trepidation and without hesitation to instil confidence where it belongs, in Australian businesses and in Australian homes.

In an effort to instil this confidence, particularly to an industry already hit hard by the global financial crisis, the government has introduced the Car Dealership Financing Guarantee Bill 2009, which will help fill the gap left by the departure of GE and GMAC and assist car dealerships access vital floor plan financing. The bill does this by the establishment of a special purpose vehicle, to be known as OzCar, which was set up on 2 January 2009. It, along with the support of Australia’s main four banks, will provide liquidity to eligible car dealers who would have otherwise been left without floor plan financing arrangements.

The government will not be providing direct funding to support OzCar; nor will it become involved in retail financing. Rather, this bill provides for a Commonwealth guarantee on the securities issued by OzCar that are risk rated below AAA by Standard and Poor’s. This guarantee will then ensure that all securities issued by OzCar will be rated AAA. The four major Australian banks will then provide the loan funds necessary to facilitate floor plan financing by subscribing to these AAA rated securities issued by OzCar. Credit Suisse is to take the role of the program manager and has entered into contractual arrangement and agreements with Treasury.

As the establishment of any trust is a very complex process and as government transparency and accountability are of the utmost importance, it is pleasing to see that the trust deeds and supporting material that outline the structure of OzCar are available to members of the public on the Treasury web site. Quarterly reports are also expected to be made available to parliament on the performance of OzCar. To help ensure that the risk to taxpayer funds is limited, funds will only be able to be advanced to dealerships that are not subject to any insolvency measures and loans will be consistent with the usual commercial lending criteria. Under this program, it will be possible to advance loan funds until 30 June 2010 and any notes issued will have a three-year maturity date. The government’s guarantee will continue to apply until these notes mature or are retired.

This bill will assist the Australian car industry over the next very challenging 12 months and, in conjunction with the Rudd government’s 50 per cent small business and general business tax break, provides further support for car industry businesses, many of which are small and medium sized, and many of which are in regional centres, providing employment opportunities for local communities throughout Australia, including rural and regional Australia. It was reported by the Advertiser on 6 May 2009 that new car sales are forecast to recover as a result of the assistance provided by these two government initiatives combined.

I have been lucky enough as the federal member for Flynn to have been able to gain firsthand insight into the recent challenges faced by the retail car sector by having in my
electorate the president of the Motor Traders Association of Queensland, Mr Greg Klease. Mr Klease is a longstanding community champion of the people of the Gladstone region, and has been for many years. He has extensive knowledge of the retail car industry, particularly in regional and rural parts of Australia. Throughout this difficult time faced by the retail car sector, Mr Klease has kept me reliably informed on various issues that have arisen and that affect his members, including floor plan financing. I thank Mr Klease for his efforts in this regard and for standing up for his members and his association. He has done so with distinction.

It is due to this bill’s widespread benefit across Australian communities, and the certainty and confidence that this bill helps create for businesses, employees and households that I wholeheartedly commend the Car Dealership Financing Guarantee Appropriation Bill 2009 to the House.

Mrs MARKUS (Greenway) (7.09 pm)—I rise to speak on the Car Dealership Financing Guarantee Appropriation Bill 2009, its impact on new car dealerships, the importance of those dealerships to local economies and concerns that the Rudd Labor government has not moved quickly enough to help new car dealerships have access to floor plan financing to stay in business. Why has it taken almost six months to throw a lifeline to these businesses?

The car sales industry in Australia is, or certainly has been, a vibrant, diverse, seven-days-a-week activity offering the widest possible choice with the best possible prices. That is competition in action, and competition works best when there are many outlets to choose from.

But car dealerships are not just about selling cars; they also have an economic ripple effect on local economies because they require a range of products and services supplied by local and regional business. It is about jobs. By the same measure, when a car dealership closes, that ripple effect is felt by all those local and regional businesses. For their own survival, businesses have had to put people off. People have lost their jobs and, of course, when that happens, families suffer. The simple conclusion is that we need to keep car dealerships operating during these challenging financial times. That is why the coalition will not oppose this bill.

There is no doubt about the downturn in new car sales in the past 12 months. New car sales figures released by the Federal Chamber of Automotive Industries for the month of April 2009 show a fall of 23.9 per cent compared with the same month in 2008. This was confirmed by senior executives of local car dealerships in my electorate of Greenway. I have spoken to a number of local car dealerships in my electorate and they have all reported a significant downturn. I am told that one in four businesses have reduced their stock levels or have let their stock levels run down. This is part of managing cash flow, but reducing the cost of holding goods also reduces their competitive edge by limiting choice.

I am extremely concerned about the slow progress of this bill and I encourage my parliamentary colleagues to ensure that the bill is fast-tracked through the House so that eligible car dealership businesses can get the help they need without further delay. This help was announced in December 2008. It is now the end of May 2009, close to six months later. There is the parliamentary process for the bill and then the bank lending process once a business has met the criteria and lodged an application for financing under the guarantee, so there is still some time to go before these businesses that are doing it tough and are on the edge will be relieved of the stress that they are now under. How long are they expected to hold on? And why did it
take so long for the government to put this bill before the parliament?

Some questions need to be asked about the eligibility criteria for dealerships to access floor plan financing. Approximately one-quarter of new car dealerships obtained their finance through GE Money Motor Solutions and GMAC Australia, both of whom are exiting the market. This leaves a large number of new car dealerships without finance facilities. I am concerned that dealerships who do not meet the bank eligibility criteria and who cannot find alternative financing will exit the industry, thus reducing competition and impacting on local economies.

I urge the banks to ensure a fair go for businesses in establishing the criteria. I also urge the banks to consider the implications of any extra interest charges that may be applied for providing the guarantee. I have been advised by my local car dealerships that recent media speculation reports that banks are looking at imposing an additional two per cent interest rate on top of the current bank bill rate. Competition is great for consumers, but, to maintain a competitive edge, businesses often work on narrow margins. Even though the bank bill rate, like all interest rates, has gone down compared to previous years, it is still above three per cent for the big banks that will be providing the guarantee. If the floor plan financing request is for something like $5 million, then two per cent interest above the current bank bill rate will be a huge impost and in the end prove to be unsustainable for many eligible businesses. I would appreciate from the government some clarification of and focus on this very important issue.

I am concerned that this bill has a sunset clause of 30 June 2010, a mere 13 months away. We have already seen a delay in the implementation of this support and assistance. There are concerns from within the community that Australia has not yet felt the full effect of the recession. While the new car sales industry has been thrown a temporary lifeline, what will happen after 30 June 2010 if challenging times worsen?

The Rudd Labor government does not have a plan for recovery. They have put forward unrealistic and unbelievable estimates of when Australia will emerge from the huge debt and deficit created by this reckless government. In a short time, the Rudd Labor government has spent the substantial surplus left by the coalition and has gone on a reckless spending spree that has resulted in the worst debt and deficit since World War II. It means that every man, woman and child in Australia will have to pay back $9,000. With 10 per cent unemployment being forecast, how will families be able afford to buy a new car?

The coalition will not be opposing this bill. It is a lifeline for eligible new car dealerships. I will be watching very closely to see the impact. My hope is that it will work but again there are some questions about the adequacy of the bill in assisting car dealerships and whether all the detail has been thought through. I commend the bill to the House.

Mr ZAPPIA (Makin) (7.16 pm)—I rise to speak in support of the Car Dealership Financing Guarantee Appropriation Bill 2009. It is another example of the Rudd government acting swiftly and decisively to support another sector of the community which has been negatively affected by the global economic downturn.

In January 2009, the OzCar special purpose vehicle was established by the government to support interim funding to car dealerships. The OzCar SPV is designed to provide critical wholesale floor plan finance to eligible car dealerships so as to ensure that
the departure of GE Money Solutions and GMAC from the Australian market and the liquidity challenges confronting Ford Credit does not result in the closure of hundreds of otherwise viable car dealers across Australia, resulting in thousands of job losses.

The car dealer SPV will be a trust that will raise capital by selling securitised assets to the four major banks, under the cover of a Commonwealth guarantee where necessary. The capital raised will be made available to eligible car dealers through participating financiers for a period up to 12 months. The car dealer SPV will provide wholesale floor plan financing only to eligible dealers. It will not finance any retail operations, capital loans or real property loans. To be eligible for possible wholesale financing under the SPV, a dealer must satisfy the following basic conditions.

The dealer must currently be financed by an exiting financier, that is, GE Money Motor Solutions or GMAC; the dealer must currently be a new car dealer or a mixed dealership selling both new and used cars from the same business or is currently a dealer in new motorbikes, boats, caravans, trucks and commercial vehicles with wholesale floor plan finance provided by GE Money Motor Solutions or GMAC; the dealer must demonstrate that the dealership is a viable business consistent with the usual commercial lending criteria of recognised finance providers; they must be able to present up-to-date, accurate and comprehensive information on all aspects of the business as may be required by recognised and participating finance providers. Dealers who secure finance through the SPV will be subjected to regular audits consistent with best practice industry standards.

Car dealers will in the first instance apply for wholesale floor plan financing from a participating financier of their choice. The financier will make a commercial decision as to whether they have the willingness or the capacity to finance the dealership from their own resources. If a participating financier cannot accommodate the dealership, yet the dealership satisfies the overall eligibility criteria for SPV financing, the financier may arrange finance for the dealership through the SPV.

The SPV will not be providing any subsidised finance to any eligible car dealer. The cost of finance from the SPV will be market based and reflect current developments in the Australian and global capital markets. Car dealerships generally cannot remain in business without a viable floor plan financing arrangement.

Credit Suisse is acting as program manager of this special purpose vehicle, with Perpetual Trustee undertaking the role of trustee. A number of other high profile service providers, including Standard and Poor’s, Deloitte, Liberty Financial and Allens Arthur Robinson, are providing the necessary supporting roles, ensuring the utmost scrutiny and accountability of the scheme. The Australian government will be providing a Commonwealth guarantee on the subordinated notes issued by the SPV to ensure that Australia’s leading banks are able to provide sufficient capital for the SPV.

Much of the automotive industry around the world has been in crisis in recent years. For many manufacturers, particularly those in the United States, the global financial crisis has caused a major upheaval to the automotive manufacturing sector. Chrysler Corporation filed for chapter 11 bankruptcy protection on 30 April 2009. Both General Motors and Ford are having to reassess their operations.

There has been a sharp decline in car sales worldwide because of the global financial crisis. The second half of 2008 saw the most savage contraction of demand for new cars
since the Second World War. Compared to the same period 12 months earlier, car sales in December 2008 fell by 36 per cent in the United States, 22 per cent in Japan and 16 per cent in France. In China and Brazil—both rapidly growing emerging economies—previous quarters of strong growth became sharp declines in the last quarter of 2008.

I would like to quote Mr Sergio Marchionne, CEO of the Italian car manufacturer Fiat, because I think it shows just how dire the situation in the global automotive industry is. Fiat has experienced a near miraculous revival in recent years and the company is seen as one of the strongest and most stable in the global auto industry. Fiat recently acquired 20 per cent of Chrysler. When describing the current industry situation, Mr Marchionne said:

What we are seeing is unprecedented. I have never seen the failure of so many systems at once.

That statement from someone who understands the industry effectively highlights the significant and serious situation the industry is in. What is happening overseas with car manufacturing regrettably has a profound impact on car manufacturing here in Australia, particularly for Australia’s three local manufacturers, Ford, Toyota and General Motors Holden. Production by the Australian automotive industry peaked in 2004 at around 412,000 vehicles. This fell to around 324,000 vehicles in 2008 and, with current negative trends in monthly production figures so far this year, we can expect another significant decrease in production for the year 2009.

In South Australia, my home state, Mitsubishi has closed its manufacturing operations with around 1,500 people losing their jobs from the Tonsley Park and Lonsdale plants. At its peak, Mitsubishi employed around 5,000 people in South Australia and supported thousands more working in the supplier industries. We have also seen a downsizing at the GMH plant at Elizabeth, with employment numbers falling in recent years from around 4,500 employees to a current level of around 3,000 employees, as a direct result of the global economic downturn which caused the drop in sales and subsequently a drop in production. The 3,000 employees at GMH have also lost overtime earnings as the plant moved to a single-shift, two-crew operation in April 2009. Also of concern is that since 2004 there has been a shift in sales away from locally produced vehicles. Even in the years when there has been a strong growth in new vehicle sales the percentage of vehicles sold, that were manufactured in Australia, has declined.

Automotive production, like all manufacturing, is directly linked to sales. The global economic crisis has had a direct effect on consumer spending and automotive sales. Sales of new vehicles in Australia fell in April 2008 by 24 per cent compared to the previous year. Sales year-to-date for new vehicles have fallen 20 per cent compared to the previous year. Sales have also been affected by the withdrawal or retraction of wholesale funding to automotive retailers. In particular, the withdrawal of GMAC Finance from the Australian market has had a serious impact on car dealers.

There are three specific financing firms for retailers that this bill addresses: GMAC, GE Money Motor Solutions, both of which have exited the Australian market completely, and Ford Credit, which is facing significant liquidity pressures that impact its ability to lend to Australian car retailers. All three of these firms have American parent companies that are experiencing difficulties because of the global economic crisis.

GMAC is the automotive finance business of General Motors. GE Money is part of General Electric, a large American multina-
ional firm that owns a range of media, technology and financial services. Ford Credit is part of Ford Australia. I understand that the government has received assurances from Ford in the United States that Ford Credit will remain in Australia and continue to support the Ford dealer network, and I welcome that assurance. Both General Motors and Ford have manufacturing plants here in Australia, so in many cases it is locally made cars that are being financed by these firms. It is in the United States, where the global economic crisis began, that the crisis is having a devastating impact on many established companies. The effect of the global economic crisis on the parent companies of these automotive finance firms here in Australia has resulted in car retailers having difficulty in accessing finance. So what is happening in the US is directly affecting what is happening here in Australia. It is this funding gap that this proposal seeks to address.

Since the withdrawal of finance by GMAC and GE Money, around 60 per cent the auto dealers have secured alternative funding arrangements. Without these funding arrangements, two serious consequences result from the fall in auto sales. Firstly, manufacturing declines and car manufacturers already struggling are placed under further stress and more jobs are lost. Secondly, local auto retail businesses that are also being squeezed by the economic downturn simply cannot survive. Local businesses close and the ripple effect exacerbates already struggling economies.

This is particularly so in rural and regional areas. Many auto dealers in rural and regional areas are unable to access alternative finance relationships because of their volume of sales. These are businesses that have already been negatively impacted by other factors affecting rural and regional Australia, such as drought and flooding. The closure of a car dealer not only has a direct impact on the economy of the local community, but it adds to the costs of locals who in turn are forced to travel further distances for their motor vehicle services and repairs.

The financial difficulties for the car manufacturers in America have already had a devastating impact on their own dealers. Just weeks ago Chrysler cut 789 of their dealers, that is 25 per cent of their total. At the same time GMH advised 1,100 of its own retailers that their franchise agreements would not be renewed, and they expect to cut another 500 dealers in the months ahead. The global economic downturn has led to the closure of nearly 2,000 US car dealerships from these two brands alone with the loss of thousands of jobs. It is imperative that the Australian government does everything in its power to prevent a similar situation arising here in Australia.

I understand that several Mitsubishi dealers within Australia have been unable to access alternative financing since the closure of GMAC and GE Automotive. These dealers have been provided with temporary finance arrangements by Mitsubishi Motors Australia Ltd, but I understand that these arrangements expire at the end of June. These dealers who are currently unable to access alternative finance would benefit from this very measure. It is critical, therefore, that this legislation passes quickly through parliament and therefore provides dealers with the much-needed finance that they will be requiring in order that their businesses remain viable. I seek leave to continue my remarks later.

Leave granted; debate adjourned.

ADJOURNMENT

The SPEAKER—Order! It being 7.30 pm, I propose the question:

That the House do now adjourn.
Mr COSTELLO (Higgins) (7.30 pm)—I would not want this day to pass without commemorating in the House an event which occurred in this chamber on 27 May 1909—100 years ago. It was on that day that the member for Ballarat and two-time Prime Minister Alfred Deakin stood in the House and announced that he had become the Leader of the Opposition in place of Joseph Cook, the Leader of the Free Trade Party. It was the arrival of the ‘Fusion’ between the Liberal Protectionists and the Free Traders in this parliament and, indeed, the birth of the Liberal Party—and I am indebted to Senator Brandis for reminding me that this is the centenary of that great event.

The fusion of the two political parties—the Protectionists and the Free Traders—led to the defeat of Andrew Fisher’s Labor government and the return of Alfred Deakin to the prime ministership for a third time. There had been many ‘liberal’ parties using the name before that time, going back to the colonial period. Henry Parkes, in New South Wales, had used the name ‘Liberal’; Griffith, of Queensland, had used the name ‘Liberal’; and in Victoria many different associations had at different times also used the name. But when the Commonwealth parliament was assembled, the defining economic issue which split the parliament was the tariff. The political associations took their identity from the position they assumed in relation to the tariff. On the one side were those who believed in protection and on the other side were those who believed in free trade. The Protectionists were stronger in Victoria and the Free Traders were stronger in New South Wales.

With the rise of the fledgling Labor Party the parliament split three ways. Alfred Deakin famously remarked that there were ‘three XIs’ playing the cricket match in the early Commonwealth parliament. It was a period of considerable instability. But the Fusion of 1909 established the two-party system here in Australia. The Parliamentary Handbook records Deakin’s third government as ‘Protectionist-Free Trade-Tariff Reform’, but in fact Deakin had launched a platform for the new Liberal Party on 26 May 1909. The Liberal Party went into opposition in 1910. It was not returned to government until 1913, and it was Joseph Cook who had the honour of being described as the first Liberal Prime Minister.

The First World War and the Great Depression led to reorganisations of Australian political parties and the names ‘Nationalist Party’ and ‘United Australia Party’ were used. When Robert Menzies reorganised the non-Labor political forces in the early 1940s, he consciously chose the name ‘Liberal Party’—reaching back to Alfred Deakin and coming out of Fusion in 1909—for the party he led successfully into government in 1949.

The Fusion brought together Protectionists and Free Traders, and there have always been free trade and protectionist tendencies inside the Liberal Party. It brought together supporters of arbitration and opponents of arbitration. It brought together liberals and conservatives. It is almost trite these days to say that the Liberal Party is ‘a broad church’. Very few people know that the Liberal Party is in fact the fusion of two political traditions which were brought together under the leadership of Alfred Deakin and announced in this parliament 100 years ago today. The Liberal Party ought to take great pride in that event, which gave birth to one of the great political traditions in Australia—and probably the most successful political tradition in Australian history. Under the leadership of, first, Menzies and then successive leaders, the Liberal Party in office has made an enormous contribution to the future of our country.
Petition: Renewable Energy

Ms BURKE (Chisholm) (7.35 pm)—
Whilst I am always fascinated by history, I would like to talk about a more contemporary issue this evening. I am privileged to present tonight a petition from Mary Whiteside, a constituent in my electorate of Chisholm—and I do not think Mary will mind me saying that she is on the sunny side of 70 and an incredibly vivacious and active woman in my electorate. I am very happy to actually table the petition that is critical of the government and I want to applaud Mary’s efforts in literally doorknocking house-to-house in her surrounding suburbs and in going to train stations and other places to get people to sign her petition.

Mary is a passionate advocate of clean energy and of the need to do something urgently about climate change. Although she is not known for being involved in politics or agitation, she is so committed to this that she has been pounding the streets, joining groups and looking at websites in the belief that we need to do something. She wanted to show that the ordinary citizen is concerned about this issue. She wanted to show that it is not just about big business and not just about the economy. It is about the ordinary citizen who is passionately concerned about the future of our environment and is concerned that we will surrender our future if we do not actually do something fairly urgently to deal with this issue of climate change, and to deal with it in a sensible way around alternative energies.

I would like to assure Mary that the Labor Party is committed to doing things within the areas of both carbon pollution reduction and alternative energies. This is Mary’s absolute passion: it is not just about reducing the carbon footprint; it is also about finding other alternative energy sources. The Rudd government will invest up to $100 million in partnership with the energy sector for the development of a new National Energy Efficiency Initiative, using 21st century technology to assist our transition to a low-carbon economy by encouraging a smarter and more effective energy network. We are not just introducing the Carbon Pollution Reduction Scheme: we are also moving towards alternative energy sources so that we can create a situation where there is less carbon going into our environment.

Smart grid technology will be introduced which uses sensors to monitor electricity supply across distribution networks using communication networks such as broadband technology. Smart grids help to more easily integrate renewable energy like solar and wind power into the grid, and enable energy generation in homes, schools and businesses to be stored and shared. I know this is a passion of Mary’s. She has put solar panels on her own home. She has put in water tanks. She is an individual who is doing absolutely everything she can to ensure that she reduces her carbon footprint, and she is keen to ensure that other people have the ability and the wherewithal to get into other forms of energy sources.

Smart grids and smart meters are subjects I discussed quite recently at the Chadstone campus of GippsTAFE in my electorate. I was there with the Prime Minister just the other day. They are training apprentices to be able to produce and install the smart meter technology. So there are many things happening. I really want to commend Mary for her tireless efforts in going out there and raising the voice of the concerned citizen. She was absolutely passionate that I make it clear that it is not just about big business, politics and the media. It is actually the people in their own homes that are genuinely concerned about this issue and who want to see change.
The petition read as follows—

To the Honourable Speaker and Members of the House of Representatives.

As a concerned citizen I would like to express my disappointment at the lack of Government policy to encourage alternative energies.

I believe the current proposal locks in a 5% carbon reduction target till 2020. This is totally inadequate to effectively deal with the increasing climate change the effects of which are so obvious in increasing temperatures, drought, fire and flood.

Scientists are indicating that we need to aim for zero emissions of carbon within ten years to retain an habitable environment. Climate change should be treated as an emergency and work begun to cool our planet.

The financial crisis is also an opportunity to rethink our reliance on fossil fuels.

The undersigned respectfully request that the Government reverse its decision to spend money on the coal industry and instead spend all that is necessary to develop clean alternative energy such as solar power, wind power and electric cars.

from 265 citizens

Petition received.

Vietnam

Mr SIMPKINS (Cowan) (7.40 pm)—On previous occasions I have spoken on behalf of Vietnamese people within the electorate of Cowan and have voiced their concerns that their homeland is being held back by the restrictions imposed by the government of Vietnam. By ‘held back’ I mean that the conditions under which people of Vietnamese origin prosper in Cowan are not shared by those in Vietnam. Vietnamese nationals have no access to the freedoms we hold dear—such as democracy, freedom of speech, freedom of religion and freedom of association. I would now like to make mention of one particular restriction that applies in Vietnam: restrictions on the internet.

I am aware that the Vietnamese government has for years been controlling the internet by blocking websites critical of the regime. I also understand that, according to Reporters Sans Frontieres, Vietnam is among the worst countries when it comes to internet freedom. To make the point, in October 2008 the Vietnamese government created a new entity: the Administration Agency for Radio, Television and Electronics Information. That agency’s responsibility is to monitor the internet and control the flow of information from bloggers as the number of internet users continues to rise rapidly.

The new agency falls under the Ministry of Information and Communications which, under a directive known as ‘Circular 07’, in December 2008 updated the government’s powers to censor the internet. According to a senior ministry official:

The state encourages the use of blogs to serve personal freedom but bloggers have to respect social interests and community interests under the laws.

It is very clear that this reference to social and community interests demonstrates an implied threat. The implied threat has been realised. In practice, this official statement means that internet users who post items on the internet deemed to oppose the state face severe penalties. The restrictions include political commentary which criticises the decisions of the Vietnamese Communist Party and the posting of links to sites which are blocked in the country. The new internet decree is ultimately an extension of article 88 which criminalises free speech. Under that article, so-called propaganda against the state can be punished by fines and up to 12 years of jail time.

In January 2008, Nguyen Van Hai, a 56-year-old human rights activist who blogs under the name ‘Dieu Cay’, called for a boycott of the Olympic torch relay and advocated for freedom of expression. The planned demonstration was in reaction to Chinese
occupation of the Paracel and Spratly Islands in the South China Sea—which Vietnam also claims. Security police arrested Dieu Cay on charges of tax evasion in a case widely seen by both domestic bloggers and the international community as punishment for his political expression. Dieu Cay was sentenced to 2½ years imprisonment.

Pham Thanh Nghien, a 32-year-old human right activist, was among a dozen activists arrested in September 2008 after publishing commentary that was critical of government policies on the internet. Just prior to her arrest, Pham Thanh Nghien held a sit-in inside her home to protest police harassment. She was arrested and ever since has been held without trial. Her family has yet to be allowed to visit her.

A 30-year-old mobile-phone repairman, Truong Quoc Huy, was previously arrested at his home in Saigon in October 2005 with his two brothers and a female friend. The group had been taking part in a Paltalk chat room discussion about democracy. They were detained incommunicado for nine months. One month after his release in October 2006, Truong Quoc Huy was arrested again when a dozen police stormed a Saigon internet cafe. He was chatting online. He was subsequently sentenced to six years imprisonment followed by three years of house arrest.

These are examples of the restrictions on rights and the oppression of individuals in Vietnam. I would like to thank the Viet Tan—the Vietnam reform party—and my friends in the Vietnamese community for keeping me up to date with these issues in Vietnam. The Vietnamese government should immediately release internet activists Mr Nguyen Van Hai, Ms Pham Thanh Nghien and Mr Truong Quoc Huy. The Vietnamese government should start respecting internet freedom and, above all, freedom of expression.

The Vietnamese people of Cowan are a hardworking part of our community. They came to Australia with very little. They came to seek freedom and to prosper in our society. They have done that, and done it well. When I look around my electorate and see what they have achieved, I wonder what the people who remain in Vietnam could achieve if they were not held back by the restrictive and controlling Communist Party of Vietnam. I again thank my Vietnamese friends in Cowan and across Australia, and I say to those that continue to fight for freedom in Vietnam to keep up the fight, not with weapons, but with technology, courage and faith. I look forward to the day Vietnam will be free again. Carm Urn.

Questions Without Notice

Ms BIRD (Cunningham) (7.44 pm)—I want to speak this evening in the debate on the adjournment of the House to make some observations on what happened in this House during question time today. Question time today, not surprisingly, began, as it has in recent days, with questions from the opposition to the government on the size of the debt that has been undertaken in this budget, on the assumptions that underlie the premises of the budget and on the strategy to return the budget to surplus—a significant and important debate, one would think, and one which the opposition claimed to be engaging in in the national interest.

We did not get through five questions before the opposition sought to move a censure motion, subsequently moving a motion to suspend. Asking only five questions of the government when there was the opportunity to ask 10 seems to indicate that the opposition’s tactical response to dealing with the issue in this House has run out of steam. I have to say that, if the situation was as bad as the scare campaign of the opposition seemed to indicate, it was an awfully wasted oppor-
tunity to question the government on the issues that they claim are of such significance and dramatic implication for the community at large. It seems to me to point to the fact that it is indeed a scare campaign surrounded by stunts and props rather than a serious attempt to debate the issues of the day. There was a complete failure by the opposition, as there has been since budget night—even though this is apparently the biggest, most significant issue facing not only this generation but, as they continually remind us, the children of the future—to provide an alternative view on the issues that confront us.

One of the most significant components of the challenge that we are addressing is the significant drop in revenues that this country has faced as a result of the international downturn. One would think the member for Higgins, who contributed to the adjournment debate tonight, for example, would have something of interest to say on this issue. I well remember, as deputy chair of the Economics Committee in the previous parliament, that the member for Higgins, as Treasurer at the time, gave us two references on investigating the future of the manufacturing and services sectors post the mining boom. So one would think that he would have something constructive to say on the massive drop in revenues that this country has faced and contribute to the party room deliberations of the opposite side and the proposals put forward but, no—not a word on the issue of the drop in revenues.

So one would think that perhaps they would go to the issue of the government stimulus, the attempt by this government to intervene quickly and decisively by taking action to inject demand into the economy at a time when the private sector was pulling out. No, there was no constructive alternative view there either. Perhaps they have an issue with the size of the stimulus. Did we get a direct answer on which of the particular stimulus activities they would avoid or would target in a different direction? No, just a criticism that it is too big. Perhaps they have proposed savings. Do we see a raft of proposed savings to decrease that debt? No, we do not. What we saw in the budget reply was simply, ‘We wouldn’t reform the Medicare rebate; we would instead increase the excise as an alternative,’ which would have no effect at the end of the day on the size of the deficit.

Presented from the opposite side are only three solutions. The member for Higgins’ solution is, ‘It’s me; I’m the solution,’ which probably is not a surprise to anyone in this House, as I understand he made the point that the election was not lost because of Work Choices or climate change but because of a failure in generational change in their own leadership. The shadow Treasurer’s solution is, ‘I’d have a $25 billion smaller deficit than the government,’ in some sort of bizarre game of ‘Mine’s smaller than yours’ in debating this issue, but he has made no indication of exactly how he would achieve that or what that strategy would be about. The opposition leader merely offered a substitution proposal in his reply—hardly a response of appropriate size and significance considering the 75-year significance of the challenge that we face.

It was a wasted opportunity in question time today. Five questions was the best they could manage in order to back up a scare campaign. (Time expired)

Lone Fathers Association of Australia

Mr SCHULTZ (Hume) (7.49 pm)—I rise to speak in support of the Lone Fathers Association of Australia and on this government’s failure to recognise the importance of the support that LFAA provides to a significant minority group, namely lone fathers and male victims of domestic violence. The LFAA represents the special needs of sepa-
rated fathers and their families to the community, government, and other agencies. The organisation has operated for 36 years—for most of that period on an entirely voluntary basis. The LFAA is non-sexist, non-sectarian and non-profit, and does not discriminate against anyone. One-third of its members and half of its executive are women.

The LFAA promotes and assists the development of a better understanding and equity in the Family Court on custody, access, child support, and property settlement matters. It encourages separated fathers to support and sustain their children. It promotes and encourages the best possible practice on access and custody matters—always with the happiness and emotional wellbeing of the child as the primary consideration, accepting that each child needs the love and guidance of both father and mother. During its more than 30 years in operation, the LFAA has worked unceasingly towards encouraging the development of a fairer family law and child-support system—namely, one which understands, accepts and encourages the crucial role of the love and guidance of fathers in bringing up children to be happy, law-abiding citizens and recognises the rights of grandparents to have a loving relationship with their grandchildren.

In 1976, the LFAA, in the person of its president, pitched a tent on the lawn of the Old Parliament House to protest the limited scope at that time of the single mothers pension. This attracted the attention of the then PM, Malcolm Fraser, and quickly resulted in the extension of the single mothers pension to cover single fathers with care of their children.

The LFAA, some years later, at the personal request of former Prime Minister John Howard, provided key advice through their representative on the 2004 ministerial task force, which corrected serious bias still inherent in the CSA scheme at that stage, notably the failure to treat the incomes of both parents on the same basis. The LFAA, in company with other fathers groups, urged the parliament to follow up PM Howard’s expressed concerns about the developing epidemic of fatherlessness and male suicide in Australia resulting from decisions by an out-of-date and anti-father Family Court. This eventually led to some major reforms recognising the importance of shared parenting by both parents. The LFAA also persuaded the government to adopt the far-reaching and highly beneficial concept of FRCs, which had first been put forward by the LFAA 15 years earlier.

The organisation has been able, with government assistance, to run a small office in Canberra over the last three years. The LFAA has also established regional branches. These branches receive more than 20,000 calls per annum from men, women and children requesting advice, information and other assistance. The government has been very generous in the 2009-10 budget in offering additional tens of millions of dollars to gender groups which explicitly cater only for female victims—for example, of alleged domestic violence—but has ignored the 30 to 60 per cent of such victims who are men. No serious consideration has evidently been given to the rights and needs of male victims. Although the LFAA has helped a great many male parents with their problems with family law and related matters for a long time, financial assistance to it and other father/children focused groups has been about one per cent of the funding going to feminist groups.

Funding for the LFAA was initiated by the previous government and extended for one year by the present government. Funding needs to be continued and extended to allow the very important work of the LFAA to continue. This work benefits not only the tens of
thousands of men, women and children who contact the LFAA every year for advice and help but also the millions of citizens and their children who are beneficiaries of improvements in family law which the LFAA has played a leading role in. I urge Ministers Macklin and Ludwig to revisit the funding arrangements of the LFAA and make available the appropriate funds on a less discriminatory basis in order for the LFAA and its associated organisations to continue their invaluable and necessary support work to Australian fathers, who are just as deserving of this kind of support as single mothers.

Robertson Electorate: Marine Discovery Centre

Ms NEAL (Robertson) (7.55 pm)—I rise today to inform members of the progress being made towards the establishment of a marine discovery centre on the Central Coast of New South Wales, in fact in my electorate of Robertson. This centre will provide the Central Coast with an environmental, educational and tourist facility that will become, I am sure, a benchmark facility for its type in Australia. A marine discovery centre at Terrigal will provide a marine research and educational facility for the university and for local environmental groups. It will also be used by community groups and will have a number of associated small businesses operating in connection with it.

The HMAS Adelaide, which will be the real drawcard, will establish the centre and the Terrigal site as a must-see tourist destination. Dive wrecks and artificial reefs based on ships similar to HMAS Adelaide have proved very successful and sustainable tourist destinations in other parts of the country and have been based on dive wrecks such as this. There is already considerable interest in the project among dive shop operators, the hotel industry, restaurants and other small businesses on the Central Coast. The centre has the support of Central Coast Tourism, the peak tourism body on the coast, and they have already indicated that they will assist by taking the necessary steps to have it listed as a secondary tourist information office.

Since I last spoke on this matter there has been a continuing and vigorous campaign from interested stakeholders to bring this project to the Central Coast. Earlier this year I hosted two meetings at my electorate office which brought community and industry partners together. Those meetings included representatives of the Community Environment Network, the peak environment body on the coast; the University of Newcastle’s Central Coast campus, which runs a highly regarded marine research centre; the New South Wales Department of Lands; and the New South Wales Premier’s Department. Among all these stakeholders there continues to be a real sense of excitement about the possibilities that the marine discovery centre can open up for people and the economy of the Central Coast.

The stakeholders pushed hard to have Gosford City Council nominate the marine discovery centre as its preferred strategic project under the federal government’s Community Infrastructure Program. This would have brought significant funds to the project and helped kick-start the establishment of a marine discovery centre at The Haven at Terrigal, which was initially the preferred site for the facility. In the end Gosford City Council chose another project in its submission to the Community Infrastructure Program, which ultimately received more than $3 million in federal funds and is a matter of great value to the community as well. But it was an opportunity lost for the project team of the marine discovery centre.

However, a major breakthrough occurred recently for the marine discovery centre when it secured a new home right in the
heart of the tourist destination of Terrigal. Through representations made by me and others to the New South Wales Department of Lands, the centre was granted a five-year lease on the former Tourism Central Coast information centre in Terrigal—a lease for five years at no cost. Securing a permanent base for the centre in such a prominent position is a wonderful milestone. A marine discovery centre has real potential to deliver ongoing economic returns for the Central Coast economy. This centre can be an icon attraction for the area and certainly will pay its way in the future. This is a project that builds on strong and already existing partnerships across the community. The linkages that are emerging between education, community interest, environment, tourism, local businesses and major infrastructure provision makes the centre an extremely attractive proposition.

A marine discovery centre at Terrigal will provide a marine research and education facility for the university’s marine research and teaching centre, which is based presently at its Central Coast campus. It is important to see an extension of that. It will also become a focus for local environment groups, such as the CEN, and they will continue to do research there as well as in their present centre. Its links to the vibrant Central Coast tourism industry are worth while, and I am sure these will grow and develop over time. Securing a permanent base for the centre was the next step towards achieving a marine discovery centre for the coast. This has been achieved. The centre is expected to be operating by the end of 2009, in time for the Christmas season, and I am thrilled to see it occur. (Time expired)

House adjourned at 8.00 pm

NOTICES

The following notices were given:

**Ms Roxon** to present a Bill for an Act to amend the *Health Insurance Act 1973*, and for related purposes.

**Ms Gillard** to present a Bill for an Act to amend the law in relation to higher education and research funding, and for related purposes.

**Ms Gillard** to present a Bill for an Act to amend the law relating to taxation, social security and veterans’ entitlements, and for related purposes.

**Mr Griffin** to present a Bill for an Act to amend the law relating to veterans’ affairs, and for other purposes.

**Mr Brendan O’Connor**—to present a Bill for an Act to amend the *Social Security Act 1991*, and for related purposes.

**Mr Bowen** to present a Bill for an Act to amend the *International Monetary Agreements Act 1947*, and for other purposes.

**Ms Macklin** to present a Bill for an Act to amend the law relating to social security, family assistance, veterans’ affairs, military rehabilitation and compensation and taxation, and for related purposes.

**Dr Kelly** to move:

That, in accordance with the provisions of the *Public Works Committee Act 1969*, it is expedient to carry out the following proposed work which was referred to the Parliamentary Standing Committee on Public Works and on which the committee has duly reported to Parliament: RAAF Base Edinburgh Redevelopment Stage 2, South Australia.

**Ms Saffin** to move:

That the House:

(1) notes:

(a) that 27 May is the 19th anniversary of the National League for Democracy’s (NLD) overwhelming election victory in
Burma’s first democratically held elections in many decades; and

(b) that the NLD is led by General Secretary and Nobel Peace Laureate Daw Aung San Suu Kyi, Burma’s highly regarded and respected political leader, both in her own country and internationally;

(2) condemns the State Peace and Development Council led by General Than Shwe, for not honouring the 1990 election, which violates both domestic and international law and norms;

(3) notes with deep concern that Daw Aung San Suu Kyi and U Tin Oo were detained, following an assassination attempt on their lives on 30 May 2003, being charged under the Orwellian sounding law, The Law to Safeguard the State Against the Dangers of Those Desiring to Cause Subversive Acts 1975, also called the State Protection Act, and that their sentences have both been increased, extra-legally;

(4) condemns:

(a) General Than Shwe for the above incident and the continued unlawful incarceration, which the United Nations Working Group on Arbitrary Detention has issued Opinions finding in both cases that the deprivation of their liberty is arbitrary, inter alia; and

(b) General Than Shwe’s actions for orchestrating the current trumped up charges, against Daw Aung San Suu Kyi, and her companions Daw Khin Khin Win and Daw Win Ma Ma;

(5) calls upon General Than Shwe to:

(a) immediately and unconditionally release political prisoner Daw Aung San Suu Kyi, her companions Daw Khin Khin Win and Daw Win Ma Ma and her fellow political prisoners, including NLD Executive Members U Tin Oo and U Win Htein, and Shan Nationalities League for Democracy Leader Hkun Htun Oo, and up to the 2,000 others reported, according to Amnesty International; and

(b) do the right thing and enter into talks with all parties so that the national reconciliation that has evaded Burma’s people, including the large population of Ethnic Nationalities, can begin to take place; and

(6) notes:

(a) the statement issued by the Association of Southeast Asian Nations (ASEAN) chairman stating inter alia that ‘with the eyes of the international community on Burma at the present, the honour and credibility of the Burmese regime were at stake’, and further expressing grave concern over the treatment of Daw Aung San Suu Kyi, and expressing support for ASEAN nations including Indonesia, Malaysia and The Philippines who have spoken out on this matter;

(b) that the Secretary General said inter alia that he ‘…believes that Daw Aung San Suu Kyi is an essential partner for dialogue in Myanmar’s national reconciliation and calls on the Government not to take any further action that could undermine this important process…’;

(c) the press statement issued on 22 May 2009 by the Security Council with its President for the month of May, Ambassador Vitaly Churkin of Russia, stating: ‘The members of the Security Council express their concern about the political impact of recent developments relating to Daw Aung San Suu Kyi,’ and ‘The members of the Security Council reiterate the need for the Government of Myanmar [Burma] to create the necessary conditions for a genuine dialogue with Daw Aung San Suu Kyi and all concerned parties and ethnic groups in order to achieve an inclusive national reconciliation with the support of the United Nations.’, and which reaffirms the sentiments of two previous statements issued by the Security Council in 2007 and 2008; and

(d) the Australian Government’s condemnation of Daw Aung San Suu Kyi’s detention, and its calls for her immediate re-
lease, as well as the Australian Government's financial sanctions targeting senior members of the regime, their immediate families and associates.
CONSTITUENCY STATEMENTS

Sir Donald Eckersley

Ms MARINO (Forrest) (9.30 am)—I rise to acknowledge the life and achievements of respected agripolitician Sir Donald Eckersley, who was born in Harvey in 1922 and died in Harvey on 12 April this year. This paragraph from the local Harvey Reporter newspaper probably says it all:

Born in humble surroundings at his parents’ house in Korijekup Avenue, Harvey in 1922, Sir Don Eckersley served his community and country, travelled the length and breadth of Australia and the world, lobbied and befriended politicians, governors and prime ministers and was knighted by the Queen …

One of seven Eckersley children growing up in what was then a small agricultural community, Sir Don applied himself to his studies, attending the Muresk Institute of Agriculture, graduating in 1941. He enlisted with the RAAF, serving as a navigator in Darwin and Queensland. He was hospitalised during his time in North Queensland and it was during this time that his plane and crew failed to return from a mission. After the war ended, his love of the land saw Sir Don come back to work in Harvey as a dairy farmer in 1946, marrying his wonderful 60-year partner, his lovely wife, Marjorie, in 1949. The couple raised three children, who, with their parents, all enjoyed family gatherings, holidays at the beach, fishing and sharing their father’s love of the ocean and boating.

It was during the early years of his marriage that Sir Don became involved in the WA Farmers Union at Cookernup, a little town close to his home. He went on to become the regional vice-president as well as the president of the milk section of the WA Farmers Union and then general president of it for three years from 1972-1975. During this time, he was negotiating and lobbying for agricultural and farming issues, dealing at all levels of government, state and federal, and with both Gough Whitlam and Malcolm Fraser. He was a persistent, quiet worker who made an enormous contribution to Western Australian and Australian agriculture. His main achievement was his considerable efforts to bring a diversity of farmer representative groups and bodies together, which led to the formation of the National Farmers Federation. Sir Don was the inaugural president of this organisation in 1979, and it was this achievement that earned him his knighthood.

Sir Don contributed to local government, as a Harvey shire councillor and president, and he continued to represent agricultural and regional interests on boards and agencies throughout the south-west of Western Australia. He became a member of the Senate of the University of WA and as well worked as a company director. He was a talented sportsman, which was not surprising given his love of sport. He was a competitive cyclist and tennis player. He was a respected golfer, enjoying countless rounds of golf throughout his life. He received many awards: WA Citizen of the Year, an OBE, Man of the Year in Agriculture and an honorary doctorate. He was inducted into the Royal Agricultural Society’s Hall of Fame. He travelled around the world but he was always a farmer at heart. He contributed to the community and it is only fitting that Sir Don died at his home. He will be remembered and respected by every-
one who knew him and worked with him. He will be loved most of all by his wife, his children and grandchildren, who will remember him as a husband, a father and a grandfather. Vale, Sir Donald Eckersley.

**Bennelong Electorate: Consumer Confidence**

Ms McKEW (Bennelong—Parliamentary Secretary for Early Childhood Education and Childcare) (9.33 am)—I want to speak about confidence. Confidence is what gets us up in the morning. It may seem paradoxical in what is undoubtedly a tough year, when economies around the world are contracting and when our own budget figures are forecasting a significant rise in unemployment and a big drop in business investment, but what I am finding over and over in my electorate of Bennelong is that individuals, community groups and indeed small to medium sized businesses are generally more optimistic than the national data would suggest. I note as well that in the *Sydney Morning Herald* this week its economics editor, Ross Gittins, also alluded to this by saying:

I think we’re doing quite well on limiting the fall in confidence and I wouldn’t be surprised if all the cash bonuses have helped to sustain it.

Now, I think Ross is nobody’s captive and I think he is onto something. When I spoke, just after the budget, to one of my constituents, Maryann Patterson, who is reliant on the disability support pension, she was already planning how she would spend the welcome increase in the single pension rate of $32 a week and the adjusted rise in the utilities allowances. She told me, ‘I’m having my carpets steam-cleaned for the first time in four years’—a small thing for many of us on better incomes, but for Maryann something she had not been able to contemplate before the welcome pension rise.

She then said something else. She said, ‘This is the way you politicians should think about the economy: it’s made up of millions of people just like me making millions of small decisions about how we spend our money.’ Maryann is spot on. There are many more like her across the country quietly relieved that the government understands that at a time when private capital contracts the only responsible course is a large-scale stimulus from the public purse. I am also finding, through regular contact with the many vibrant small businesses in my electorate, that there is plenty of confidence around. I want to thank in particular those businesses who have consistently told me all year they are doing everything they can not to shed valued employees. They are the smart employers; they know that we will weather the downturn and that prosperous times will return.

I also want to praise the particular gustiness of those businesses in my electorate who have opened their doors in this past year. Note to Self is a treasure trove of home wares and special gifts. It is a welcome addition to the Rawson Street retail precinct in Epping. It is designed for the material girl in all of us, so full praise to Jane, Nicola and Linda. I hope those stimulus cheques are finding their way into Note to Self. And across the bridge in Oxford Street, Gina Kampii has brought her cordon bleu expertise to what has to be one of the best patisseries in Sydney. It is called Sweetness, and Gina told me last week that as a result of the budget measure to allow for a 50 per cent tax break for the purchase of new business equipment, her fit-out will be that much more affordable. The point is these new retail outlets are doing brisk business in a downturn. It is a credit to them. They understand their customers and they have priced their products accordingly. That is confidence for you. *(Time expired)*
Dr JENSEN (Tangney) (9.36 am)—My electorate of Tangney is not poor by any means. Indeed, it includes a couple of the most established and affluent riverfront suburbs in Perth, as well as many more with a demographic that could be said to be solidly middle to upper middle class. My electorate is not remote by any measure, with most of my constituents living only several kilometres from the CBD—a short drive along the freeway which cuts through the middle of my electorate. It also includes the well-respected and very large Murdoch University. Not surprisingly then, the level of demand for internet service in my electorate is extremely high. And given all of the above, it is becoming increasingly obvious that delivery of internet services to the area is woefully inadequate. The federal government has taken pains to outline a grand vision for high-speed data links to almost every home in the country. But promises of what might be, which strike most as mere pipedreams at that, resonate emptily with citizens who are being denied even basic internet service because of complete disinterest demonstrated by the Prime Minister and his communications minister.

Being told of the great possibilities of high-speed links means little to those with no speed. The potential of the information superhighway is superfluous to those who cannot even enter the on-ramp. In the long-established suburb of Booragoon, constituents have told me that they are unable to access any ADSL services, let alone higher speed connections available elsewhere. Their only option, they say, is to pay for wireless services, which, as most of us should know, can be prohibitively expensive. In Canning Vale, a relatively new suburb with a high proportion of young professional families, many residents enjoy below-ground services cables for utilities and even television, which is quite unusual in Perth, but are told that they may only have dial-up internet access because of complete disinterest demonstrated by the Prime Minister and his communications minister.

Similar complaints pour in from around the electorate, so the announcements proudly made by members opposite on the future national broadband network are met with despair by many in my electorate. The $43 billion plan should one day, several years down the track, give access to services most citizens of developed countries already take for granted. The government apparently does not care about this. Why else would it ignore these complaints as it ploughs on with a $43 billion broadband scheme? That money would pay for the equivalent of four Snowy Mountain schemes today. Whatever happened to the new broadband services promised by 2008? Whatever happened to the $20 million spent by this incompetent government on the disastrous National Broadband Network tender process, which ultimately collapsed? This is a government of no substance and of no hope.

Deakin Electorate: Ringwood Soccer and Multipurpose Sports Pavilion

Mr SYMON (Deakin) (9.39 am)—Today I would like to inform the House of the Rudd government’s $2.9 million funding package for the Ringwood Soccer and Multipurpose Sports Pavilion. The Minister for Infrastructure, Transport, Regional Development and Local Government, the Hon. Anthony Albanese, inspected the present run-down and dilapidated facilities, dating from 1962, whilst at the ground with me for the official announcement on 4 May. They are very dilapidated, believe me. There is almost nothing left of the wooden seats. This funding is part of the government’s $800 million Community Infrastructure Program, which is investing in local infrastructure right across Australia. As part of the Rudd govern-
ment’s economic stimulus package, projects such as this are supporting jobs in local electorates, not only in my seat of Deakin but across the board. Major works on this project will commence as soon as the current soccer season finishes in September.

Being a community project, there are other funding partners as well. The state government of Victoria is contributing $300,000 to the project and the Maroondah City Council is contributing $350,000. Combined, the funding total is $3.55 million, which will allow for demolition of the old pavilion and construction of a new multipurpose facility to accommodate the increased demand for junior and female soccer participation. Inside, the new facility will accommodate both male and female change rooms, and showers with disabled access—something the existing pavilion simply was not built for and does not have. It will also incorporate a boxing gymnasium that will house the Michael Victor Canavan Boxing Association’s nearly 100 members, who currently have no fixed training facility—in fact, it is a carport. A terraced and covered spectator area will also be included along with car-parking space for up to 100 cars and buses, ramps, and outdoor lighting for the playing field—all a great improvement on what is currently there. A brand-new synthetic turf pitch will replace the uneven and often rock hard pitch that is currently in place and which quite often has no grass whatsoever.

Of course, when it comes to sporting facilities it is not just what is on the outside that counts but what happens inside as well. The Ringwood City Soccer Club has been playing at this ground since it opened in 1962 and in that time I do not think there has ever been any work done on the facilities there. It is an awfully long time to keep using an asset. Ringwood City Soccer Club has two senior teams, ladies teams and approximately 12 junior teams, and I am sure the development of this new facility will lead to an increase in the number of young players, especially girls, as the word gets around about our great new sports facility in Ringwood. Finally, I would like to congratulate everyone involved from Maroondah City Council for putting forward this project in such a short amount of time.

**Indi Electorate: General Practice**

**Mrs Mirabella (Indi) (9.42 am)**—Confidence is indeed very important and in my electorate of Indi there are certain areas that are having their confidence in the health system seriously shaken. It is important to have confidence that a health system will provide reasonable access to basic medical services like GPs. I have been contacted by concerned individuals and a concerned local GP about the impact of the government’s changes to the Remoteness Area classification on the availability of GP services in the town of Myrtleford in the Alpine shire. The new classification has the potential to make Myrtleford a less attractive place for GPs to go and practise because on a relative scale there is no incentive for a doctor to work in this small town as opposed, say, to a larger town like Wodonga, Ballarat or Wangaratta. Myrtleford is a town with a population of just under 4½ thousand, so you can imagine how important it is for people in that town to have access to GP services.

Previously the towns of Mount Beauty, Myrtleford and Bright in the Alpine shire were classified RRMA 5; they all had the same treatment. But the government has now decided to have this arbitrary geographic reclassification of areas. A lot of other country towns are being placed in this situation, not just in my electorate or in Victoria but right across-the-board. It is very difficult, as those in Euroa and Violet Town and Rutherglen in my electorate will know, to attract GPs in an environment where there is intense competition to attract GPs to rural and
regional areas, and the smaller the town, I have seen from experience in my electorate, the more difficult it is to attract them.

If there are no extra incentives for GPs to go to smaller communities like Myrtleford, then there is a risk that the proportion of GPs per capita in those towns will fall because doctors will often prefer—if the incentives are the same—to go to larger centres. I hope that will not be the case, but locals in my area and local GPs are concerned. I think, as these local concerns are real, that the government should look at these classifications and should seriously look at reviewing them for the sake of rural communities.

Dobell Electorate: Proposed Coalmine

Mr CRAIG THOMSON (Dobell) (9.45 am)—I rise to talk about an issue of great concern to constituents in my electorate and that is a proposed coalmine to be built under water catchment areas in the Wyong shire. In fact, the head of this coalmine is to come up some 1½ kilometres away from a thriving suburb called Blue Haven. This coalmine is opposed by all elements of the community. Today, I have a delegation of nine people from my community—community leaders—coming to this place to meet with the Minister for the Environment, Heritage and the Arts, Peter Garrett, to put their views on putting greater pressure on the state government to make sure that they do not go ahead with this coalmine.

Amongst those who are coming down this afternoon are David Harris, the state Labor member for Wyong, who is vehemently opposed to the coalmine; Alan Hayes from the Australian Coal Alliance; John Asquith from the Environmental Network; importantly, Mary Doherty from the New South Wales Business Chamber; Kerry Ruffles from Business Central Coast; and council representatives from both Wyong Shire Council and Gosford City Council. They are coming because everyone in our community knows just how important it is to make sure that our water catchment areas are preserved.

There has been no coalmine in the history of coalmining that has not caused subsidence. This would be the first coalmine in Australia that would go underneath a designated catchment area. Water is absolutely precious to everyone in Australia but, on the Central Coast in particular, we had our water supply go down to as low as 13 per cent only a year ago. That this water supply could be put in jeopardy because the South Korean government wants to build a coalmine—one of the largest coalmines in the Southern Hemisphere—in this area is something that the community cannot come to terms with. It does not make sense environmentally; it does not make sense economically. That is why we have the New South Wales Business Chamber and Business Central Coast coming down.

This is also one of the few areas in New South Wales which is actually growing in population. It is growing in population because it is an area that is a designated employment zone. It is an area where businesses are moving to. These businesses—these jobs for the Central Coast—will not materialise if we have one of the largest coalmines being built right on our doorstep, jeopardising the water supply of the Central Coast.

This group of committed citizens is here today. We have a series of meetings, starting with a meeting with Minister Garrett this afternoon, where we will be putting our views very strongly and asking the federal government to put as much pressure as we can on the state government to make sure this coalmine does not go ahead.
Swan Electorate: Belmont Medicare Office

Mr IRONS (Swan) (9.48 am)—Madam Deputy Speaker, as you know, I do not often get up here and have a gripe, but today I am going to. Nearly two years ago, in the lead-up to the federal election, the Labor Party promised the people of Belmont a Medicare office. More than 18 months have passed since the election and the people of Belmont still have no Medicare office. I am very disappointed for the people of Belmont, in my electorate of Swan, that the government has still not delivered on this election promise. We were told this important community service would be a top priority for the Rudd Labor administration. What is unforgivable is how the government has consistently tried to mask its inactivity with a series of announcements, reannouncements and misleading claims to local people. Since being elected, I have arranged for the Minister for Human Services to be questioned on no less than three occasions on this issue. The best response that was put forward by the minister was: Decisions on timing have not been made yet.

So you can imagine my surprise when I opened my local newspaper recently to find, out of the blue, a photograph of the Minister for Human Services with Eric Ripper—the Leader of the Opposition in WA—and a Labor party hack from Slater and Gordon outside an office with a hastily erected Medicare sign declaring:

We promised residents in the electorate at the last election that we would deliver on this service and that’s what we have done.

It was a nice photo opportunity for the state Labor Party leader—whose continuing role in that position is at best tenuous—and it also promoted the favourite for the role of Labor candidate for the electorate of Swan at the next election. I cannot see why either of them would want to be associated with this government’s failure to deliver to the people of Belmont. It would be like a ball and chain for them to be associated with this dismal failure. Anyway, according to the minister, the government has delivered on its promise to the people of Belmont. However, there is still no Medicare office in Belmont. The minister has still not made any decisions on timing. This was nothing more than a media stunt. It was another reannouncement. Under the headline ‘Yes, Minister’ the West Australian described this announcement as ‘Monty Pythonesque’. The new Medicare branch is absent—to borrow from Monty Python, it is a ‘non-office’. The minister does not know where he is going to put the office or when it will open.

This would be funny if it were not for the fact that many Belmont residents find it difficult to make the journey to the nearest Medicare office in Booragoon and Cannington to claim their benefits. For these people, a Medicare office is essential and long overdue. I have therefore started a campaign for the government to open the Belmont Medicare office it promised before the next decade begins. So far I have received at my office almost 1,000 written responses of support from Belmont residents, which is remarkable. That is how big the issue is. So I ask the government to listen to the people of Belmont. They do not want any more reannouncements. They do not want any more media stunts. They simply want what was promised to them nearly two years ago by the Labor Party. There is no excuse for any further delay. I call on the minister to meet his obligations and provide the Medicare office to the people of Belmont, who are so desperately in need of it.
Mr RAGUSE (Forde) (9.51 am)—This morning I would like to recognise and pay tribute to Rivermount College in my electorate, which last Saturday celebrated its 18th year at its Foundation Day celebration. This college has grown tremendously in size over that time and it serves the community very well. So today I want to recognise its contribution to our community and certainly to the educational effort within the electorate. I would like to recognise the Young family, which founded the college, including the late Hank Young, who passed away earlier this year; Colin Young, his brother, who has returned to the college as its current CEO; and Mike Pearson, the chairman of the board of directors. I would also like to recognise the Keech family, who are pretty well known in the region. Margaret Keech is not only the local member but also a former state minister in Queensland.

I would also like to recognise the students who play a major role. The educational environment at Rivermount inspires leadership. I would like to recognise the current college captains, Anna Pearson and Jacob Parker; the middle school captains, Jayden Wright and Mackenzie Wakefield; and the 2009 college prefects, Caitlin Godber, Daisy Watson, Jessica McMahon, Phillip Morton, Regan Nguon, Sam Massey, Deni Thomas, Sean McClifty, Stevie-Lee Lovejoy and Emma Cheeseman. These students work very well together and provide leadership to the school.

My contribution to the occasion last Saturday was about my understanding and recollections of the school’s history and, more importantly, the future role I will play as the local member. Labor’s Building the Education Revolution is about how we support schools within our community, and the Rivermount College is one of the colleges that will benefit from major investment under that program.

The current head of the college, Michael Trott, has been with the school for a very long time and has been part of its development and part of its growth. He is a man who is very dedicated to education and he inspires new thought and leadership amongst the school community. I would also like to mention Peter Nielsen, president of the Families & Friends Association. He gave a very impassioned speech to parents and friends the other day about the importance of the school community and how they must commit to ensuring that they provide the best education for their students. We understand that that is the case at all schools, but I really wanted to acknowledge this particular college today as an example of the education facilities that we have across this country. Rivermount proudly wears the tag of being a very good school.

Mrs GASH (Gilmore) (9.54 am)—As if the economic crisis is not bad enough and as if our record-breaking national debt is not bad enough, this government wants to compound it all by introducing a raft of new workplace laws that can only be described as counterproductive. For any business, but especially small- to medium-sized enterprises, the Fair Work legislation is anything but fair. It explodes onto Australia on 1 July 2009, the new financial year—and what a financial year it promises to be. Although presented in the House and in the media as principally dealing with dismissal law, the new law makes enormous changes to wages, conditions and how you run and sell your company. These are changes that could in some cases put a business out of business, but all of them will impact negatively on business.
Big business has the capacity to absorb the changes, yet SMEs are sensitive to the point of being endangered. The legislation has been written as if all private companies are organic to the Public Service and can afford enormous overheads and compliance costs. There is almost a unanimous view in the business community that the Fair Work legislation has been designed by unionists for unionists. It has been adopted by this government to thank them for their efforts in the last election. It is a payback for the millions of dollars of members’ funds spent to support the Your Rights at Work campaign.

The legislation provides manna from heaven by reversing the onus of proof, a fundamental principle underpinning hundreds of years of our common law and democracy. The reversal of proof provision means that an employer will be presumed to have done wrong unless they can prove to the contrary. They will be penalised if they cannot. To stop business becoming impossible, all Australians, especially SMEs, must work together as the trade unions do to stop this unbelievable nonsense. We can and must maintain the integrity of our workplaces so that future generations have a right to access work and a livelihood for themselves and their families.

Business, not the government and not the unions, is the creator and generator of jobs. At the moment there are a significant number of employers seriously contemplating taking their enterprise offshore or cutting back on full-time employees and junior casuals. This is as a direct result of the attack on them by this government and its supporters. One local businessman has taken a stand. He has created a website where concerned businesses can register and then work united to resist and to protect their business. The website is www.savejobs.com.au. I urge all business owners to have a look. It may take time, but if we do nothing we are effectively giving this government permission to control our lives and our businesses. This is not what Australia is about. This is not what I am about for my constituents of Gilmore. May I remind the House again that it is businesses that employ people who ultimately pay taxes.

Sri Lanka

Mr MURPHY (Lowe) (9.57 am)—This morning I speak again on the human tragedy in north Sri Lanka. As you know, Madam Deputy Speaker, this month the Sri Lankan government announced victory over the Liberation Tigers of Tamil Eelam after 26 years of civil conflict. However, I fear that an enduring peace for the people of Sri Lanka will only be delivered if a truly independent investigation into the conflict and genuine negotiations take place between the government of Sri Lanka and the Tamil community.

The exact toll on human life during this protracted conflict is not known; nor is the number of severely injured and displaced civilians. It is extremely alarming that the Sri Lankan government has blocked free media access as well as safe passage to international humanitarian aid organisations, making it impossible for the world to know the true extent of the human suffering. Despite repeated calls from the international community, the Sri Lankan government has arrogantly failed to accommodate the reasonable requests for independent access to the conflict zones and the provision of humanitarian aid.

The announcement of a United Nations fact-finding mission in Sri Lanka by the United Nations Secretary-General, His Excellency Mr Ban Ki-moon, was welcomed in Australia and abroad. However, we now know that the visit by the Secretary-General to one of the camps last weekend for a few hours was controlled by the Sri Lankan government and did not expose the full extent of the humanitarian crisis now being experienced in the north of Sri
Lanka. In fact, the Secretary-General’s visit raises even more concerns for the many thousands of Tamils unaccounted for, as well as for the hundreds of thousands of internally displaced civilians located in other government controlled camps.

No fair-minded person believes that the Sri Lankan government is doing everything it can to reveal the truth of the final outcome of the conflict in Sri Lanka. Moreover, the reports from the Sri Lankan government being broadcast to the outside world are covering up the brutal force visited on innocent civilians by the Sri Lankan army. The international community must act immediately and put further pressure on the Sri Lankan government to stop further suffering and loss of innocent lives. The misery being experienced now by the survivors is hard to imagine. We cannot tolerate more suffering. Australia’s pledge of $23 million in aid since last December is welcome, but it will be of little use if the humanitarian agencies are denied free and independent access to those most in need.

The chamber may be aware of the recent peaceful rallies that the Tamil diaspora has held both in Australia and around the world. Their message is clear: a lasting and permanent peace must now prevail in Sri Lanka. It is imperative that the Sri Lankan government also move towards honest diplomatic negotiations in good faith with representatives from the Tamil community and recognise their aspirations. As stipulated in the International Covenant on Civil and Political Rights, all people have the right to self-determination. By virtue of that right, they freely determine their political status and freely pursue their economic, social and cultural development.

Surely there remains no other viable alternative—a lasting peace must prevail. Death and deprivation cannot continue in Sri Lanka. With the support of the international community all parties must now move towards a politically negotiated peaceful and permanent resolution to this dreadful humanitarian disaster. (Time expired)

The DEPUTY SPEAKER (Ms AE Burke)—In accordance with standing order 193, the time for members’ constituency statements has concluded.

COMMITTEES
Family, Community, Housing and Youth Committee
Report

Debate resumed from 25 May, on motion by Ms Annette Ellis:
That the House take note of the document.

Mrs MOYLAN (Pearce) (10.01 am)—On Monday I had the opportunity to address the House for five minutes on the report on carers, Who cares ...? I am pleased to have time to continue to address important issues which arose in the course of the inquiry. At the outset, I want to acknowledge the work of the chair of the committee, the member for Canberra, and all members of the committee for their commitment to improving the lives of carers. I particularly want to thank the secretariat and the secretary of the committee, Alison Clegg, and the assistant secretary, James Catchpole, who had to sift through the tsunami of submissions that came in as a result of this inquiry. They came in from all over the country.

None of us on that committee were left in any doubt that too many carers feel desperate, depressed and isolated. For the last year the House of Representatives Standing Committee on Family, Community, Housing and Youth has travelled to many parts of Australia, teleconferenced, and pored over the 1,300 submissions, mostly received from individual carers. We
were both privileged and saddened to hear the heart-wrenching stories from carers who found the courage to share the day-to-day challenges of caring with members of the committee.

Each carer had a very personal story to tell, a very different story to tell. Some people are caring for ageing parents, others are caring for children, siblings or friends, and some—indeed, a surprising number—are children caring for parents. However, all are united in their common concerns that not enough is being done by government to support them. Indeed, I would add to that that not enough is being done by government or the community to support them because the sense of isolation that is felt by these people is indeed very real. They want to be recognised, valued and supported, and they deserve to be recognised, valued and supported.

The 50 recommendations made in our report Who cares ...? reveals the essence of what carers want, and our response cannot finish there. Like the other members of the committee, I await the government’s response with the hope that these recommendations are given the weight they deserve. While time restrictions on this debate do not allow me to talk to each of the 50 recommendations, they can be loosely grouped along the following lines. First, a very common thread in the evidence before the committee was that carers want to be recognised and they want a value placed on the service that they give. I do not think that that is unrealistic or unfair in any sense. The second common point was that a single government entity, a single service entry point for carers, would make their lives so much less complicated. Many of the people who care for family members or friends who have illnesses and have conditions that are very complex require also very complex care needs. Very often carers are defeated by having to go through layers of bureaucracy in order to receive the care and the help that they need in their caring role.

The third area is program delivery improvement so that the short supply and uneven distribution of services, particularly in regional and remote areas and particularly recognising the needs of Indigenous people, can be addressed. The fourth area is adequacy of case management and care coordination. It would be perhaps a greater recognition of the complexity that confronts many carers to have a proper case management system and an appropriate care coordination approach. The fifth area is advocacy services. They need to be improved and expanded. It is not just those being cared for who require advocacy; very often those who are caring also require advocacy services.

A number of factors fall under the sixth area, legal issues. This includes the examination of privacy provisions, particularly for carers of people with mental health problems. One of the failings that seemed to be apparent in the evidence that came before us was that quite often the medical profession, particularly psychiatrists and sometimes psychologists, fail to keep the primary carer in the loop. Changing medications for some people with mental disability without advising a carer can place them in an extremely dangerous and life-threatening situation. These are people who, when their medications are altered, can become suicidal. This is a very serious matter and there are concerns that privacy provisions prevent psychiatrists and other mental health professionals from dealing with the person with the primary responsibility for the care of an individual with a mental illness. They are not taken into the management plan, and this does put the lives of people with mental illness at risk. It is something that should be addressed, I think, as a matter of urgency and priority.
The seventh area was the restructuring of financial support to reflect different levels of care: increase the base rate of carer payment, reduce disincentives for carers to earn and examine the adequacy of assistance for aids. It is a very costly business to care for some people in some circumstances. Particularly where they need wheelchairs, the cost is very high and the subsidy available to people to provide a wheelchair is very low in comparison. These are not the kinds of people who sometimes can be involved in full-time work earning the sort of money that would help them raise the capital to purchase a wheelchair or, indeed, adapt a motor vehicle or a home so that a person with a disability can live independently.

The eighth area was around workforce issues, including building capacity within the care sector and staff retention within that sector—again, a very important area that needs to be addressed. The ninth area was systems management, including reviewing Centrelink’s data capture and management system, so that carers do not fill out multiple forms, and training Centrelink staff to provide specialised care. The filling out of forms defeats many carers and they give up in the end. Often these cases are very sensitive. It would appear from evidence that was given that, no matter how hard Centrelink staff may try—and I acknowledge the work they do and the pressure they are often under—they are not given sufficient training to be able to offer the kind of specialised advice that carers frequently need.

As the need for care and the costs grow, I believe there is also a need to examine a national disability insurance scheme. A submission from MS Australia noted that, while more work is needed on the design of such a scheme:

A disability insurance scheme with a capacity to fund rehabilitation and lifetime care is a necessity for Australia’s health system from both a financing and service delivery perspective.

As I noted in the additional comments I made to the report, adequate funding for respite during working hours to enable carers to have greater workforce participation along with affordable, available day care and respite facilities is a necessity for working carers. Why is it in this country that there is an expectation that families with children will have access to affordable, high-quality childcare centres, and yet parents who are caring for children with profound disabilities find it difficult to get a placement in the small number of facilities that are available in order for them to be able to take their place in the workforce? No wonder they feel isolated, no wonder they feel undervalued, no wonder they feel desperate, because when they cannot access work, there is a whole flow-on effect. Try living on this carer payment. Try living on a disability pension. I challenge everyone in this House to think about just how difficult it is. And yet these people have no option sometimes but to stay at home and care because there is nowhere to put their child or the person who they care for. There is nowhere to place them during the day with appropriate care.

For this group of people, that also means it is almost impossible to have any superannuation savings. So in old age the carers become the poor and marginalised in our community because there simply is not any superannuation for them to draw on. They are totally at the mercy of the old age pension. Again, I ask everyone in this House to think about how difficult it is to live on that pension. I know that there are limits to what we can do, but we need to have a safety net. In many ways it is a nominal safety net, but nevertheless it provides a great deal of hardship for many people in this country.

For ageing carers, accommodation options are critical. Commonly these carers ask, ‘Who will look after my son or daughter if something happens to me, if I get sick or if I die?’ A
dramatic increase in funding needs to be directed to this purpose, and I would beg the government to find, from the $6.4 billion social housing budget, money to support these parents in Australia who are continuing in their old age to care for a dependant. These dependants, who have serious disabilities, could be in their 50s with a parent aged anywhere from 65 through to 80-plus. These carers still do not know what is going to happen to the person they care for when they get sick or when they pass away. It is a great source of anxiety for this category of carer. I seek leave to table a document from such a parent, because I think it illuminates the frustration and the sheer anxiety that is caused from not addressing this particular issue.

Leave granted.

Mrs MOYLAN—The frustration in dealing with the complex system of assistance was explained to me in one submission from a carer who said:

Although services are available to carers, trying to access these services is akin to being in an ever increasing maze with illegible signposts so that the carer never really knows where to go or which direction to take.

The report asks the question: who cares? If we are to answer ‘we care’, then we need to confront the issues facing carers head on and match the rhetoric with reality and exercise our political will to ensure a better future for carers. The recommendations made in this report will make a difference to the lives of carers now and into the future, and inaction is simply unacceptable. The government response to this report must send an unequivocal message that we care.

Ms COLLINS (Franklin) (10.14 am)—As a member of the House of Representatives Standing Committee on Family, Community, Housing and Youth, I am very pleased to be able to speak today on this report on better support for carers, Who cares …? This report has taken almost 12 months. The committee received a large number of submissions, over 1,300, but the most interesting thing about that is that around 1,200 were actually from individual carers, from people who had taken the time to tell us their personal stories. We also heard directly, as we went around the country, from around 250 witnesses, including in my home state of Tasmania. Indeed, a personal friend of mine was one of the witnesses giving evidence about the role she plays in caring for her son with a disability.

This report highlights the role carers play in detail. Just as importantly, it highlights the juggling they do and stress they are under as they go about their daily lives. Our carers, the people we spoke to in preparing this report, are our spouses, parents, grandparents, children, siblings and sometimes our friends or neighbours. Their stories were a sobering reminder of the difficult lives carers live, some of them being thrust into their caring role without notice, and some even without wanting it. Their stories were quite distressing, for them and for everyone in the room who heard them. But we needed to hear them to fully understand.

It is estimated by the ABS that around 2.5 million or 13 per cent of Australians identify themselves as carers, and one in five of these is a primary carer. That is around half a million Australians who provide the main daily care for someone, day in day out—someone doing such tasks as dressing or feeding the person that they care for. As I have said, around 91 per cent of them are actually related to the person they care for. As we all live longer lives and the population ages and the population grows, the number of carers required in Australia is only going to increase. As the report notes, research from the National Centre for Social and Eco-
nomic Modelling, or NATSEM, estimates there will be a 160 per cent increase in the number of people over 65 needing care. From this it is clear we need to act, and we need to properly understand the current situation.

The really big issue in the report that we heard as we listened to evidence and that we read in the submissions was the lack of respite care and certainly the ability in many cases for people only to be able to access respite care if they are in a dire emergency—if they have been coping and coping and coping until it gets to the point where they cannot cope any longer. For many of them this was the only time they actually got access to respite care. This, for me, was very telling. When I say respite care, I am talking about outside home care, but we also heard about the lack of in-home care available. Obviously when you are caring for someone on a day-to-day basis, sometimes it is too exhausting to get the person you are caring for out of the home, or it is just not possible to move them outside of the home, so this in-home respite care is also as critical as outside respite care.

As the previous speaker mentioned, another big issue for carers is the lack of recognition for their role and the contribution that carers make in our society. I think most people, if we asked them about carers, would generally say that, yes, they know they play a vital role, but I do not think many people fully appreciate just how difficult it can be to be a carer. The physical and emotional and social impacts of caring on the wellbeing of not just the carer but also their families, their siblings and their relatives are significant. They can become unwell or get depressed, or they can feel social isolation due to their inability to socialise with their friends and do what we would consider ordinary daily activities such as exercising or going outside for a walk in the park.

Also apparent was the lack of assistance for carers to develop the range of skills they need to actually provide the care they are currently providing. For many carers there is no training or support on how to do some of the caring things that they are required to do for the person for whom they are caring. The financial stress was another important issue raised. Many carers and their families have financial stresses as a direct result of their caring role. We heard that this does vary greatly, depending on the level and type of disability of the person being cared for. We have heard from previous speakers about the maze of services that carers access, and the problems with accessing necessary and relevant information on the support and services available to carers. This extends in many cases to even knowing what sort of support is actually available for them to access.

The other thing that we noted was that there was a great dissatisfaction with existing community care and how it is provided. It appears that the systems do vary greatly from state to state and even from region to region. There also appears to be a large amount of unmet need in relation to community care and the cost of accessing some of the services is prohibitive for carers.

One of the other issues is the lack of choice for carers in relation to participation in the workforce and/or education, and we heard that there are shortages of respite or alternative care and daily programs for the care receiver and often inflexible workplace practices which mean that people are unable to leave work to perform their caring role. There is also much frustration around the amount of paperwork and assessments that carers endure.

This will give you a bit more of a picture: consider a carer at home caring for somebody 24 hours a day. While they are doing that they are expected to access all their services, know
what services are there, know how to access them, try to go to work, try to have a normal relationship with other people, access the paperwork and assessments required by Centrelink and other such services and deal with the financial stress of caring for the person they are caring for. It is no wonder these people are really having a tough time out there. That is why the mental health and the health and wellbeing of carers are something that we need to address.

The report looks at around 50 recommendations, and I believe that these recommendations, if implemented, would address some of the issues we have raised. Some of the things include improving research and data, because there does not appear to be enough research and data to provide accurate information on what is really happening out there, and certainly the identification of people as carers is not as high as it probably should and could be. The other thing we looked at was the need for a national carer recognition framework which would look at a national strategy to assist carers and also some legislation to protect carers’ rights.

There were some recommendations in relation to additional financial support, including some acknowledgement of the level of financial costs associated with the specific caring role carers undertake as well as the specific needs of the person they are caring for. There are some recommendations in relation to changes in the assessment processes with Centrelink. As we heard, Centrelink do the best they can in terms of the guidelines they are working with but there is no doubt that, if you have got a profoundly disabled child whose condition is not going to improve, filling in the same form three, four or five times is not serving anybody. Providing support for carers to remain in the workforce and/or education or to re-enter the workforce or education after their caring role was also part of the recommendations.

The other thing I want to touch on before I finish is what the government has actually done so far in supporting carers. We have, during the time this inquiry was being undertaken, already provided some support for carers. Last year there was a one-off payment of $1,000 provided to those receiving carer payment and those on carer allowance were provided with $600 assistance for each person they cared for. In this year’s budget the Rudd government has introduced a $600 payment and carer supplement for all carer payment recipients, and this is a payment that we have now legislated for each and every year. It is in recognition of the additional costs of caring. I think that is a great step forward.

We have also provided for those on carer allowance an extra $600 a year for each person they are caring for—again legislated for in each and every year. We have also had some recent legislation, which I spoke on in this place: the Social Security Legislation Amendment (Improved Support for Carers) Bill, which makes improvements for those seeking assistance with caring for a child with a profound disability. That addresses some of the things I was talking about before regarding paperwork.

What we really need to look at now is where we go from here. There are many recommendations in the report that I have been unable to touch on today. I urge all those interested in providing better support for carers to read the report and the recommendations. I am sure that the Rudd government will respond to the report, as I know that Minister Macklin, who referred the inquiry to the committee, is very supportive.

In conclusion, I want to put on record that I think carers are really important in our society. This report certainly opened my eyes to just how difficult their situation is. They do need greater choice, support and flexibility. They need respite, inside or outside their home. They need a helping hand from government and from society so that they can engage with all levels...
of our community. I want to thank the committee secretariat and the chair of the committee for their support and for the valuable assistance they have provided over the last 12 months. The hope of the committee is that this is the beginning of a better understanding of the caring role and its importance to all in our society. I have been proud to be involved in this report and its recommendations and the work we have achieved over the 12 months.

Mr RAGUSE (Forde) (10.25 am)—I would like to add to the words of the previous speaker, the member for Franklin, who, as a member of the committee, had a huge role to play in looking at the data and information that we collected during the inquiry. In rising to speak on the House of Representatives Standing Committee on Family, Community, Housing and Youth report *Who cares ...?*, I should say that I regard myself as being privileged to be a member of that committee during its inquiry into the issues of carers. For someone like me, who, as an elected representative, has a lot of involvement with the community, until you start to dig into the issues surrounding carers in our community and until you have heard their stories you do not really understand exactly what people are dealing with day by day as carers. I would like to acknowledge the contributions of the chair of our committee, the member for Canberra, and the deputy chair, the member for Pearce, who spoke earlier today. From her role in the previous government, she certainly had a wider view and a much closer understanding of the issues affecting carers. Her participation in the inquiry added a lot to our understanding as new members.

We understand that carers have a tough job. If you are caring for a family member, it is even tougher. Many people who care for their children do it voluntarily. There are also a substantial number of people who care for many other family members or friends of family. Last week, the Minister for Families, Housing, Community Services and Indigenous Affairs visited my electorate to speak to pensioners and carers about changes in the budget. I will talk briefly about some of the recommendations as we go through, and I will look at some of the early responses that we as a government have made to this report. The Rudd government have made a commitment to carers that we will review the current system. This report is certainly a first step in doing that.

The report speaks about many of the issues that concern people day by day. There are about 50 recommendations that I urge those who may not have the time to go through the detail of the report to read. The recommendations inform the reader about some of the issues that underlie them. I know that for both sides of the House this report will be a very good source of information and reference document for future years. It will also inform the budgetary decisions that need to be made on how we can provide better support.

This morning I want to share with the chamber a couple of the recommendations. Recommendation 2 says:

That the Australian Government, through the Department of Families, Housing, Community Services and Indigenous Affairs and the Department of Health and Ageing support a national community education campaign to promote a better understanding of the role and needs of carers, and an appreciation of the contribution that carers make to society.

The recommendation goes on to say:

The campaign should also include components to promote increased awareness of their role among ‘hidden’ carers who may not readily self-identify and to address the concerns of carers who may be reluctant to disclose their role to others.
Carers wear many hats. Some are mothers. Some have full-time or part-time work. Some are young people who are still at high school. As a member of the committee it was a privilege to hear the evidence given by those different groups and to be able to share the very personal details of those who gave evidence at the roundtables. A tissue box was well used amongst not only people giving evidence but also members of the committee. To hear some of the heart-rending stories was quite amazing. For me, to be a participant and hear those stories firsthand was very, very important.

A carer is not a typical person. The recommendation for an awareness campaign to promote the differing roles of carers and their needs to a wider audience would be welcome by carers and carer groups. When you find yourself in a caring role it is not something you necessarily publicise to the outside world. There are a whole range of issues surrounding that, including the privacy of the person being cared for and the emotional torment those being cared for and those who are giving their care have to deal with. There are also the financial constraints that people find themselves dealing with in the role of being a carer.

The frustration was clear from the carers that people really do not understand. The presentation of this report is one step, but certainly as elected members our role is to go back to our communities and raise these issues when we are talking to various groups. All groups one way or another are affected by the caring role that people provide. If we talk about groups like Parliamentary Friends of People with a Disability, within all those groups there are people who find themselves in a caring role. It is a much wider issue than certainly I as an elected representative understood until I was involved in this committee.

The problem, of course, is that until we can get a report like this tabled, which we are doing, and get people more informed with that campaign to make other people in our community more aware of the role that carers provide, which is very important, carers need immediate support. In that context, recommendation 18 is also worth noting. Recommendation 18 says:

That the Australian government significantly increase the base rate of carer payments.

The budget this year was in fact able to recognise that as an immediate issue. We were able as a government to provide the increase in the budget. The Rudd government is committed to providing support for carers, as they are the unsung heroes. The government acted very quickly on that particular recommendation. In the budget the Treasurer announced an annual supplement of $600 for carer payment recipients. Recipients of the carer allowance will also receive $600 per person that they are caring for. Carers Australia CEO Joan Hughes said the $600 per year supplement for those receiving carer payment and the $600 per year in carer allowances per eligible recipient were ‘very welcome’, because their status was assured in future budgets. Joan Hughes said:

Planning for the future will be a little bit easier now they know they will get this supplement each year.

This payment and the increases in carer payments for both the singles and couples will go some way to helping those carers on Centrelink payments better manage their finances.

In Australia there are approximately 380,000 young carers under the age of 26. Out of these it is estimated that 170,600 are under the age of 18. We heard evidence directly from some as young as 15 providing direct care to a family member or loved one. Currently, 433,000 people receive carer payments, but we know that there are many who do not receive payments. This legislation is about being able to reach out to those who have not previously been able to re-
ceive payment because of the loophole. The commitment we have made in the budget is to help identify those people who should be carer payment recipients.

One of the interesting things in the evidence given by many at the hearings was their lack of understanding of what the government could provide to them. Many have found themselves in the role of carer suddenly, sometimes overnight. Through an accident or a medical emergency, they find themselves directly in a caring role. There are support mechanisms and many carer organisations—too many to mention them all—like Carers Australia and Carers Queensland who provide some of that on-the-ground support. As elected representatives our role back in our communities—across both sides of the House—is to not only let people self-identify as carers but also provide them an understanding of how the government can provide support to them. In my electorate of Forde we have identified nearly 3,500 carers. They are those who are identified and probably receiving at this stage some form of benefit. But we do know that there are some people who do not even know that the role they perform every day is a caring one. Education directed to those people and those who support them is also very important.

There are a number of people in my electorate whom I would like to recognise and acknowledge for their work in the area of disabilities, because disabilities obviously make up a major part of the caring responsibility. I would like to mention Roger Taufel, a man who has concerns for his disabled son. It was identified in the report that people like Roger are very much aware of what happens when they get to the point of not being able to care for their children. When they pass on, what then? One of the discussions in the report was about supported accommodation. It is probably a future role for the committee to hopefully investigate issues along the lines of how we may provide better supported accommodation for those young people who find themselves in nursing homes and how we can find a comfortable situation for families where the parents and the carers are getting too old—a comfortable situation not only for the carers but also for the person who is being cared for. Roger Taufel is pushing hard with a proposal and what I believe may be a model for that sort of approach. It is something the government should hear more about.

On a previous occasion, I mentioned Graham Popple in this House and his caring role for his wife. For some eight years, Graham has cared for his wife, whose debilitating disease is worsening. Graham had to give up his work and a whole lot of other commitments to support his wife. Graham does it in a way that is not only providing support for his wife but also educating the community about the role that carers have to play. I certainly commend Graham for the work that he does—not only for his direct caring role but also for the way he is informing the rest of the community.

Helen Steinhardt heads up the Gold Coast autism group. Autism is one area of an identified disability. Groups like the autism groups deal daily with a whole range of other issues and this report identifies some of the concerns and issues that we have to deal with. Wendy McFazden, who is part of the Logan autistic spectrum disorder group, has two children for whom she has direct responsibility and care. This support group helps with issues surrounding the family dynamics when you have young people with autism and helps ensure that the children who have this disability have an education and some reasonable future.

There is an emerging group that should be recognised. The caring role goes in many directions, and there is a particular group that identifies itself as the council for grandparents and
kin carers. There are lots of responsibilities that are taken on by grandparents, and they are not necessarily recognised or given any rights while playing a direct caring role. While our report does not specifically make recommendations on this issue, it is a group that needs to be acknowledged and recognised. Today I would like to mention Maree Lubach and Tracey Douglas for their work in providing support for grandparents and the group they are calling the kin carers. They certainly have issues that need to be raised and taken to a higher level. In fact, they are planning a national congress in November this year to bring together the many people who are in some way affected by their role as carers to grandchildren.

We have called the report *Who cares*…? It does pose that question. As I mentioned earlier, I encourage people to at least have a look at the recommendations, which will inform them about the range of issues that we need to deal with. I would like to thank the committee secretariat, who put in a huge effort. This inquiry went on for a period approaching a year, and while I know that is not necessarily unusual for inquiries, the number of submissions—1,200 submissions—that were provided to the committee meant a major amount of detail that had to be sifted through and worked through by the secretariat and, from that, the recommendations had to be made.

The committee secretariat staff put in a major effort to provide support to the committee. About 1,000 of the 1,200 submissions were personal submissions. The stories that we heard directly from the people who gave evidence at the inquiry certainly reflected the 1,000 personal submissions that were made—heart-wrenching stories from those who find themselves in a caring role. I recommend to the members in the chamber today that they look at the submissions. Another member of the committee is sitting across from us today. I am sure that his comments today will add to the discussion and the recommendations that I have spoken about. It was a great privilege to be a part of the committee. I commend the report to the House.

**Mr Morrison** (Cook) (10.40 am)—As a fairly recent member of the House of Representatives Standing Committee on Family, Community, Housing and Youth, I am pleased to have the opportunity to speak on the *Who Cares*…? report. We do not show enough appreciation for the work that carers perform—and I have said that in this place before. This report seeks to reverse that attitude, as many similar reports have done in the past. I do not think we can ever give enough recognition to carers and I do not think we can ever do enough in this place for carers. I say that not as a criticism but as a simple point of fact. They make a sacrifice for those they love. If we as a society had to pay for the care and attention provided by carers, we would never be able to afford it. So for that we are always in their debt.

This report picks up on an issue that was raised at the inquiry—that is, that many carers believe it is not possible for anyone to truly understand what being a carer entails unless they are a carer or have been a carer. I think that is very true. We can do all we can to try and understand what they do, but unless we have walked in their shoes I do not think we will ever be able to fully appreciate it. Nevertheless, we should do what we can to ensure that our policy responses reflect a better level of understanding—and this inquiry has provided the committee with a greater degree of insight, I believe, into what it means to be a carer.

The terms of reference for this inquiry were very broad and addressed a number of very important matters concerning carers. Two of the key themes that were drawn from the inquiry were the need for improved recognition of carers and the need for improved support for car-
ers. As a society, we do not do enough to support their work. Many carers gave evidence at the inquiry. Most stated that they feel that their role is not fully understood or appreciated by governments or, indeed, the wider community.

The report provides a series of recommendations—50 in total. The great theme of these recommendations is the need to improve the level of recognition. I will run through some of the recommendations now. Recommendation 5 proposes the creation of a new national office for carers and the nomination, most significantly, of a lead minister who would be responsible for overseeing the development of nationally coordinated carer legislation. I would be the last person in this place to advocate greater bureaucracy and the creation of new offices. In many cases, when we see that happen it does not necessarily lead to greater outcomes. But one of the frustrations that came through in the inquiry process was about the lack of a single point that takes responsibility for the plight of carers and how things are coordinated.

Carers have to deal with government across a broad range of portfolios, including health and family and community services. It does not matter which area it is, carers are always interfacing with some level of government—particularly the federal government but also at the state and local level. They need a champion who is in a position to, first and foremost, look after their needs and ensure that all arms of government work together to ensure that the support they require is provided as seamlessly as possible. In the committee process I was very pleased to underline this point: someone, at the end of the day, has to be appointed as the person with responsibility for carers’ issues; otherwise, we will constantly have issues being shifted between departments and ministers and jurisdictions. That is not good enough.

At the end of the day, if we believe as a parliament that carers need recognition, then we need to have someone representing the executive of government who takes responsibility for them and the support that they provide and, indeed, is an advocate for them in the course of the proceedings of the executive—and also in this place.

Another recommendation that addresses the issue of recognition is recommendation 28. Here it is requested:

That the Minister for Families Housing, Community Services and Indigenous Affairs direct the Department of Families Housing, Community Services and Indigenous Affairs to investigate the benefits of introducing a national carer card for recipients of Carer Payment and Carer Allowance …

A card of this nature would allow carers to be identified for access to discounts and other benefits which retailers and other service providers may want to provide. That could support carers.

This is important. Being card-carrying carers is, I think, a good way of these people being identified in our community. I think there is a strong level of support, sympathy and empathy for carers and, as that grows, I would not be surprised if those outside the government sector might look to provide encouragement, support and recognition. If there were a nationally recognised carers card then that would provide, I think, a catalyst for our broader community to recognise carers.

You can see it: the day at the movies; the day of free entry to national parks; riding on the buses; or whatever else there might be. There is an opportunity for everyone to get involved in recognising carers. A carers card would enable us to get over the hurdles of: ‘Who is a carer?’ and ‘Who is entitled?’ and ‘Who is eligible?’ and so I strongly support the idea.
The demands on carers associated with their caring roles often tend to preclude them from being involved in paid employment. This leads to many struggling to meet the costs of everyday expenses such as housing and food—and sometimes the costs associated with the caregiving itself, such as medicines and other healthcare costs. It is not just the government that can do things about this. There are community organisations which already do—and, indeed, the private sector and others can play a role directly, outside the realm of government, in providing support for carers. This would facilitate that process.

A consequence of limited participation in paid employment is that a large number of carers do not have the opportunity to save for their future through contributions to superannuation schemes. As parliamentarians, we and the government can provide better support to carers to partially compensate them for the hard work they do. Specific recommendations addressing this issue of support include recommendation 13, which proposes:

That the Minister for Health and Ageing review arrangements for systemic carer advocacy provided through Carers Australia and the network of state and territory Carer Associations.

Recommendation 15 proposes:

That the Attorney-General promote national consistency and mutual recognition governing enduring powers of attorney and advanced care directives to the Standing Committee of Attorneys-General.

Constituents from my electorate of Cook have told me that they have experienced difficulty looking after the health needs of elderly patients when using powers of attorney from other states. Replacement of Medicare cards is just one example. Carers need greater national recognition, and that means that laws that impact on carers which may vary from jurisdiction to jurisdiction need to be harmonised and there needs to be mutual recognition. This makes it not the carers’ problem but the problem of those who make the laws. It is our problem that we cannot have mutual recognition of these laws for carers. It is not their problem.

They are trying to care for those they are trying to care for, so we need to make this process far more simple for them. We need to ensure that they are not spending, as is the case for many constituents in my electorate, hours upon hours upon hours of writing letters, getting forms filled out and doing all these things simply to have their power of attorney recognised—a power of attorney which has been established in another jurisdiction—to ensure that they can do something on behalf of the person they are seeking to care for.

So I welcome the recommendations and I encourage the Attorney-General to press ahead—to actually get on with this job of getting that agreement between attorneys-general around the country to ensure that we can get this harmonisation in place.

Recommendation 23 provides for the Department of Families, Housing, Community Services and Indigenous Affairs to carry out a survey to measure the financial costs of households that care for people with disabilities. The committee found that many carers face not only limited opportunity to earn an income but also significant out-of-pocket expenses associated with their caring role. It was acknowledged that the additional cost of disability and caring increases the financial stress placed upon carers and their families, who are already disadvantaged by their constrained income. It is simply about understanding what these costs are. We all know that there is additional cost, but how much is that additional cost and what level of burden is it putting on people? I personally cannot imagine the emotional, let alone the physical, burden of being in one of those full-time caring roles. I have not had that direct experience. I know plenty of people who have experienced that, and they have shared their sto-
ries with me. But I have not personally been in that position, and so I cannot imagine what it is like. But to add to that experience a level of financial burden can be the straw that breaks the camel’s back—that breaks the spirit. At the end of the day, we are human beings; we have limits. We have an ability to go so far. So we should ensure that we do everything that we can so that these people are not put in the position of being at breaking point because of these issues. A good place to start is to understand just how great that stress is.

Recommendation 33 of the report addresses the dire need for more capital funding of respite carer services. While services for carers and people with disabilities tend to receive funding for operational purposes—which is welcome, and there can always be more provided should circumstances allow it—there is also a very severe shortage of funds for capital purposes, particularly when they relate to the provision of respite beds and respite facilities. There is an absolute paucity of such facilities in my own electorate. While funding may come for operational purposes, it is only as good as the beds that are there to support those operational services. There are many opportunities to pursue this. It does not always have to be just the government providing this funding directly.

There are, I think, massive opportunities out there in our communities to enhance the level of partnership between the private sector and the not-for-profit sector. We have to get smart about this. It is not just a simple process of writing cheques. I think we can look at far more innovative ways of encouraging and engaging the not-for-profit sector and the private sector to become more equipped in dealing with these challenges. Hopefully, that would see a greater provision of respite care places and beds and facilities throughout our communities, which would give these carers and those whom they care for much-needed respite. The committee found the shortage of local, timely and appropriate respite services to be one of the key issues facing carers. A lack of those services can be connected to the shortage of funding for capital works associated with respite service providers.

This report is titled *Who cares ...?* And I think it is well titled. *Who cares ...?* poses that question to our community in terms of our own responsibility and in terms of developing an appreciation and an understanding of how to engage with the issue. But it is also a statement about those who are caring. We know through this inquiry which we have been involved in who these people are and the great work that they do. If there is one thematic message that has come out this inquiry, I think it is being able to recognise in very practical ways the journey that carers are on—a journey that life’s circumstances have placed them on. It is not a journey that they have been in a position to choose.

It has been a journey that they have had to walk, and I think they walk it with great distinction. They walk it with great integrity. They walk it with great sacrifice and with great love. And when we put those characteristics together, we appropriately talk in this place sometimes about those types of qualities in relation to people who have served in our armed forces—and so we should. But these soldiers, these heroes who live in our own communities also exemplify a level of self-sacrifice and self-denial on a daily basis in order to serve those around them. I think that is very much the essence of the Australian character. I am very pleased to associate myself with this report and with the inquiry, and I hope it encourages further debate on this issue, but, more importantly, that it encourages further action.
The DEPUTY SPEAKER (Dr MJ Washer)—Order! The time allotted for this debate has expired. The debate is adjourned and the resumption of the debate will be made an order of the day for the next sitting.

APPROPRIATION BILL (No. 1) 2009-2010

Cognate bills:

APPROPRIATION BILL (No. 2) 2009-2010

APPROPRIATION (PARLIAMENTARY DEPARTMENTS) BILL (No. 1) 2009-2010

Second Reading
Debate resumed from 26 May, on motion by Mr Swan:
That this bill be now read a second time.

Mr BALDWIN (Paterson) (10.55 am)—As I outlined last night before the debate on Appropriation Bill (No. 1) 2009-2010 was adjourned, it is not just those with private health insurance that will bear the brunt of this senseless cost-cutting move; rather, eventually, all Australians will pay a price for Labor’s $2 billion attack on private health insurance. Every Australian knows that the cost of health care is growing, as are the waiting lists for public hospitals. The hospitals in my electorate are already struggling under the pressure of limited resources and funding provided to them by the New South Wales Labor government and the federal Labor government. Now, Labor plans to go ahead and introduce plans which will consequently increase this pressure. This can only be described as absolutely absurd. This savage cut will drive up premiums and place unsustainable pressure upon the public health system. Those with insurance face higher premiums as others drop out or lower their cover. Those relying on the public health system will face longer hospital waiting times and queues.

The coalition believe in the right of all Australians to take charge of their own healthcare needs and plan for the future. We have always worked hard to deliver incentives to promote the uptake of private health insurance and take the pressure off the public health system. There is an alternative. The Prime Minister can accept the coalition’s suggestion to increase taxes on cigarettes instead of changing the health insurance rebates. In doing so, Kevin Rudd could raise the same amount of money for his cash-strapped Labor government and provide positive health outcomes.

Now I come to the Prime Minister’s ludicrous plan to place a benefit cap on a range of services previously available under Medicare. Labor’s budget will see services such as all obstetric services, some ultrasounds and all assisted reproduction technology services significantly capped under the Prime Minister’s grand plan. The Prime Minister’s grand plan will undo much of the good work introduced by the former Howard government to assist patients with high, cumulative out-of-hospital medical expenses, and the Rudd Labor government’s plan to place a cap on some services is a direct step back from their given word to retain the safety net and not to put more pressure on family budgets by taking away that assistance. Labor have trashed their health commitments because of their reckless spending and, once again, have left Paterson constituents in the dark.

Not only will Labor’s reckless spending mean that Paterson families will have to pay more for their health care; they will also feel the sting of higher unemployment levels in their local communities, if not in their own families. Simply put, the Prime Minister has ignored small

MAIN COMMITTEE
business in the Paterson electorate, the engine room of the local economy, growth and jobs. After inheriting the strongest economy in the world, this Prime Minister is recklessly spending money and failing to properly assist small business, the key to Australia’s economic recovery. Small businesses in Paterson employ the bulk of locals; therefore it is necessary they receive the right government support to get them through these difficult economic times. There are 9,438 small businesses in Paterson, and nine out of 10 are under some kind of cash-flow stress. There is nothing in Labor’s budget that will assist small business cash flow, which is its single biggest challenge, yet small business is expected to help pay off Labor’s record net debt of $188 billion.

Small businesses are the key to Australia’s economic recovery. If jobs are going to be generated in Australia, they are going to be generated by small business. I have hosted Jobs for Australia forums across the Paterson electorate to listen to the needs of my constituents and have heard firsthand how the Rudd government’s lack of accountability, red tape and flailing incentives are hurting their back pockets. Labor’s budget is slugging small business even more by increasing the fees and charges collected by the Australian Securities and Investments Commission. This extra tax slug will cost Australian businesses $84.3 million and impact even further on business cash-flow stress. The Rudd Labor government certainly has mastered the art of hitting someone hard when they are already hurting.

Our youth are feeling the sting of the Rudd Labor government’s reckless spending spree and they will be terribly disadvantaged under Labor’s plans to tighten the criteria for establishing independence under the Youth Allowance scheme. Youth allowance is a vital avenue of income support for students, particularly those from regional and rural areas. Plans to tighten student eligibility from the beginning of 2010 will mean that some people currently working towards meeting the criteria will have their plans for further study thrown into disarray. As the parent of three teenage children, I understand the expenses involved in pursuing further study, particularly if children are forced to move away from home. Many young people in the Paterson electorate have told me that under the planned changes they will not be able to pursue further study at university or TAFE purely because they are already hurting.

I would like to draw the parliament’s attention to a letter I received from a very concerned constituent, Eric Stewart, who wrote to me about this very matter. He wrote:

Bob, I just wanted to express my disgust at the Labor party’s plan to make it more difficult for students to become independent for youth allowance. My son has signed up for a 12 mth gap year with the army this year. He is not aware that, if this bill is passed, he will not be going to university next year. He is 19yo and eligible to vote. His 17yo sister had similar plans, I am on a modest income and will be unable to support them through university. Shame on the Prime Minister for allowing things to come to this point, due to his reckless spending spree.

This is an enormous failure for a government who claims it wants to increase university attendance particularly from disadvantaged groups.

Now I come to the portfolio area of defence science and personnel, and my views on the defence budget. First, we have had the much delayed defence white paper, which was finally released on 2 May and attempted to build upon the defence reforms inaugurated by the coali-
tion when it released the 2000 white paper. The 2000 white paper enshrined a modernisation process which had at its core a vision of an ADF with world-class equipment that would ensure Australia maintained its regional technological advantage. However, this all came to a grinding halt with the election of the Rudd government. In the first 18 months under Minister Joel Fitzgibbon, we have seen $5.6 billion worth of delays against only $101 million worth of projects brought forward on time.

The defence white paper was very muddled and disjointed, as anyone in the military will tell you, and is based on a false and dubious premise—a premise that calls into question its very credibility. Take, for example, the complete lack of financial detail. In the 144-page document, there are only 1½ pages of vague budget estimates. There is a widely held belief in academia and even within the defence department that there has been a complete lack of transparency with regard to defence funding now and in the forward estimates. When the white paper was released, the Australian people were asked to be patient, to wait for budget night for the unveiling of the details of the defence budget. But the Rudd government has once again failed. The defence budget has retreated from transparency, accountability and reality, and we are still waiting for details of that defence budget.

In the 2009-10 budget there is a commitment to increase real defence spending by a maximum of three per cent annually out to 2018 and 2.2 per cent from 2017-18 to 2029-30. However, if you read a little more closely you notice that the numbers are not what they seem. Defence’s total funding of $26.6 billion in 2009-10 shows an increase of 14.9 per cent, largely because of the $1.4 billion commitment to support our forces in Afghanistan. However, the increase in 2010-11 is only 1.45 per cent, to $27.028 billion. After that, the funding level falls even further, to $27.001 billion in 2011-12 and $26.337 billion in 2012-13. The Labor government’s commitment to defence over the next few years is nothing more than what was originally planned, and less than the coalition government’s guaranteed minimum three per cent annual real growth. It is built on a premise that savings of $20 billion, nearly the same amount that was recklessly spent on Rudd’s cash splash, can be found internally, with the Department of Defence still required to fund an ambitious acquisition program. Not one new dollar is being spent. The $20 billion worth of savings over 10 years will be difficult for defence bureaucrats to find, if not impossible. Geoffrey Barker, from the Australian Financial Review, has stated:

This year’s Defence budget has retreated from transparency, accountability and reality with the speed of an Iraqi regiment fleeing into the desert. But here is the rub … nor is it possible to know how Defence will find $20 billion in savings over the decade through the strategic reform program. It was particularly galling given that last year’s Defence Portfolio Budget Statement promised that the White Paper would ‘include the fully costed Defence capability of the future and fully costed support functions informed by a long term cost model’. It didn’t—and neither has the budget.

Let me reiterate: what is astounding about this defence budget is that there is not one new dollar being spent. Against almost every new initiative the budget papers state:
The cost of this measure will be met from within the existing resourcing of the Department of Defence. Despite making lots of promises, the fact is that this funding growth for defence will actually be reduced in 2017-18, just when the huge costs of acquisitions kick in.

There are a number of specific defence budget items I would now like to address. In the past I have expressed serious concern that thousands of defence personnel and their families
are still missing out on basic medical and dental services promised as a part of Labor’s 2007 election commitment. Prior to the 2007 election, defence families were promised $33.1 million for the establishment of 12 defence family healthcare clinics to provide free health care for ADF dependants, spouses and children. Again this promise has been stripped back. Instead of allocating money to the establishment of these clinics, the Rudd government is again deceiving ADF families and personnel by announcing no new initiatives in this budget to assist with the provision of basic medical and dental service. In fact, the recent defence budget statements all but confirm that defence families will lose local support as services are centralised under the auspices of a national service delivery model.

The defence budget announcement to extend the trial of provision of basic medical and dental services to dependants of full-time ADF members is not a new budget initiative. We knew about that back in October 2008. The extended trial will again only provide $300 of dental care per dependant per annum and access to GP services. This broken promise and lack of foresight will see personnel at RAAF Williamtown, HMAS Albatross, RAAF Edinburgh, Elizabeth North in South Australia and RAAF Amberley missing out on this important health initiative. Why is it that in defence housing in Maitland, in the Minister for Defence’s own electorate of Hunter, the house with the family member posted to Singleton army base gets the package whilst the next-door neighbour with the family member posted to RAAF Williamtown does not? It is just another poorly thought out plan by Labor.

Superannuation benefits are also a key component of the total remuneration package for ADF personnel and are therefore critical to recruitment and retention of service men and women. There is considerable frustration within the defence community due to the lack of initiative shown by the Rudd Labor government in addressing ADF superannuation. The inaction of this government has failed Australian service men and women past and present, whose current superannuation arrangements are not in line with modern standards. The Rudd Labor government’s budget shows a clear hole with respect to any reform of super arrangements for ADF personnel. Labor has deprived thousands of ADF personnel who remain under lagging superannuation conditions by failing to act on findings published in the reports of the review into military superannuation arrangements, which have been out there for the last 18 months. This is despite lobbying by the coalition and numerous submissions from serving and returned ADF personnel. It is beyond belief that nothing was mentioned in the budget regarding this very important issue.

The coalition’s ADF gap year program is a highly effective recruitment tool for the ADF. What is more, the gap year has proven to be very popular amongst young Australians who are looking to experience what the ADF has to offer. In fact, demand has outstripped supply. I am, therefore, very concerned that the Labor government has decided to reduce the size of the gap year program. In its blind pursuit of savings, the government has reduced the number of available places from 700 to just 600. The coalition government’s policy has always been to increase the size of the program from the initial 700 to at least 1,000 available places. In light of the government’s continuing inability to address ADF members’ health and superannuation needs, it comes as no surprise that it has failed to comprehend the enormous benefit the gap year program has for the ADF and the wider Australian community. At a time when the Navy is unable to crew the existing six Collins class submarines—let alone the planned new 12
submarines—it is a true mystery as to why the Labor government will reduce the number of gap year participants.

In conclusion, the defence forces are finding it hard enough to recruit enough young people to their ranks, yet because of the Rudd government they will have to slash and burn to achieve the savings asked of them. Where will they find these savings? Reduce the workforce? Close bases around the country? These are questions that Mr Rudd and Mr Fitzgibbon are avoiding. In the typical smoke and mirrors style that we have become accustomed to with the Rudd government, there is no real detail as to how defence will secure the savings it has been asked to find—and that is simply unacceptable. This has all happened against the backdrop of a net debt of $188 billion and a forecast of one million unemployed.

The coalition is focused on recovery and growth. We do not think it is fair that families in the Paterson electorate and families across all of Australia are now paying the price for Labor’s reckless spending. We, the coalition, have a plan. Our plan is based on four key principles: protecting and creating jobs for all Australians, keeping debt as low as possible, targeting spending at jobs and economic infrastructure, and supporting private enterprise and small business, the drivers of economic growth. This plan will ensure that Australia remains the prosperous nation it has always been under a coalition government. It will ensure that no-one is left behind and that the Australian economy again becomes the envy of all nations around the world.

Mr BEVIS (Brisbane) (11.10 am)—I rise to support Appropriation Bill (No. 1) 2009-2010, the cognate bills and what I think is a fine budget that is genuinely in the national interest. This budget builds on the economic stimulus packages that we saw at the end of last year and earlier this year. Together, and importantly as part of this budget, they protect jobs for Australians now and into the future. They create necessary infrastructure which not only generates many of those jobs but also provides an important base for future growth—and that is an important aspect of this budget. It does help build future growth. It positions Australia so that when this global economic downturn ends we will be able to take advantage of the opportunities that are presented.

I am also very pleased that, in the sound traditions of Labor principles, this budget has also been able in difficult times to provide increased support to some of the most vulnerable in our community. In these difficult economic times, I think it is a great credit to the Prime Minister and the Treasurer that a very substantial increase in pensions was also announced as part of this budget. Millions of Australian pensioners—all pensioners: age pensioners, disability pensioners, carers, wife pensioners and veterans income support recipients—will see the single rate of the pension increase by up to $32.49 per week. That is a very significant increase in the pension.

Indeed, I noticed that in the normal lead-up to budget night, when oppositions typically set the benchmark higher than they think a government can jump, the opposition and minor parties in the Senate said that they wanted to see an increase of at least $30. Others said that they wanted to make sure it did not just go to age pensioners. The government met and exceeded what are the usually unrealistic benchmarks and hurdles that oppositions seek to set prior to budget night. Under this budget, couples will also receive an increase of $10.14 per week, and these increases will take effect from 20 September 2009.
These increases, taken together, ensure that the single rate of pension will become two-thirds of the combined couple rate—one of the recommendations of the Harmer review. Importantly for the future, it sets a new benchmark. In the past there has been an expectation and a benchmark set that the pension would reach 25 per cent of male total average weekly earnings. This budget increases that to 27.7 per cent and it will be maintained at that level. That is a very substantial real benefit to some of those Australians who struggle the most and in these difficult times deserve additional support.

I also want to highlight one aspect of the budget that I think is very timely—indeed, beyond time. It is a pity that many years ago we did not have governments in this land willing to commit to renewable energy in the way that this government has. The budget before us and the appropriation bills before us provide $1.6 billion to boost investment in solar power in this country. It simply astonishes most people that Australia is not the world leader in solar technology and the commercial application of that technology. That has been neglected for far, far too long. This budget allocation of $1.6 billion to invest in solar power will see up to four new solar generation plants created that together will generate electricity on a scale currently only provided by coal fired power stations. It will represent the generation of power from a renewable source three times the size of the world’s largest current operating solar energy project. We will, as a result of this investment by the Rudd Labor government and this budget, see Australia leapfrog the world not just as one of the premier providers of research in this field but in the implementation of that technology.

I know that much of the comment from those in the Liberal and National parties has focused on the debt. I want to spend a moment or two making some comments about the actual government debt. Most people in this parliament probably do not know, and therefore can be forgiven for not realising, that between World War II and the election of the Howard government there were only ever four surplus budgets delivered in this country by the federal government. There is a very useful table in the 1991-92 budget papers that sets out the outlays, revenue and balance for budgets from 1953-54 through until 1991-92. That tells us that all through those golden years of growth and prosperity of the 1950s and 1960s, those glorious days of Liberal Party hedonism with Robert Menzies as Prime Minister, not once did the Liberal Party produce a surplus budget.

I am not standing here criticising that, because the truth is the 1950s and 1960s were very prosperous times in this land and it was not essential for the Commonwealth to run surplus budgets. But the truth of the matter is they did not at any time through those golden years of growth in the postwar development period of the 1950s and 1960s ever return a surplus budget. The first surplus budget occurred in 1987-88, and it was the start of four surplus budgets in a row. The first surplus budgets post World War II in this country were delivered by the Hawke and then Keating Labor governments.

I recommend members look at the 1991-92 budget papers for the details. In 1988-89 the size of that surplus was $5.8 billion, and that is in 1988-89 figures. It was a very substantial surplus. A year later there was an $8 billion surplus. They were very significant surpluses. Indeed, the first surpluses the Commonwealth had returned since World War II were returned by a Labor government.

The government deficit projected in the current budget is, as a percentage of GDP, less than the government deficit in 2000-01 when John Howard was Prime Minister. Let us put the cur-
rent financial year government debt into proper perspective. We should compare it with what happened historically since World War II and more recently when John Howard was Prime Minister, when the member for Higgins was still the Treasurer and when a number of current members of parliament were already members of parliament.

Every single economist in the world, every government in the world and every national opposition in the world but the one here in Australia has recognised the importance of ensuring stimulus packages of the sort that the Commonwealth has embarked upon in its economic stimulus packages and in this budget. Were it not for that the Australian retail sales and employment figures we have seen over the last four months would be dramatically worse.

That said, clearly difficult decisions have had to be taken as part of this budgetary process. Nobody in politics, irrespective of their colour or brand, likes to take measures that they know will remove money from folk who currently have it. That is never a popular thing to do. But, if we are indeed to build for the future and see our way through these economically difficult times that have been pressed upon us from the global crisis, then there do have to be some changes, and I want to refer to two of those that have been mentioned by some of those opposite.

Firstly, with regard to the changes to the private health insurance rebate there are two huge myths that those opposite have sought to foster. The first is that people in the Labor Party have no interest in, support for or desire to see private health insurance develop or grow and the second is that the private health insurance rebate is critical to the take-up rate of health insurance. Let me address the first. I happen to have had private health insurance cover for my entire working life. I probably know a bit more about it than most people in this chamber because I think I am also the only person who has been on the board of directors of a health insurance company. I spent a decade on the board of directors of a health insurance company in Queensland. To suggest that people on my side of politics do not have an interest in health insurance is, frankly, offensive and wrong. It is not the case. I spent a decade on the board of a health insurance company in Queensland during the period when Malcolm Fraser was Prime Minister and when Labor governments were in office and I have seen different policies come and go.

One of the things I take an interest in is looking closely at the effects of those different policies. Let us go back to look at the effect of the 30 per cent rebate when it was introduced on 1 January 1999. What was the percentage of the population taking out private health insurance cover prior to the rebate being introduced and after it was introduced? If we go to September 1998, the quarter immediately before the rebate was introduced, the percentage of the Australian population taking out private health cover was 30.4 per cent. If we go to the March 1999 figure—that is, the quarter after the rebate was introduced—what did it stand at? It stood at 30.4 per cent. There was no change at all in the percentage of the population taking out private health insurance cover over the six-month period—from the beginning of the three months before the rebate came in to the end of the three months after. In fact, you can go back to six months before and forward to six months after and get the same result. There was no adjustment over that period. In fact, not only did it not move much in the six months after but you can go to the end of 1999 and even to the start of 2000 and find that there was virtually no adjustment even then.
At the time the rebate was introduced I made a speech in this parliament based on the fact that I had spent a lot of time engaged in private health insurance—10 years on the board. I said that I did not think the rebate was going to make any difference and that the problem was not the cost per se but the churn in the industry—people who take out private health cover for a short time, then leave, then come back, depending on how they see their family circumstances or whether they think they may need to make health insurance claims. The government, in trying to do something about the percentage of Australians with health cover, then hit on a mechanism that does make a difference—the lifetime health rating. If you have a look at the difference with respect to the lifetime health rating, you get a very different picture. If you fast-forward to July 2000, the period immediately before the lifetime rating came in, health insurance had risen to 32.2 per cent. So a year after the rebate had been introduced the total percentage of the population taking out cover had increased by less than two per cent. However, after the lifetime rating was introduced it jumped immediately to 45 per cent. The thing that made a difference in people taking out private health insurance cover was not the rebate; it was the Lifetime Health Cover.

Yes, some people who currently get the rebate will not get the rebate or will get a lower amount and that is politically difficult—a necessary decision in these difficult economic times. Is it likely to make a difference to the total number of Australians taking out health insurance cover? Not based on the introduction of it. Is it likely to make a difference to the scale they take out—that is, will they increase their excess or reduce the sorts of things for which they are covered? Quite possibly. Is it likely to mean that they will leave altogether? Very unlikely. It is, in the circumstances confronted by this government at this time, a very reasonable change. It is about time this debate had a little bit of that fact in it instead of the hyperbole that we hear from people opposite. We just heard the previous speaker, the member for Paterson, talking about the death of health insurance, the massive costs being imposed on people and what effect it is going to have on public health. It is an absolute nonsense and there is not a shred of evidence to support it. Indeed, all the evidence shows otherwise.

I am also aware that the decision that has been taken to increase the age at which Australians can access the age pension was also difficult and there will be some people who are now nearing retiring age—people who are 57, 56 or 55—who will have to wait, in some cases, for six months longer before they can access the age pension. I am aware that that is a difficult decision as well but I happen to think it is also one of those tough decisions that are necessary in the face of the evidence.

Currently, there are around five people of working age to support every single person aged 65 and over. That is going to halve—in fact, more than halve—to 2.4 people by 2047. We actually have to do something to address this problem. If you look back at when the retirement age of 65 was introduced, you will see a very different picture. When the male retiring age of 65 was introduced, the life expectancy of a male then was 11 years in retirement. At the time, around half the male population reached the retirement age. Today, over 85 per cent of the male population reaches retirement age and they can expect now to live a further 19 years, not 11 years. We cannot ignore those facts.

Indeed, those opposite did not ignore them. When the government announced this policy, what was the reaction of the shadow minister, Mr Abbott? The shadow minister actually said: ‘The Labor Party has stolen the Liberal Party’s policy. This is our idea, not the Labor Party’s
idea and, what is more, we think it should be done by 2015, not by 2023.’ That is what the shadow minister said when it was announced. Of course, since then, the Leader of the Opposition and those opposite have decided there was a bit of politics they can play with this and so they will come out and say that it is a terrible idea and we should not be doing it at all. Well, the truth is the Liberal Party knows it is the right policy; indeed, the shadow minister complained that we were pinching Liberal policy and not doing it fast enough. The idea is right; it is a change that the demography requires be undertaken. We think our more generous implementation time frame is better than that proposed by the Liberal Party. But the disingenuous comments from those opposite that the Labor Party and this government deserve to be criticised for having done it are really drawing a long bow.

It makes me think of the other things that have happened in this economic debate that has been going on since the global crisis affected this country. We have seen the situation where the Liberal and National parties say they support the new buildings that are being constructed in every primary school and yet they voted against it. The Liberal and National parties say they support the $950 back-to-school bonus Labor provided to families but they voted against that too. The Liberals and Nationals say they support the $900 tax bonus for working Australians but, yep, they voted against that as well. The Liberals and Nationals say they support the building of 803 new defence homes but they voted against that. They say they support 20,000 new social houses and they voted against that as well. The Liberals and Nationals say they support the $1,600 rebate for ceiling insulation but they voted against that too. The Liberals say they support the increase in the solar hot water rebate but they voted against that. Finally, although this is not an exhaustive list, the Liberals say they support the $950 cash bonus to farmers devastated by drought but—would you believe it?—they even voted against that as well.

It is about time the opposition were responsible in this economic debate. These are serious times for our nation confronted with a global economic crisis that is not the creation of anybody in this land, whether they be in government, in business or of any political background. It is time those opposite engaged in it seriously. By and large, I think the government have approached it on that basis. But, given that there has been the odd bit of political banter in this debate, far be it from me to miss the opportunity today to join in.

If you look at the decade just passed, the legacy of those opposite, the legacy of a decade of Howard government, was to leave the Australian people with a goods and services tax and Work Choices legislation. That is about the sum total of what will be remembered from that decade. Their idea of nation building was not new libraries, new assembly halls and investment that we are making in roads, rails and harbours; their idea of nation building was to put a flagpole in every school and to build the RG Menzies Memorial Walk on the other side of Lake Burley Griffin.

That is not nation building. Nation building is the sort of thing we are seeing in this budget and that we have seen in the announcements of the economic stimulus packages. The long list of suburbs and schools in my electorate that are benefiting at the moment from that investment is a testament to that. I have no doubt that the people in Brisbane are strongly supportive of the key initiatives in this budget, including services, infrastructure and other economic measures that the Rudd government are providing.

MAIN COMMITTEE
Dr JENSEN (Tangney) (11.30 am)—I rise to respond to Kevin Rudd’s re-election package, thinly disguised as the 2009-10 budget. At the outset I should say that, as a Western Australian, some of the infrastructure projects are good. It is just a shame that they were not part of the first stimulus package instead of the billions of taxpayers’ dollars that were thrown around like confetti, falling near and far and, from what my constituents are telling me, missing many of the supposed intended targets.

I remember prior to the 2007 election being told—as was every other Australian—that the then opposition leader had a plan for everything. As we soon found out after the election, with the so-called 2020 Summit, he had virtually no ideas at all beyond changing the industrial relations regime to reimpose the power of union bosses. Imagine what could have been done to help the now apparently unfashionable working families with the millions of dollars wasted on that PR photo op extravaganza.

The main problem that I have in addressing the budget is where to start. There are so many gaping holes, there is lack of consideration for the implications of measures and there is the sheer unconscionable debt burden for working families and individual Australians in the future. But we all know that the only future Kevin Rudd is interested in is in the short term: getting re-elected. Anything past that is irrelevant. Let me start with the changes to the taxation laws governing income earned outside Australia, outlined briefly on page 19 of Budget Paper No. 2. I have been inundated with calls and emails from concerned constituents which can be encapsulated in this email:

The Australian Government is proposing changes to section 23AG of the Income Tax Assessment Act 1936 which currently provides an income tax exemption for Australian residents’ foreign earnings derived from foreign service employment.

The Government believes these changes will recoup additional funds by increasing the personal income tax (PIT) payable by Australian workers employed overseas.

I believe the Government is missing the bigger picture, and that these proposed changes will overall have a negative effect on the Australian economy, with the resultant loss of incoming earnings and jobs, outweighing any return from the collection of PIT from those workers who may choose to continue in their overseas employment once their income is subject to full Australian PIT.

With full PIT for Australians working overseas, there is no incentive to remain working overseas. Some workers may choose to become non resident. Either way, the Australian economy misses out on these overseas earnings returning to Australia and being circulated into the economy.

The recent cash handouts from the Government were intended to inject funds into the Australian economy, hence it seems odd to now be considering policy that will cause a reduction in funds entering the Australian economy.

With rising unemployment, it is nonsensical to create a disincentive for Australians to seek work overseas.

On the contrary, the government should encourage overseas employment.

What better panacea for an ailing economy than to have Australians gaining employment overseas instead of taking jobs in Australia, and their subsequently returning home to invest their foreign income in the Australian economy?

Encouraging Australians to work overseas is a simple and very cost effective means of boosting the Australian economy.
It provides a net gain in available jobs and injects foreign sourced funds, thus providing a positive contribution to Australia’s economic recovery.

The email finishes by saying:

I ask that you vote against any changes to section 23AG of the Income Tax Assessment Act 1936, and instead, consider various means to encourage Australians to seek employment overseas, whilst remaining resident in Australia.

That says it all, in a nutshell. The government should be roundly condemned for proposing such a short-sighted move without considering the obvious consequences. But lack of understanding is a common thread throughout this budget. The government’s proposed changes to superannuation highlight the key changes of this budget: lashings of reckless spending, no proper planning or cost-benefit analyses and large helpings of 1950s style politics of envy. Superannuation is a prime example. My constituents who have contacted me on this issue are not multimillionaires spending the summer in Monte Carlo on their 40-metre yachts. These are men and women who have worked hard all of their lives, often living quite frugally so that they can put money by for their retirement.

Given the proposal in the Henry report to lift the preservation age to 67, the first thing the government clearly does not understand or appreciate is that superannuation funds are not public money. The Prime Minister should pay attention to the TV ad featuring a certain Scottish comedian. The final three words are ‘It’s your money’. I have a message from my constituents: ‘Hands off, Prime Minister! It’s our money and we’ve worked hard for it.’ It is another example of the lack of appreciation by the government for possible consequences. Where will be the incentive to put money into superannuation if the government is going to deny access to it? Today it is 67; tomorrow who knows—70, 75, 80? This of course was after the Labor spokesman said in April 2006 that Labor would maintain the existing ages for access to superannuation. Prime Minister, superannuants have already taken a battering from the global financial crisis, and now this. It is disgraceful.

The bank guarantee was another knee-jerk, superficially clever stunt that has backfired on many Australians. I have a constituent whose husband suddenly died recently. She wanted to take his ashes back to England, to their previous home town. The financial organisation that controlled their pension initially said she could have access to a small amount and then refused access to any money. It took a phone call from me, quoting ASIC regulations on this, before the company acquiesced and gave her a reasonable amount of her money.

As with its state counterparts, this Labor government has no concept about the creation of wealth—that it is not done by government but by business. And yet, the government does nothing to help business; in fact, it only makes things more difficult. It is only the opposition that have policies to help business—especially small business—through this difficult economic period. We are proposing tax loss carryback and fairer rules for companies in temporary difficulties. In addition, we are proposing minimising red tape and better targeting training programs. And what is the government proposing? Tax breaks, which many businesses will not be eligible for; increased fees; reviving a helpline for businesses, which Labor axed last year; and an online initiative somewhat hampered by the continuing non-availability of broadband to so many Australians. And speaking of broadband, what a disaster that is; a $43 billion proposal with no business plan. That amount of money would pay for more than four Snowy Mountain schemes today.
A popular cliche in politics is ‘the devil is in the detail’. The government have cunningly avoided this criticism with the simple tactic of not having any details. They want to be taken on trust. After 18 months of PR snow jobs, motherhood statements and broken promises, who in their right mind would take this government on trust on anything? This government could not manage a lemonade stand let alone a multibillion dollar budget. Where are the new broadband services promised by 2008? Where is the approximately $20 million spent by this incompetent government on a flawed tender process which ultimately collapsed—gone, wasted, blown? And my constituents cop a further hit with the closure of the Perth ACMA office at a time when it needs more resources to identify television black spots with the change from analog to digital.

I have also been getting many complaints from constituents about another prime ministerial popularity stunt—the $900 stimulus payment. One man drew money down from his superannuation to pay his mortgage off and he said that was used as the reason to reduce his payment to $250. A lady who was recently separated said she did not receive the payment because she was not working and therefore did not pay tax in the 2007-08 period, but she is now in quite straitened circumstances. She did not get the $900. Another constituent rang and said she works in a very low-paid job part time. Because she got all her tax back, she did not qualify for the $900 payment. Compare these genuine cases to the reports of money being paid in all sorts of unsuitable ways—money going overseas to deceased estates, in the casino et cetera. Once again, it was a rash decision, appallingly badly implemented, which will mainly result in just a larger debt burden. Everyone who did get any payment should think a while on the debt burden that payment represents. It is a bit like taking blood from your left arm, putting it back in your right arm but spilling 90 per cent on the floor.

Further highlighting its gross incompetence, the government has had to make several embarrassing backdowns. A constituent of mine is a gifted young musician. She was devastated at the decision of the arts minister to stop funding the Australian National Academy of Music. After representations from many people, including me, that ridiculous decision was reversed. Then there was the proposal to limit the eligibility of superannuitants to have access to a Commonwealth seniors health card, which I spoke about in this House recently. This was a measure that was kept strangely hidden during the 2007 ‘I have a plan’ campaign and only surreptitiously brought out afterwards. Thankfully, due to overwhelming pressure brought by many members and individuals, including the 3,000 signatures for a campaign against this measure which I brought to Canberra, we saw this iniquitous proposal shelved. Of course, the question still remains: is this proposal truly dead or has it just been put in the bottom drawer for another time?

This government claims to be so concerned about global warming that it is spending millions of taxpayers’ dollars on insulation batts. However, when questioned by the shadow Treasurer recently, the Treasurer could not say where these would be manufactured—presumably more taxpayers’ dollars taking an overseas holiday, just like the Prime Minister and much of the other stimulus payments. However, despite this alleged support for alternative energy and energy saving, the government keeps tampering with the successful Howard government $8,000 solar rebate. First the environment minister placed a means test on the rebate. Then he attempted to fix up this mess by putting in place another scheme, which will still not deliver the benefits that the coalition government’s program did. Now I understand
that the minister is set to introduce yet another scheme, which still will not be as good as ours was, which means that not just working families but also businesses and industry are hit hard. It is more lack of thought and understanding by this shambolic government. Too bad the minister did not burn a bit of midnight oil thinking this through properly instead of subjecting the Australian people to such a farcical scramble from one disaster to another. There seems to be a disturbing similarity between his choreography of the past and his policies of the present.

Much was made by the government of its education revolution. We have already seen what a roaring success the computer on every desk promise of the education minister was! From day one it has had problems—from backdowns to questions as to who will pay for the necessary and utterly unforeseeable infrastructure needed to support such an increase in computers. ‘Gosh, we didn’t think of that’ example No. 612.

There was also the Whitlam-esque funding for school infrastructure. Anyone who has been following politics over the last few years knows that the state Labor governments have wasted the boom and let essential infrastructure decline to a poor condition. This includes the problem of maintenance for schools which the new Liberal-National government in Western Australia is facing, just as was the case in 1993. Here is a classic example of Labor scrapping an effective coalition program—Investing in Our Schools—out of pure political spite, then having to replace it with another funding regime because schools still needed proper funding. So, instead of the highly successful and smoothly-running coalition system, we have this new program which is offering schools money but not giving them enough time to decide how best to spend it. Some only had a few weeks—totally insufficient when considering the amounts of taxpayers’ money involved. Still, when your government does not give that proper consideration and thought to detail necessary before spending $43 billion, why should you, as a principal, hesitate for even a heartbeat before splurging your grant? The answer, Prime Minister, is that school principals actually care about their schools. They do not just see them as a vehicle for self-aggrandisement. They use the funding as best they can, but of course the ‘Rudd Election Express’ stops for no one.

There are numerous other areas which would have been better uses of the so-called stimulus funding than untargeted cheques—222 unfunded childcare centres; no new funding to protect women and children from domestic violence, merely a rebadging of the highly successful Howard government program; and cuts of seven per cent to the Australian Crime Commission’s budget, to name but a few. One cut which will have terrible ramifications is the $58.1 million cut to the Customs budget. The shadow minister for justice and customs outlined recently the increased possessional use of cocaine, which has risen nearly 60 per cent in New South Wales during the past year. These budget cuts will probably put Australians at risk from an increase in criminal activity in illicit drug supply.

The implications of drug abuse has actually been an area of interest to me, especially since meeting Dr George O’Neill. As I have mentioned in this House before, Dr O’Neill runs a marvellous program treating drug addicts for both legal and illegal drugs with Naltrexone. It negates the effects of the drugs, making it a waste of time and money for his patients to buy and use more drugs. Dr O’Neill has been granted funding from the WA state government but needs assistance from the federal government in two ways. One is funding especially to help those addicts who come all the way from the east coast to be treated as they have heard how successful the treatment is. Secondly, he needs the Therapeutic Goods Administration to ap-
prove the treatment, as at the moment he is operating under a special licence which is causing some problems. The extra funding would be good and would make a huge difference to the lives of addicts, as the existing funding has already. However, the TGA approval is the most important thing. The government should look at why it is taking such a long time. Dr O’Neill’s patients would benefit so greatly from this approval, and the length of time taken for the approval is of great concern to us.

Another group which needs a continuation of the funding provided under the previous government is the Disabled Workers Union, which I have referred to before in this House. This incredibly successful organisation, run on a shoestring, helps many disabled people, including quite a few from my electorate. But is the government willing to help the most vulnerable, deserving and needing members of our community? No, the government is using a ridiculous, bureaucratic excuse to sound the death knell of this excellent service. This shows how empty the government’s words are about helping those in need. How many millions does the union need? Not even $1 million. All it is asking for is $60,000 a year—a drop in the ocean in budgetary terms. It equates to about one $900 stimulus cheque in each Labor electorate.

All in all, this budget reeks of desperation, a lack of imagination and understanding of finance, employment and people, and a party looking for the easy, short-term way out instead of thinking about the long-term welfare of the country. Ironically, for a party forcing people to work until they are 67, there was a certain 67-year-old whom the Prime Minister characterised as ‘too old’, ‘past it’ and ‘should be replaced with new blood’. But many are fed up with the incompetent and inexperienced new blood and long for the stability and good governance of the coalition. I have lost count of the number of people who have said to me or my staff, ‘I wish we had you lot back in charge.’

Ms RISHWORTH (Kingston) (11.50 am)—I rise today to support Appropriation Bill (No. 1) 2009-2010 and cognate bills—that is, the budget for 2009-10. This budget represents a commitment by this government to build Australia and to make it stronger for the future—to really build this nation for recovery from the current economic climate. The budget is a testament to this Treasurer’s foresight, vision and values, and I commend him for his hard work. The budget he has delivered is a true Labor budget: it is a budget that supports jobs and small business, it is an education budget and it is a budget that invests in the infrastructure we need for the future prosperity of our families and the nation.

Australians are currently living through the worst global recession since the Great Depression. This recession is being felt across the world. Unemployment rates in Europe and the US are increasing and Japan is experiencing record levels of negative growth. Ninety million more people are now living in extreme poverty, most of them in South-East and west Asia. The global recession has seen our major trading partners’ economies contract by two per cent, a worse outcome than during the Asian financial crisis of the late 1990s, particularly as eight of our top 10 trading partners are projecting contractions in growth in 2009. It is simple: for the first time since World War II, the global economy is expected to contract. This accumulation of global economic forces has wiped $210 billion from the projected government revenue. This is a fact and this is reality. If the opposition get up and talk about debt and deficit, they need to recognise—which they still seem to refuse to do—that this is a significant issue that needs to be grappled with by the government. The Rudd government has grappled with this problem in this budget.
Tough decisions have had to be made in the form of savings measures and the reassessment of priorities. In this budget, we have also had to take on debt to meet the huge revenue shortfall. Everyone has been asked to do their bit to help find savings to make the government’s budget position more sustainable. This is the point I would like to make. The previous speaker, the member for Tangney, talked about ‘long term’. Well, there is nothing more long term and sustainable than the measures that are outlined in this budget. It is incumbent upon those who have done well and can afford to contribute more to do so. That is why the government has created a better targeted pension system, reformed the superannuation tax laws, applied means testing to private health insurance and made reforms to family payments. These are significant structural savings that are pivotal to ensuring that these programs are sustainable over the long term.

Unfortunately, these savings are not enough in the current economic circumstances to offset the collapse in the government’s revenues. And given that more than two-thirds of our borrowing is a result of the global recession, it is important to put this in perspective. Firstly, Treasury predictions show that the budget deficit is not permanent. There is a clear plan to return the budget to surplus, and the Treasurer outlined this on budget night. Secondly, our borrowing is dwarfed by the levels of debt being taken on by other governments across the world. Australia’s debt is expected to peak at 13.8 per cent of GDP in 2013, which is drastically lower than the 81 per cent of GDP average projected for the advanced economies around the world.

Yet these plain-as-day facts do not stop the opposition continuing to be opportunistic about their short-term political interest, putting that well before the national interest. The opposition have to take responsibility for running a dishonest scare campaign on government debt. When they are put under pressure, they have to admit that they would also have to borrow to make up for the government revenue problem. They talk about debt, but they never mention whether, to fix this tax revenue problem, they would increase taxes or whether they would cut services or whether they would stop investing in infrastructure. Would they just allow the global recession to take its path through the Australian economy and not cushion average people from the worst effects of this crisis? They do not talk about which infrastructure projects they would cut—and I will get to some of the important infrastructure projects in my electorate soon. I am calling on the opposition to be honest with the Australian people. If they want to talk about debt and the Labor government’s debt, well, let us talk about their debt. What would their debt be? What would they cut? What would they increase? Or would they just have the same level of debt as this Labor government? They need to be straight up with the Australian people, to be honest with them and to tell them exactly what they would do, if they wish to continue to run this scare campaign.

People in my electorate of Kingston have welcomed the $1.5 billion for the jobs and training compact. This will ensure that young Australians, retrenched workers and local communities do not suffer any lagged effects of the global recession. They are at the centre of Australia’s economic recovery. One key component of this is the $277 million that the government will spend to make sure that every young person under the age of 25 who wishes to upskill will be able to undertake some sort of training. There will also be an extra $41.60 per fortnight to support new job seekers undertaking approved training. In economic downturns there is a real risk that those who lose their jobs then join the unemployment lines permanently. To
make sure that such a tragedy does not occur in this recovery, the government is committed to
this compact with retrenched workers which provides immediate assistance to those who have
become unemployed, many not as result of their own devices. Key measures that form part of
this compact are an increase in the liquid assets test threshold for Centrelink support, which
strengthens the safety net for everybody, and an additional 10,000 training places through the
Productivity Places Program, taking the total number of training places to around 700,000.
These measures show that this budget puts jobs at the top of the government’s priority list.
Meaningful, decent and fair work for all is a key Labor value, and I am proud to support a
budget that so unambiguously makes jobs its focus.

I am also particularly proud to be a member of the government that will finally introduce
paid parental leave. The implementation of a paid parental leave scheme from 1 January 2011
is an extremely important step in improving both child and maternal health and in guarantee-
ing the rights of women in the workplace. Since 1952 the International Labour Organisation
has recognised the importance of paid maternity leave, and the Maternity Protection Conven-
tion was revised only nine years ago, but Australia continued to refuse to accept the benefits
of maternity leave. This budget repudiates that previous recalcitrance and allows families to
plan their careers and domestic lives in balance. The scheme is a $731 million investment in
better, more productive workplaces and its announcement was an excellent way for this gov-
ernment to have celebrated Mother’s Day this year.

As I said at the outset, jobs today and jobs tomorrow are what this budget is all about. This
means more support for job seekers, but it also means an investment in the fundamentals of
our economy—our infrastructure and the knowledge and skills of our citizens. I want to talk a
bit about infrastructure because it is a key measure of this budget. This is all about nation
building. The infrastructure spending in this budget sets two vital policy objectives. It pro-
vides much-needed economic stimulus today, generating and supporting jobs in construction
and services. It also ensures that we do not suffer the difficulty of capacity constraints on our
growth in the future. The government is investing a significant amount of money in this
budget to improve Australia’s transport, energy, education and health infrastructure. This
money is being spent in the national interest. This is about money going into local communi-
ties to support local jobs but also to set those communities up for economic prosperity in the
future.

In this budget, the Rudd Labor government is investing almost $380 million in South Aus-
tralia’s road and rail infrastructure—an investment that will support local jobs and local busi-
nesses during the current global recession. Key projects that are welcomed in my electorate of
Kingston include the Victor Harbour Road and Main South Road intersection upgrade. Some
money was put in the previous budget for some planning, and the final $3.5 million from the
federal government is in this budget to ensure that construction is completed by 2010. This is
a very important intersection because not only is it used by my electors in Kingston but also it
is used by many people from around the country who like to holiday on the Fleurieu Penin-
sula. They are frustrated that there is congestion at this intersection, and certainly I have re-
ceived a lot of positive feedback about the plans for the intersection.

On top of the additional money for upgrading poorly designed and congested intersections
in the state’s road network, this budget also provides for a range of initiatives designed to im-
prove road safety. Particularly in my electorate it includes funding for upgrades of Wickham
Hill Road at McLaren Flat, and Meadows Road at Wilunga. This has been welcomed by the electors in Kingston. Certainly there has been a lot of worry about the condition of both these roads. Families are concerned about the danger of travelling on these roads, and I am very pleased that in this budget we will go some way towards improving them.

This funding comes in addition to the Roads to Recovery funding that has been provided in my electorate—as it has been in electorates all around the country—to the City of Onkaparinga and the Marion City Council, which exceeds $2.3 million. These funds will assist these councils with the maintenance and upgrade of roads right across the state. Jobs generated by this activity, in tandem, will increase the capacity for better roads to be delivered to the people of South Australia. Certainly people in my electorate, once again, have welcomed this infrastructure.

These better roads have been coupled with funding delivered through the Marion and City of Onkaparinga councils to invest in community infrastructure. Only on the weekend I was approached by a local community member who said to me, ‘Look, we are so thankful for this infrastructure money.’ This infrastructure money has meant that certain things in the older suburbs in my electorate that had been missed by the council, that had not been done, are now being done. These include footpaths, modernising the local community centres and ensuring that parks are kept up to date and there is basic infrastructure. Under the government’s Better Regions Program, this budget also provides $2 million to the local council for the development of the Aldinga recreation centre. This has been identified by the council as a priority. I have noticed, moving around the area of Aldinga, that this is incredibly important.

I would like to also speak about one of the most important infrastructure spends in my electorate, and that is the rail extension from Noarlunga to Seaford. The corridor for this rail extension has existed for 30 years, and governments over the last 30 years, and members over the last 30 years, continued to promise that they would fund this extension. However, it has taken the Rudd Labor government in this nation-building budget to actually fund this rail extension—$291 million has been made available. This is something that was overwhelmingly supported by the council, by local residents and by the state government. I am very pleased that we have delivered this commitment, starting in 2010, supporting local jobs, and being completed by 2013. We have seen a lot of discussion from the opposition about whether they will support the infrastructure spend or they won’t. We see that in their own electorates they do support the infrastructure spend, but when they come to Canberra they do not. I challenge the Leader of the Opposition to come and tell the residents of Seaford whether or not he has listened to them and will support their rail service. My understanding is that the Leader of the Opposition has said everything is up for review—all of these infrastructure projects are up for review. If they are up for review, the residents in my electorate will not accept that. They want action.

Finally, the infrastructure spending in this budget will impact the lives of all southern Adelaide residents by investing more money in the desalination plant at Port Stanvac in my electorate. This is a commitment to secure water for South Australia. Adelaide’s water security has been under threat from drought, and the investment in this desalination plant will go a long way to alleviating that. I visited the plant with the Prime Minister and we could see that this is a shovel-ready project where work is already happening on the ground. It is employing local businesses and supporting local employment, which is very important. It is a very good
example of supporting jobs today but providing infrastructure for the long term. This investment in desalination comes in addition to the federal government’s investment in stormwater projects, water recycling projects and water buybacks as part of the Murray-Darling scheme. This government certainly has invested a lot in water infrastructure, and I am very pleased to be part of it.

The Building the Education Revolution program is another hallmark of the budget. The budget shows the government’s commitment through investment in a world-class system that introduces key elements of the proposed education revolution. Funding through this budget builds on an investment in early childhood education, school education and vocational education, as well as incorporating the government’s response to the Bradley review of higher education. A lot of people have welcomed these changes because the knowledge and skills of our citizens will aid us in the recovery from this global recession.

Another hallmark of this budget which some opposition members are against and some are in favour of is pension reform. This was a very difficult reform but has delivered to the people who need it most. Like many members, I know that retired Australians really do need help. Single age pensioners have been doing it very tough. It was important that the government responded in this budget to the Harmer pension review and increased the single full age pension rate by $32.49 a week, which is a significant increase that has been rightly welcomed by the community. This complements a more flexible and simple pension system that combines the pension supplement and allowances to create a more streamlined, simpler pension supplement. The increase to the couples pension has also been welcomed by many people. The budget also provides for the indexation of the pension in a more sensible way. That is why the government is developing a new price index that is designed to consider the price of goods that pensioners typically purchase. This will mean that the index of the pension is better calibrated and considered against the actual living experiences of pensioners.

These measures are all good news for pensioners, but, as I said at the outset of my speech, this budget also includes some tough decisions that need to be made to ensure the sustainability in the long term of the pension system. One such decision is the increase in the eligibility age for the pension. There will be a gradual increase in the eligibility age from 65 to 67. We have to acknowledge that the eligibility age for the pension has not changed since the first Fisher government in 1909. Since we have seen life expectancies increase by more than 20 years, this is an issue that the government has had the guts to tackle. I think that that is really important. We have allowed sufficient time for it to be phased in so that people can be prepared.

In conclusion, this budget represents a road map. It represents a clear vision for a fairer, more productive and more prosperous Australia as we recover from the global financial crisis and the global recession. It sets us up for the future. (Time expired)

Mr SECKER (Barker) (12.10 pm)—It is very interesting to look at the history of this country since Federation in 1901 till 1991. In that time we had two world wars, the Great Depression—and that was far worse than what we are going through here—other skirmishes abroad and we had to build our national capital, including this building we are in now. In those 90 years we as a nation accumulated just $16 billion worth of debt. From 1991 to 1996 we repeated every year something that had taken us 90 years to do and we went from $16 billion to $96 billion of debt, which of course this country had to repay.
We on this side of the parliament know how hard it is to pay off debt. Do we really believe that Labor will repay the $220 billion net debt in the seven years leading up to 2022 at about $30 billion a year, or two per cent of GDP? That has been done only three times in the last 40 years at two per cent of GDP: under Liberal governments in 1970, 1971 and 2000. Did we ever see Whitlam repaying debt? No. Did we ever see Hawke repaying debt? No. Did we ever see Keating repaying debt? No. Of course, Labor have form on creating debt and never repaying it.

Earlier this week I heard the member for Canberra tell the House that her speech this year on the budget was significantly different to the one she made last year. It is no wonder that is so. In one year we have gone from every man, woman and child in Australia having over $2,000 of credit to every man, woman and child having net projected debt of $10,000. It is not surprising the member for Canberra could see a difference. Unfortunately, that is not so for me. Apart from the difference in the debt level, as a representative of a large rural and regional electorate, my first impression of the Rudd government’s second budget was that of deja vu.

Twelve months ago in this place I remarked that it had not taken Labor long since the election to show their attitude of ideological indifference and callousness to the needs of rural and regional Australians, especially to those in the electorate of Barker. This budget is the same old Labor with the same old disregard for the rural sector. Rural and regional communities across Australia are diverse. There are great differences even within my own electorate—the size of the towns, the demographics, the wealth and the environment. What they have in common is a small population spread across a vast area.

Constituents in my electorate are concerned with agriculture as well as other industries. The seat of Barker produces nearly half of Australia’s wine—the best half—and has heavy agricultural industry in the traditional areas of beef cattle, dairy cattle, sheep, horticulture, cropping and forestry, which also cover a very large growing area in the electorate. We certainly are very much the food bowl of South Australia, if not Australia; therefore, what the budget offers for rural and regional Australians in not only agriculture but also water and transport is very important to my constituents in Barker. As with last year’s budget, this budget offers them little. In fact, this a horror budget for the agriculture sector and for the thousands of people who are employed in the agriculture, fisheries and forestry industries.

The Rudd government’s second budget is not only plunging the nation into $220 billion of accumulated deficit but also compromising our farmers’ ability to feed and clothe the nation. The lower south-east of my electorate took a hit earlier this year when the exceptional circumstances declaration was abolished, notwithstanding that the drought was not over for it. For the Riverland, in the north of my electorate, the drought goes on. Riverland residents continue to do it tough with the reduced water allocations, the drought and the economic downturn. Despite the Riverland continuing to be exceptional circumstances declared until 31 March next year on the basis that circumstances warranting the initial declaration have continued—in fact, even worsened—a number of the support measures available under that declaration are due to cease at the end of next month.

The measures that have been discontinued are the exceptional circumstances exit grant and the small business drought assistance grant. The Riverland people have a proud history of overcoming adversity. However, with the resilience and optimism so necessary in the past to
keep going, many growers and small business operators who believed themselves to be financially capable of continuing in business before 30 June 2009 will instead find themselves in more dire financial circumstances. It simply does not make sense to abolish drought support after July 2010 when the drought in South Australia is now entering its seventh year and when there are record low inflows and water allocations in the Murray-Darling Basin. Cutting support measures while a region is still exceptional circumstances declared is another Rudd government hit at the bush.

Funding for the Department of Agriculture, Fisheries and Forestry has been slashed by $908 million. There will be 312 staff dismissed from Land and Water Australia, as it has been abolished, and another $12 million will be taken from the Rural Industries Research and Development Corporation. Not satisfied with cutting the agriculture research budget, Labor has also taken the hatchet to the quarantine budget. Cutting the agriculture research budget is unforgivable, but cutting the quarantine budget is criminal—and the legacy will be a diseased, debt-riddled nation. Just one incursion of foot-and-mouth disease could cost up to $13 billion a year and would result in the slaughter of potentially millions of animals, crippling our economy and devastating regional Australia. The decision by the Rudd government to cut funding has placed at risk our trade markets in agricultural produce, seafood and timber products, worth more than $30 billion each year, much of which comes from my electorate. Not content with cutting its contribution to our quarantine and biosecurity program, the Rudd Labor government is also raising taxes and user charges on exporters, who have no choice but to use AQIS services, by up to 1,352 per cent—destroying jobs and export income.

At the last election, Labor committed to expanding the role of the area consultative committees, re-branding them as Regional Development Australia. It was the ACCs who ensured that input was provided to governments on key regional development issues and priorities. They promoted secure, sustainable long-term jobs in the regions; they promoted investment and regional prosperity; and they raised awareness of programs and services available to regional communities. I guess it follows that you do not give a hoot about rural and regional Australia when you are not interested in facilitating development for that sector. By closing the ACC network and absorbing it into state government agencies, the Rudd Labor government have absolved themselves of any concern or specific responsibility for regional development. On the one hand the Labor government were assuring the ACC networks of their future by asking them to engage their communities and to develop work plans and regional strategies, but on the other hand they were preparing for the elimination of those area consultative committees.

The Rudd Labor government has already closed most of the state based offices of the Department of Infrastructure, Transport, Regional Development and Local Government. But, in a clear snub to regional Australia, the government has established a new Better Cities unit in Sydney. Labor promised to offer a Better Regions funding program to support community, economic and environmental projects. However, the program was never opened to receive applications; instead, the government used the program to fund commitments made by Labor candidates only in electorates it targeted at the 2007 election.

If it is a location the minister is after for a Better Regions unit, I would like to put forward a number of sites in my electorate: Mount Gambier, Murray Bridge and Renmark, in the Riverland, or the Barossa Valley. I am happy to support a Better Regions unit anywhere but, of
course, we no longer have one. Labor promised to retain and enhance the Regional Partnerships and Sustainable Regions programs; however, the Rudd Labor government abolished them and even cancelled grants for projects that had been approved for funding by the former government. I find it incredible that in a budget that predicts that one million Australians will lose their jobs and saddles every man, woman and child with a $10,000 debt, the Rudd Labor government has failed to establish a regional development program that supports economic and social opportunities that create jobs in local communities.

In addition, Labor have chosen to move millions of dollars of funding away from roads and rail into urban public transport projects. The Regional Strategic Roads Program is to be abolished and the money made available to the cities. Rural research funding has been cut and, as I said earlier, drought aid is to end. The Rudd Labor government’s demolition of their own regional development policy is another demonstration that the Rudd Labor government are not interested in regional Australia. Indeed, Labor have made it eminently clear that the regions are not even a concern for them, but it is rural and regional Australians who will pay the price for Labor’s economic mismanagement.

Of late, we cannot open a newspaper anywhere in Australia without encountering a photograph of the Prime Minister in a hard hat and fluoro vest, turning a sod on a building site or gazing benevolently over the future site of a city rail development. Mind you, he is carefully avoiding the places where projects are stalled indefinitely, and we certainly have not seen him anywhere in my electorate. Labor’s much boasted about infrastructure spending has turned out to be a squeak rather than a roar. Of the only $8.4 billion of new projects funded over the next four years from the former government’s surpluses, most will be spent on transport projects in capital cities and most of this has come from money set aside by the Howard government in its Future Fund. More than $1 billion is directed to metropolitan railways, none of which comes anywhere near the Barker electorate. It is even funding the O-Bahn extension in Adelaide against the recommendation of its own Infrastructure Australia, no doubt to help the Labor member in the seat of Makin. All the infrastructure announcements in South Australia are to help marginal Labor seats in Adelaide.

Instead of trying to reinvent the wheel with Infrastructure Australia and making financial promises that they could not keep, Rudd Labor should have stuck with the comprehensive forward plan developed by the coalition under the AusLink National Transport Plan. Even that they are going to change. They do not like the use of the moniker ‘AusLink’ because it was a successful program under the Howard government and they are going to get rid of it. The result is that rail and road spending will go backwards next financial year, not forwards. When the worst of the recession begins to impact on Australia in the coming months, Labor will be spending less to keep road and rail builders employed.

Both the Prime Minister and the infrastructure minister have repeatedly said that the infrastructure spending is as much about economic stimulus as it is about creating projects of lasting value. Tellingly, Labor plans to spend less in the next six years than the coalition committed to spend over the next five under AusLink. It comes as no surprise that these projects are city centric. Electrifying the Gawler railway is probably going to help the member for Wakefield; extending the O-Bahn against the recommendation of Infrastructure Australia is supposedly going to help the member for Makin; and the Noarlunga railway lines are good news for the residents of those metropolitan Labor-held electorates but they are not going to do much
for any other electorates in Australia. If, instead of promoting the idea of electrifying the railway down south, they had committed to expanding the Southern Expressway, which goes through the seat of Kingston and is very useful for areas south of that in other electorates, it would have had my support. Presently, we have a one-way expressway which changes direction twice a day and of course on weekends it actually changes around the other way. It is a bit of a shemozzle, so that would have been of a higher priority than any of the other projects.

Less than 48 hours after the Rudd government brought down this budget, I spoke in this place on the grossly unfair treatment of our young students seeking a tertiary education. Changes to the criteria for youth allowance independence of the parental income test will directly impact on rural and regional students who, despite the disadvantages of distance, unreliable broadband and ongoing drought, achieve great year 12 results and a high TER and are offered places at university. Labor has seen fit to abolish the criteria which enabled these students to work part time to fund their own education, to contribute to the enormous cost of moving up to 450 kilometres to Adelaide and paying for board and lodging and the occasional trip home. By doing so, Labor has just made it much harder for many students to attend uni. These students have the ability and the motivation to undertake tertiary studies; they are the professionals of the future and this government should be paving the way for them to continue the academic success they achieve at school.

Universities would generally grant rural and regional students a gap year to enable them to work to fund the high costs associated with moving and studying hundreds of kilometres away. These students do not have the convenience of an 80c bus ride to university in the morning and back home for tea with mum and dad, as city students do. They rely on a gap year to earn money to qualify for the youth allowance as independents. They are not wealthy by any stretch of the imagination. There is no way that youth allowance alone will fund that accommodation and transport. Parents will still have to find a lot more to enable their students to travel and live in the city. Youth allowance helped, and now these students are being denied the one opportunity they had to gain tertiary qualifications. And that is an absolute disgrace in the treatment of country students in this country.

Ms Hall—Mr Deputy Speaker, I wish to intervene.

The DEPUTY SPEAKER (Mr AJ Schultz)—Order! Is the member for Barker willing to give way?

Mr SECKER—No. Telling a rural and regional student they have to work full time for two years before they can receive youth allowance is akin to denying them a university education. Universities will rarely defer for two years. For many, part-time work in fast food, the local garage or even the pub is all that is available in the remote or rural centre in which they live—if they can get it. Linking the relocation scholarship to receipt of youth allowance is a double whammy for students whose goal is to attend university in the city. Labor has removed the Howard government scholarships of $5,500 per annum, which were administered by the universities, and replaced it with a lesser, means tested student allowance administered by Centrelink. Of course, it was the former Minister for Education, Science and Training, who is beside me, who brought those scholarships in.

It is bad enough that Labor sees fit to abolish funding to the regions; it is utterly criminal that they now deny our students the income support they need to study. Regions have not been totally forgotten by Labor. Indeed, Labor has done something big for the resilient people of
our great electorate. It has imposed on each and every one of them a huge debt of $220 billion that will take years to repay. Even by the most promising and generous suggestions that it will be paid off by 2022—and I do not believe that would happen under this government—under the pretext that we are going to get four or 4½ per cent growth for seven years and we are going to repay a government debt at the rate of two per cent or more of GDP for more than seven years in a row, I do not think so. All Australians, including the rural and regional people of my electorate, are paying the price of Labor’s ill-directed, reckless spending. This is a government that has recklessly spent in a way that has no precedent in our history and has imposed a stupendous level of debt on a nation that 18 months ago was completely free of debt for the first time since Federation. This is a government with all its priorities wrong.

Mr SULLIVAN (Longman) (12.29 pm)—In rising to support the Appropriation Bill (No. 1) 2009-2010 and cognate bills, allow me to quote the words of William Shakespeare from the play Julius Caesar:

There is a tide in the affairs of men,
Which taken at the flood leads on to fortune;
Omitted, all the voyage of their life
Is bound in shallows and in miseries.

The 2009-10 budget, delivered by Treasurer Wayne Swan a little over two weeks ago, is a budget for its time. In part it forms the third element of the government’s ongoing response to the global financial crisis, the effects of which began to be felt here last October. There can be no argument that these are indeed economic circumstances unprecedented in scale since the Great Depression. This is a budget which takes on the global recession head on. Members opposite would have us do nothing but sit patiently and wait while the recession ravages our country and our people. That appears to be their preferred strategy—or at least it appears to be their preferred strategy except when they are announcing intervention projects in their own electorates.

We all know what a success that approach was in the thirties. Our country and our people were, as Shakespeare said, ‘bound in shallows and in miseries’ for too many years. This time our government is determined to avoid those mistakes and those consequences. Members opposite should talk to Australians who as children remember the Great Depression or, if they are too young to have experienced it, whose parents instilled in them the perils a depression contains. There is nothing uplifting about living in tents; there is nothing dignified about the susso queues; there is nothing commendable about forced family separations; there is nothing splendid about scrounging for food, clothing and shoes. Yet this is the fate the coalition would wish upon the very people who expect them to act in their interests—the people of Australia.

Throughout the world, country after country have adopted the Australian strategy of stimulus packages that have and will boost the economy not only immediately but also in the short term, the mid term and the long term. The longer they have delayed, the bigger their packages have had to be. As early as July last year there were calls from long-time US political strategist Brent Budowsky for an emergency stimulus package in that country. It should be, he said, ‘no smaller than $100 billion and no later than 1 August or the economic crisis will worsen’. As it turned out, on 19 February this year, 6½ months later, President Obama signed a US$787 billion stimulus package into law in circumstances that were described as ‘racing to
reverse the country’s economic spiral’. It is a sum significantly larger than the original recommendation.

Australia’s more timely interventions, in October to December 2008 and in February to May 2009, have helped to prevent Australia experiencing the same economic spiral. A lot has been written and said about how the global recession will affect Australia. Consistent amongst commentators is the opinion that, among developed nations, Australia is or was best placed to avoid the worst of the global financial crisis. That position carries with it the generally agreed advantage that, although the global recession will strike Australia, it will arrive later than for the rest of the world, it will bite less deeply and recovery will come sooner. There is no doubt that, through consumption, expenditure and infrastructure investment, driven by the government’s October 2008 Economic Security Strategy, the December 2008 nation-building package and the February 2009 Nation Building and Jobs Plan, this country will be cushioned even further. These earlier interventions and this budget, and in particular the $22 billion infrastructure centrepiece of this budget, build on the advantages that commentators agree exist.

I am happy to acknowledge that the former government is due some credit for those advantages, but, unlike members opposite, I also lay at the door of the former government the blame for one significant weakness: the debt position of the states. The states were forced to borrow to build infrastructure, because, despite having their hands on the levers during unprecedented times of plenty, the Howard-Costello government refused to provide sufficient funding to the states. That is clearly a Howard-Costello legacy. To my mind there are two signature non-achievements of the nearly 12 years of the Howard Costello government. Despite having obscene riches, courtesy of the mining boom, the Howard-Costello government made no provision for the end of the mining boom. Despite those same riches, they did nothing to provide for essential economic infrastructure, so necessary to ensure future economic prosperity.

Like the Menzies Liberal government, who believed in their day that our country rode on the sheep’s back when wool was £1 a pound, they did nothing to inoculate our economy against downturns such as the one we now encounter. Having developed a do-nothing habit in government, it is no surprise that the course they advocate from opposition is the same do-nothing course. The coalition’s carping criticism of every element of the government’s strategy at a time when the community is calling for national unity in the face of the global recession and at a time when business and industry—which, they would have us believe, are best represented by them—are universally supportive of the government’s actions because they know them to be the right actions simply shows the coalition for what it is.

As Aaron Sorkin wrote in the popular movie *The American President* for his presidential candidate, Andrew Shepherd, ‘We have serious problems to solve and we need serious people to solve them.’ It can be truthfully said of the coalition parties in this place, just as he went on to say of his political opponent: ‘They are not the least bit interested in solving those serious problems. They are interested in two things and two things only’—making the community afraid and telling them the Rudd government is to blame. That strategy is not going to work this time because the Australian public is awake to the over-used coalition tactic of scare, blame and then claiming to have the solution. The budget reply speech by the Leader of the Opposition is a case in point.
Ms Hall—It wasn’t as good as yours, Brendan. It was nowhere near as good as yours last year.

Mr SULLIVAN—I acknowledge the interjection from the member for Shortland in that regard.

Dr Nelson—A very interesting interjection.

Mr SULLIVAN—Yes. The budget reply speech by the Leader of the Opposition spoke firstly about scare—scare about deficit and debt. Blame the Rudd government—never mind the global factors and dramatic drop in government revenues. Offer no solution other than a badly costed, as it turns out, tobacco tax but claim to own the title of competent financial managers. Even former Prime Minister John Howard was not that brazen.

In 1996 John Howard, having recently arrived at the Lodge—well, at Kirribilli House—as Prime Minister of Australia, told an international monetary conference in Sydney, ‘I inherited an economy in good shape, in some parts better than good.’ I understand that at a black tie Liberal Party function in Sydney in 2007, where people no doubt choked on their rubber chicken, John Howard was acknowledging structural changes made during the Hawke-Keating years as amongst the most important economic changes in Australia. In fact, he credited Labor with bank deregulation and floating the dollar. He claimed for his own government a half share of tariff reform and for the Howard-Costello government he fully claimed tax reform and industrial relations. Mind you, for tax reform and industrial relations you have to read ‘GST’ and ‘Work Choices’—both of them attacks on the most vulnerable people in our society and both of them universally reviled by our society. That is the truth of the matter.

No one side of politics has a mortgage on good economic management. History will show that the Rudd government’s pre-emptive strikes against the global financial crisis are precisely the right actions, and its conservative forecasts concerning the return to surplus budgets and the repayment of debt are, if you will forgive the pun, on the money. On the other hand, the coalition still supports and pursues policies that favour the wealthy at the expense of the needy.

The 2009-10 budget unveiled by Treasurer Swan does a number of key things essential for a budget in the current economic climate. It has been described as having three narratives—fiscal stimulus to combat the recession, charting a path back to surplus and meeting the fiscal challenge of an ageing population. It supports Australian jobs at a time when we all know that jobs are under threat and it does this by investing in infrastructure for the future—nation-building infrastructure of roads, rail, ports, broadband and clean energy—that will add to the strength of our economic recovery and ensure a more prosperous future.

In the context of a savage drop of $210 billion in government revenue over the forward estimates that was largely due to the end of the mining boom and the associated collapse of company tax and mining royalties, the government’s choices were limited. It could cut spending on services or it could raise tax revenue, both of which would impact adversely on the people of Australia; or it could borrow to finance services and job-supporting infrastructure. It is interesting that, when pressed on his response to the drop in revenue, the opposition leader indicated that he too would borrow to cover the revenue shortfall. The opposition’s scare campaign on debt and deficit is in overdrive, but it has all the traction of a race car fitted with a set of slicks on a wet track. The public is, as I said earlier, awake to you.
The opposition derides the information in the budget papers mapping the nation’s way out of deficit and debt, despite the fact that Treasury head, Dr Ken Henry, has gone on record defending the projections. This is the same Dr Ken Henry who, for the last six years or so of the Howard government, held the same position he holds today. This is the same Dr Ken Henry who, in 2008, the member for Higgins and former Treasurer, Peter Costello, declared to be a highly competent and dedicated public servant. Mr Costello went on to say that Dr Henry was chosen for the role by him on merit and that the important thing was to get the best person qualified for the job. The best person qualified for the job is telling you that you are wrong. Yet, it seems that the member for North Sydney and shadow Treasurer, Joe Hockey, does not have confidence in this highly competent and dedicated public servant, who was selected on merit as the best person for the job.

The member for North Sydney spent question time yesterday attempting to deride the path back to surplus and the repayment of debt. I recommend to the member for North Sydney that he read Dr Henry’s address on 19 May because, if he does so, he will understand the error of the propositions that he was putting to the parliament in question time yesterday. Australians realise that Treasury is a key element in the construction of any budget. Whether the Treasurer is named Swan, Costello, Keating or Howard, Australians realise that the differences in political philosophy will always play a role in the choices made by the Treasurer, based on the options presented by Treasury. So to accuse Treasury of producing unsustainable forecasts is simply beyond the pale.

I know that Australians are well aware that there are difficult times in our immediate future, and I also know that they are grateful that we have in place a Labor government that has compassion for the circumstances of the whole community. Like them, I welcome the changes to the payments made to our pensioners. As a representative of an electorate with a high concentration of age pensioners, I know that the single pensioners amongst them have welcomed the increase of $30 a week in their base pension. The benchmarking, too, of the single age pension to two-thirds of the couple rate is an appropriate move. That will make a substantial difference to most pensioners, leaving aside those who are in aged-care residential facilities or, to a lesser extent, in public housing. I wish that more could have been done. I know that we would have liked to have done more, but we are obviously constrained in these matters by the global recession. However, 23,200 pensioners in my electorate will benefit from the changes that have been made as a consequence of this budget.

We also need to face the challenge of a rapidly ageing population as we baby boomers reach age pension age. The maternity leave provisions are welcomed as an appropriate measure for ensuring that Australian women are not penalised in terms of their career or their financial wellbeing by their decision to have a family. This country needs children to ensure economic growth later on and to fund the pensions of older Australians. The changes to the age pension eligibility age have raised some concern in the community, particularly amongst those who work in heavy manual occupations and who are looking forward to turning 65 during the period that the gradual change will take place. For them, this is not an enormously welcome provision but it is one that we need to take for the sustainable future of the pension system in this country.

In the few minutes left to me I would like to talk about some of the particular benefits that, as a consequence of what has happened in the budget, will flow through to the seat of Long-
man, which I proudly represent. For members who are not familiar with the location of Longman, the northern boundary is on what we would probably call nowadays the rural-urban interface of Brisbane city. Six new areas of my electorate have been declared eligible for rural incentives under the health scheme. This will help us attract medical practitioners to our area, and I have heard a number of members in this debate mention the fact that they would like to have received some rural eligibility in their area. As we know, Australia is going through a difficult time in the provision of general practitioners. In that regard, I am very pleased to see the Moreton Bay division of general practice receive additional funding. This division of general practice is very active and is of great benefit not only to representatives like myself who are seeking to help people with issues in relation to the health care system but also to the doctors who are its members, and they do undertake a number of valuable research projects.

We have some road projects going forward under the Roads to Recovery program and under the nation-building program. The total value of those will be around $8 million, and we have $6 million going into community infrastructure as well. The total budget spend in Longman is just a little over $16½ million. One project I want to mention is the planning for the upgrade of interchanges on the Bruce Highway, which bisects my electorate. There is one project currently underway on the Bribie Island road, which hopefully will be completed by August. Other areas are also in great need of upgrade.

I also wanted to mention one element of the expenditure in this budget that does not take place in my electorate but is paramount to some infrastructure that has long been sought, at least in the southern end of my electorate. It would be very welcome were it to occur. I refer to the $2 million that has been provided for a study of the city rail infrastructure in Brisbane. There has long been a call for a railway line to Redcliffe, the Redcliffe Peninsula, which is in the electorate of Petrie but the path of a railway line would serve the people of Kallangur, Deception Bay, Mango Hill and North Lakes, which are the southern boundary suburbs of Longman. However, without an increase in capacity on the central city network, there is no capacity to take additional trains. That $2 million will assist Premier Bligh’s announcement of some six or eight months ago that there needed to be a large infrastructure spend in the Brisbane city rail network. Once that happens, we can look forward to having extensions of the railway line out into our electorate, where people are desperately in need of public transport.

Mr SIMPKINS (Cowan) (12.49 pm)—Three hundred billion dollars. I will say it again: $300 billion—or perhaps, if we work off the Treasurer’s lines, $315 billion. In any case, they are both huge amounts of money; astronomical amounts of money. It is no wonder that Australians are concerned. The $21 billion budget surplus left over by former Treasurer Peter Costello’s sound economic management is all but gone. How quickly can the good work of the last 12 years be undone? Now we know: 18 months it took. Of course the government have embarked on a smoke-and-mirrors job yet again. They come into this place, checking what little honour and integrity they possess at the door, stridently banging the drum, falsely claiming that in 12 years the previous Liberal-National government wasted the good years. How false and dishonourable a claim that really is. The Rudd Labor Government would falsely have the Australian people believe that Paul Keating’s former Labor government handed over a great economy. The truth is far different. The coalition received nothing but debt and lies from the previous Labor government. They covered up the levels of debt and they covered up the enormous $10 billion dollar black-hole deficit from the last budget. It was
a deception, because Keating Labor had this country living beyond its means—and they did it for political gain. So when this current Labor government have the gall to lecture about wasted opportunities, we do need to look back for the truth. Ninety-six billion dollars of government debt was the legacy of the last Labor government. Ninety-six billion dollars sounds huge—and it is—but if we talk about debt and who is good at racking up government debt then the Labor Party have hit a new record in 2009 and beyond, but I will get back to that later.

When Peter Costello was faced with $96 billion in debt and a Labor secret deficit of $10 billion, hard decisions had to be made; cuts had to be made. Faced with a deceitful deficit, a false budget and a mountain of debt, plans were put on hold. Peter Costello faced the reality of the problem left to the coalition government and acted upon it. He did not talk about hard decisions; he made hard decisions that still get thrown back at us in this parliament. We still hear about various cuts and how the coalition government broke promises, none of which is ever put into the context of undisclosed deficits and huge debt. None of these problems were faced by the Rudd Labor government when they were elected: no hidden deficit, no false budget figures, and no mountain of debt. There were no black holes; there was, however, a surplus of more than $20 billion, there was a future fund, there were health and education infrastructure funds. Dollars were invested in this nation’s future and we were in the black. The taxpayers did not have a debt racked up by the government. Of course along the way the coalition government had to make some tough decisions. The reform of the tax system resulted in a number of Liberal MPs losing their seats, including my Liberal predecessor, Richard Evans. It was the right thing to do but it was a hard decision. The trouble was that the Australian Labor Party were always opposing these hard and necessary decisions. A look back through Hansard reveals hundreds of votes where important bills for this country’s future were opposed, not just in this place but in the Senate as well. The term ‘mandate’ was never honoured by the Labor Party.

In 2007 the Australian people decided on a change of government—and we respect that decision. Yet there is a substantial contrast between the government’s books in 2007 and what the coalition inherited in 1996. We were left with a deceitful deficit, a false budget and a mountain of debt. The Rudd Labor government inherited no debt, a budget surplus and a number of funds with billions of dollars of money. I understand, if we talk of the money put away by the former coalition government, that the surplus to GDP amounted to around four per cent. What a contrast that represents compared to the other nations of the developed world, already deep in debt before the economic challenges of the past 12 months began to be felt in any way. This is an important point. We on this side were very happy that, with the efforts of Australian businesses, workers and the assistance of the former government, the Australian economy was world leading. What a great starting point: in surplus, debt free and a world leader. That position was just 18 months ago, in November 2007, and how rapidly it has all been turned around in that time.

Members of this House will recall the Treasurer just 12 months ago claiming how he had built a strong surplus of more than $21 billion in just the six months since the election. Of course there was no mention that forecasts before the election had already been predicting more than $20 billion of surplus regardless. Here we are 12 months later and it is a much different story. Instead of proudly proclaiming the budget bottom line in 2009, the Treasurer did
not even mention how far in the red this country now is. The figures, although unuttered on
the night, were in the papers. There was a $32 billion deficit—$32 billion in the red; $32 bil-
lion on the down side of balance—which amounts to one-third of the previous Labor Party
debt. Not good news in just 12 months! It does not just stop there as $315 billion was men-
tioned by the Treasurer this week. That is what this Rudd Labor government offer Australia in
debt.

But I will go back to this budget and Appropriation Bill (No. 1) 2009-2010 and the cognate
bills. The government is $32 billion in the red after spending $33 billion with, next year, an-
other $33 billion in new spending. Let us all remember that most of the spending in this fi-
nancial year has been in the handouts, the big cash splashes and the $900 cheques in the mail.
I said before that this country will see $315 billion in debt. The government has said that in
the financial year 2021-2022, the debt will be paid off, 13 years down the track. I was doing
the calculations before. That will mean that my six-year-old daughter will be 19 years old by
the time this Rudd Labor debt is paid off. That is, of course, assuming that all the figures that
the government has in its budget and the estimates and statements are correct. That remains a
big assumption, because the government was continually wrong throughout the last 12
months.

The assumptions and predictions are important to recall and I want to look at them in detail
and in context. We have had a 13 per cent increase in government spending, yet in the future,
as the Treasurer has told us, that spending will increase by no more than two per cent. Quite a
change in character and little wonder that so many people are sceptical! Although he said it,
there is no backup to the statement—certainly no legislation or hard restrictions, just his
statement, clearly as unreliable as all his work has been in the last 12 months.

Let us look at more figures: a retraction of the economy of 0.5 per cent in the next year and
then growth of 2¼ per cent in 2010-11, and then it is motoring along at 4½ per cent for the
two years after that. When you add those projections to the estimate of a two per cent of GDP
surplus for years into the future in order to pay off the Rudd Labor debt of $315 billion, again
clearly it is doubtful that the government will be able to take advantage of those figures. I am
of course not the only sceptical one. Remember the front page of the Australian on Wednes-
day 13 May 2009, describing the budget as on a ‘wing and a prayer’. For some months now
the Treasurer has been referring to this economic challenge as the greatest downturn in three-
quarters of a century. I am not sure whether this is designed to scare Australians, make him-
self the hero or hedge the failures of the government to that comparison. But, if we examine
the figures upon which this mountainous amount of reckless spending has been justified, the
predicted contraction in the economy is 0.5 per cent, and 0.5 per cent is not good. But Austra-
lia has weathered these challenges before. In fact both the 1982 and 1991 recessions resulted
in greater contractions than that. In fact, both these recessions resulted in higher unemploy-
ment than the 8.5 per cent predicted in the Rudd Labor government’s unemployment fig-
ures—almost 10 per cent, I believe, in 1982 and almost 11 per cent in 1991.

Although this budget is as questionable in fact as its deliverer in every respect, I will now
turn to the GDP growth figures. All members of this House would know that Western Austra-
lia provides far more to this country in revenue than other states, with Queensland not doing
too bad a job either. We would therefore expect that the GDP growth figures for Western Aus-
tralia would be in excess of the growth figures for the nation, just to make up for the other

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states. Yet the curious part is that, while the Rudd Labor government is predicting 2¼ per cent growth in 2010-11, WA is predicting another retraction of 0.5 per cent. Take the next year. The Rudd Labor government is predicting 4½ per cent growth in 2011-12, which is well above the 30-year national trend of three per cent. But it is also far greater growth than WA is predicting at 3¼ per cent. My point is that, if in recent years Western Australia has been contributing more than 30 per cent of the Australian government’s revenue and if WA retracts again before growing at below the national predicted growth, then the Rudd Labor government’s figures look completely false. Recent years have shown the Western Australian figures to be accurate, and that cannot be said about the Rudd Labor government’s figures. The final point I would like to make on this issue of recovery projection is that, even if you accept all these highly dubious figures, the assumption is that tax revenues will contribute via bracket creep, meaning there will be no tax cuts and no indexation. That fact must be noted.

I also make another point related to the contribution the state of Western Australia makes to this nation. As I said, some 30 per cent of national revenue, such as royalties, flows from the west, which is pretty good given we have about 10 to 11 per cent of the population. In this big-spending budget, why did Western Australia get just over six per cent of the infrastructure spending? Western Australia and the people in the state, like my daughters, will end up paying the interest and principal bills for the high-spending and record-debt Rudd Labor government, yet we are ripped off in the spending.

That brings me to what is happening in the Cowan electorate or, rather, what is not happening. I recall clearly the election promises of 2007 made by the Labor Party. I recall them clearly because we promised most of them first: the overpass at the Reid Highway and Alexander Drive intersection, the Hepburn Avenue extension in Ballajura, the Hepburn Avenue duplication at Marangaroo and Alexander Heights, and the basketball complex at Woodvale Senior High School. We also promised some additional projects; however, so did Labor. I recall the GP superclinic in the suburb of Wanneroo and the youth drop-in centre in Ballajura. These promises languish in the same category. If there is any action, then it has not resulted in a sod being turned. That is the key point: those projects were promised, getting on to two years ago, and the people are yet to see any action.

I recall that at the recent community cabinet meeting in Ballajura, in Cowan, the Prime Minister told the whole crowd that the money for those projects was in the 2008-09 budget, which was last year’s budget. Having examined that budget carefully, I know that what he told the people there, who actually live in Cowan, was not true. I looked around at one group that was promised funding and they said that they did not have their grant. In fact, no-one has got the money yet and it remains very difficult to find the line items to cover those promises in this year’s budget.

I did however find a reference to one item of particular interest in the Leader of the House’s 13 May 2009 speech. The brief mention was ‘Works on the Ocean Reef Road’. Of course, the people of Cowan would know that, after a significant petition effort regarding local road safety by me in 2007, the federal government—that is, the coalition government—came in and provided $7 million of the $10 million for the job. As the minister had mentioned the exact project that was funded in 2007 and again in 2009, I assumed that more money had been allocated. I therefore contacted stakeholders in the project, who did not know anything about any more money and were not expecting it. I wonder how many previously funded pro-
jects are having their figures rolled into government spending to make it look good in 2009. The reality is that the biggest federally funded project running in Cowan remains the Ocean Reef Road extension that the previous coalition government funded with $7 million and which the current government appear to be claiming as their own. Contrast the construction action in Cowan at Ocean Reef Road with the 2007 Labor election promises that are yet to see a sod turned and where the money has not arrived.

That takes me back to the community cabinet, where the Prime Minister restated almost all of the promises and told everyone that the money was handed over 12 months ago. I even heard him talk about the footbridge the government was funding in Banksia Grove. Unfortunately, the City of Wanneroo did not even apply for funds for the footbridge, so the accuracy at the community cabinet was falling down all over the place. They did in fact apply for $1 million for traffic calming and traffic island works. That said, in recent days I have been informed that the government has agreed to the City of Wanneroo’s application for that money. Although I have mentioned the need for action in several speeches and letters to the government, two weeks ago the member for Moore and I met with the parliamentary secretary and member for Brand over the matter. This week he signed off on the funding. I thank him for his responsiveness and attention to the needs of Banksia Grove. I note the local advocacy of the Banksia Grove Residents Association under the leadership of Geoff Westlake and Chris Baxter, who always kept me aware of the situation and progress. I also acknowledge the efforts of Mal Washer, the member for Moore, and Paul Miles MLA, the state member for Wanneroo, as we are all responsible for representing Banksia Grove.

I make this very clear: I stand in support of the election commitments that were made to the people in Cowan. I believe that they should have all been delivered well before now. Residents of Cowan will end up paying anyway for the reckless spending and cash handouts that the government wasted in the last nine months, so we should get our share of the infrastructure. The problem with this government is that the money should have been spent on real infrastructure projects. It should have been the first money spent, not the last. It should have been justified by cost-benefit analyses. Instead, the government has shovelled money out the door, spending recklessly close to the same amount as the deficit and more than what is finally being spent on infrastructure. As Peter Costello stated last night, when we had the money we could not afford these sorts of handouts; now that we do not have the money, we are spending it.

Before concluding, I will speak briefly about the allegation by the government of talking the economy down. Gee, isn’t this the pot calling the kettle black! Of course, this whole line is just their spin masters at work—the line of the week as they struggle against broad community concerns about massive and, sadly, generational debt. It is just another tactical line put out by the spin machine led by the Prime Minister. This has been just the latest of the lines. Speaking of talking down the economy, the government are the stars in this. We cannot go past the ‘inflation genie’ line. The usual format has followed, of course, generated in the Prime Minister’s office and focus-grouped, just like an episode of The Hollow Men, before being floated in a press conference and in a question time answer. The line was then authorised for general use. The members for Port Adelaide, Throsby, Maribyrnong and Prospect all ran it out.
I raise this point because those sorts of lines were used by the government keen to blame inflation on the coalition. The Treasurer seemed devoted to undermining confidence in the economy and slowing economic growth, with such reckless talk as the inflation genie being out of the bottle and five-point plans. Egging the RBA on to lift interest rates, he and the government helped slow the economy. They did it to score political points. They did it in an attempt to trash the economic record of the coalition and they did it for political gain. Yet it was 12 months ago that the Treasurer proudly, yet falsely, claimed to have built a $21 billion surplus. He actually claimed that, in just six months, he and the government had created a surplus of that magnitude, with complete disregard for the previous budget estimates that suggested before the election that the surplus would have been about that size anyway. So it was a plan to falsely claim glory for economic success, recklessly blame the coalition for inflation and talk up that challenge. My point is that if the government were committed to Australia’s future and not to political point-scoring then they would have acted differently.

The gravity of the situation that faces us now is due to the reckless politicking of the Rudd government that, through their actions, slowed the economy when we did not need it slowed. The harsh reality is that in 2008 the Rudd Labor government slowed the economy down with reckless political talk. Since then they have passed laws and continue to pursue new legislation that will cost jobs. Then they handed out cash as the first priority before infrastructure spending. It has always been politics first and foremost for this government. The best interests of this nation have always been a lesser priority for the Prime Minister and the Labor government. The legacy of the Rudd Labor government will be a generation of debt, and history will always remember them for that.

Sitting suspended from 1.07 pm to 4.00 pm

Ms LIVERMORE (Capricornia) (4.00 pm)—I am pleased to have this opportunity to speak on Appropriation Bill (No. 1) 2009-2010 and Appropriation Bill (No. 2) 2009-2010. As we have heard, a theme running right throughout this discussion on the budget is that this budget has been delivered during the greatest economic challenge that we have seen in our lifetime. It is a budget with good news for Australian communities, but it also contains the tough decisions that will ensure we are prepared for, and ready to take advantage of, the economic recovery. That is why I am pleased to join with my colleagues in supporting the bills and commending them to the House.

This budget is all about supporting jobs. It is about building productivity into our economy and building the infrastructure that we need for the future, whether that be in the form of broadband, roads, railways or ports. The budget builds on the education revolution, delivers for pensioners and carers, provides a tax break for small business and continues to support first home owners to get a leg-up into the housing market. It delivers on research, health and innovation and it ensures funding for our defence forces. And I am pleased and proud to say that it also paves the way for paid parental leave.

Turning firstly to health, there is no question that this budget delivers on health. That is certainly the case in Central Queensland, where the budget is providing major upgrades to the Rockhampton Base Hospital and a new medical centre for the town of Nebo. That is just a small snapshot of what is happening in the Capricornia electorate, and that is what is happening right around the country because similar boosts to health services right across Australia
are provided for in the budget. All-up, this government is committing $20 billion to improve hospitals across Australia. That is against a history of the previous federal government in this country not playing its part and withdrawing money from those important public hospital services. This is a key part of the government’s reform agenda to equip our hospitals for the future, and we are making good on that commitment in this budget.

It is important to note that our commitment is not only about bricks, mortar and more beds, as important as those are. It is also about the people who work in our health system. We are tackling the rural and remote workforce challenge in the health industry. The government has pledged $134.4 million in a package that will re-target incentives to ensure that health professionals will receive a greater reward for travelling to work in more remote regions. There are plenty of these small rural communities in the Capricornia electorate and Central Queensland, so I look forward to seeing the benefits of this program in those communities that I represent.

Under the reforms, almost 500 communities around Australia will become eligible for rural incentive payments for the first time, and Rockhampton is one of those. This is a program that has been welcomed by a range of groups, including the Royal Australian College of General Practitioners. They had this to say about the program:

These increases in funding are welcome given the difficult economic climate in which this budget has been delivered.

… … … …

We believe that the enhancements around support and training for locum relief will have a positive impact on the retention of rural GPs. The extension of the Training for Rural and Remote Procedural GPs program is a positive example of utilising existing and well evaluated resources.

Other lobby groups, such as the National Farmers Federation and AgForce, have also welcomed the funding for rural doctors in the budget.

Just last week I toured the construction activity at the Rockhampton Base Hospital with the health minister, Nicola Roxon. She wanted to see for herself what the $76 million that was committed for an upgrade of the Rockhampton hospital is going to mean for not just the infrastructure there but the services that the hospital can deliver. Current construction work is already happening thanks to a $70 million-plus investment that is being made by the state government, and I am pleased to say that that investment by the state government includes a building to house the MRI machine. The MRI machine will be operated by Queensland Health, but the Medicare licence for that MRI machine is something that this government committed to providing in the 2007 election. It is something that we have fought long and hard for in Rockhampton at both the state and Commonwealth levels. We were ignored by the previous government but I am pleased to say that that MRI machine and the funding that the Commonwealth government is attaching to it through the Medicare licence are very close to becoming realities. People in Rockhampton and surrounding communities will be able to have that MRI service at the Rockhampton Base Hospital. Currently there is a part-time machine operating in the private sector, so the MRI machine at the base hospital will be an important addition to health services in Rockhampton in Central Queensland.

It appears that the $76 million that the federal government is committing for expanding and improving services there will actually piggyback onto or dovetail with the current building program that is underway courtesy of the state government. The site is a hive of activity with cranes, bulldozers, trucks and tradesmen all working hard to deliver these infrastructure im-
improvements, which will then in turn allow for improved and expanded health services out of the Rocky base hospital. To be there on site and to see this work really brought home to me what this government is about and what this budget is about—building infrastructure for the future, but right now creating jobs for Australians and creating jobs for people in my electorate. The director of Queensland Health in our region, Dr Coralee Barker, said to me that when the federal part of that investment kicks in there will be upwards of 200 people working on that building site. That is great news for people employed in those trades and associated supply industries, and good news for those people who might be finding themselves displaced from other sectors of the economy at this time.

That is what was happening at the Rockhampton Base Hospital last week. Right before our eyes we could see that theme of the budget playing out—jobs for today and infrastructure for the future. Of course, that is what will be happening at about 35,000 construction sites across the country funded through our budget and stimulus packages. As I said, the federal component of the work at the Rockhampton hospital will kick off later this year, piggybacking onto the work that the state government has funded. It will equip the hospital with two new operating theatres, two procedure rooms and a recovery area, an additional 30 inpatient beds, two linear accelerator spaces in anticipation of a future radiation oncology service, and additional clinical education and research space.

When I was talking to Dr Barker last week she confirmed what that additional clinical education and research space would mean. Currently in Rockhampton we have a rural clinical training school, which was provided by the former government. I was very pleased to welcome that program in Rockhampton, probably getting on for 10 years ago now. It has seen medical students coming up in large numbers to complete their undergraduate training in Rockhampton, and many of them have continued on after graduation to become junior doctors in our hospital. What has been happening is that after their first one or two years post graduation, they are finding that they do have to then head back south to undertake specialty training. So we are getting the doctors out of the rural clinical training school but there is in effect a glass ceiling at about that two-year post-graduation level, when they have to go off to pursue further specialist trading. These extra facilities should help address that in a small way. We hope to see doctors being able to really pursue their careers from start to finish in Rockhampton. It is clear that there will be benefits for patients through these extra services and increased capacity for training doctors in Rockhampton.

The mining community of Nebo, which is at the other end of my electorate west of Mackay, will receive $450,000 to build a new medical centre. It will be a modern and well equipped walk-in, walk-out health service. It is expected that construction will begin later this year. I want to pay tribute to the community and the local government that represents Nebo. They have worked really hard to put that facility on the agenda and chase the funding to make it a reality.

Another service in our community that will be improved thanks to this budget is the Bureau of Meteorology. Weather services right across the country will receive a boost, especially in rural and regional areas like the one I represent. In Capricornia weather services at Clermont, Collinsville, Moranbah, Rockhampton, St Lawrence and Yeppoon will receive next-generation weather forecasting and warning systems. This will expand their service to seven-day forecasting. This will mean greater and more reliable information for the people who live
there. All this information will be available through interactive maps on the bureau’s very popular website.

For farmers and fishermen this information is not only useful; it is critical. It will equip them with the latest weather forecasts as they make decisions about getting out on the water or planting crops. You cannot overestimate the importance of that in making the pretty big dollar decisions that those primary producers have to make. Australia is a big place and needs reliable weather data, as we have seen demonstrated very clearly in the member for Fadden’s electorate with the extreme rainfall and storms just last week. Thanks to the $78.5 million boost in this budget for the Bureau of Meteorology, weather services will be improved in rural and regional areas.

This budget has also honoured our commitment to pensioners. The government has been committed to getting these reforms right. That is why we commissioned the Harmer review into pensions and that is why we have taken action in this budget. Single pensioners on the full rate will receive an additional $32.49 per week and couples on the full rate will receive an additional $10.14 combined per week. Pensioner payments will be simpler, fairer and more flexible as a result of the reforms contained in the budget.

Those payments incorporate an increase to the base pension level and also an increase to the new pension supplement, which incorporates several existing supplements into one supplement. The supplement will initially be provided fortnightly, and from July 2010 pensioners will be able to choose to take around half the new supplement in quarterly instalments. It came out clearly in consultations undertaken around the country as part of the Harmer review that pensioners wanted to have the flexibility to choose between regular payments and larger lump sums. This will give pensioners more flexibility over the way they receive payments and greater choice and capacity to manage their finances. The pension supplement will be indexed twice a year by movements in the consumer price index in March and September, at the same time as regular indexation of the base pension.

Another area I was very pleased to see addressed in this budget is higher education. Of course, the government came into office with a promise to deliver a much-needed education revolution in this country. We have seen that delivered in both the primary and secondary sectors. In the budget this time it was the turn of the tertiary sector, universities and the VET sector. This was in response to the reforms called for through the Cutler and Bradley reviews into innovation and education.

These reforms include a move to a student centred system underpinned by a national regulatory and quality agency which will enable an extra 50,000 new students to commence a degree by 2013; substantial resources to promote equity and performance funding tied to quality; a landmark increase to university indexation; a phased move to addressing the gap in funding for the indirect costs of research; major reform to student income support, to better support our most needy students; and an increase to postgraduate stipends. They also include major investment in higher education, research and VET infrastructure, through the Education Investment Fund totalling $3 billion; and additional recurrent funding of $2.1 billion over the forward estimates for higher education teaching, learning and research.

I will take the opportunity in this speech to welcome the announcement in the last couple of weeks of the new Vice-Chancellor of CQuNiVersity Australia, which has its headquarters, I guess you could say, or its main campus in the city of Rockhampton. We will be welcoming
Professor Scott Bowman to our city and to the university. I look forward to working with him to build on the strengths of CQUniversity Australia and to make sure that it continues to play that very important role that it has traditionally played in providing opportunities for people in Central Queensland, for doing research and extension work, working with our local industries and generally adding great value to our communities and to our industries in Central Queensland. So congratulations go to Professor Bowman for being selected to take up that position, and I am looking forward to working with him. I know he has a great track record at James Cook University. I know he will have a lot of ideas for meeting the challenges that face CQUniversity Australia and also making the most of the opportunities that are presented in this reform package, which has been backed with significant funding in the budget this year.

I also want to talk about the first home owners boost. The boost to the First Home Owners Grants scheme has been widely welcomed since we introduced it in October last year. Since then, and up to the end of March, it has helped 59,000 first home buyers get a leg-up into the market. Real estate agents in Central Queensland have welcomed the boost, and with so many ‘sold’ signs on houses for sale it is easy to understand why. A major reason for increasing the boost was very much to generate and support construction activity in the housing sector, which is so important to creating jobs, not just in the building industry but also in all of the supporting industries, whether they be whitegoods, cabinetmaking or carpet stores, involved in the fitting out of new houses.

We have now announced that we are going to extend the boost as it stands until 30 September, and then phase it out responsibly through the remaining months of 2009. So, until 30 September, first home buyers hunting for an existing home will receive $14,000 towards that home and $21,000 if they choose to build a new home. That will taper down towards the end of the year.

One thing that I used to spend a lot of time talking about under the previous government—and I am very pleased to say that I am talking about it in a different light these days—is broadband. We made that commitment to the Australian people, going into the 2007 election, that we would build a national broadband network to deliver high-speed internet access to Australians wherever they live in this country. This budget reaffirms the commitment to developing a national broadband network, providing superfast broadband across the country. The company established by the government will invest up to $43 billion over eight years to build the network, and significant private sector investment is also anticipated. The government is making an initial investment in the network of $4.7 billion.

There has been a change to the way that we want to roll out the network. We now want to achieve 90 per cent fibre-to-the-premises coverage to deliver speeds of up to 100 megabits per second to consumers. The remaining coverage is to be provided through state-of-the-art wireless and satellite technologies, offering speeds of 12 megabits per second or more. I know that will be welcome throughout my community. We have been waiting far too long to have the technology you need to survive and prosper in the 21st century. I was very pleased to return to my electorate to tell them what we will be gaining out of this budget. Rest assured that the government will continue to support jobs and to bring the budget back to surplus when the economy recovers, as we expect it to. (Time expired)

**Dr STONE** (Murray) (4.20 pm)—The Rudd Labor government comprehensively failed to grasp the power of the pull factors when it dismantled the coalition’s asylum seeker and hu-
manitarian program. When we looked at the government’s budget, delivered the other night, we saw that it reinforced the government’s failure to grasp the complexity of, and the very significant need for, properly delivered services when it comes to looking after our nation’s interests. Our immigration program must be delivered in an orderly way and the government must remain in control of who comes into this country and, indeed, the numbers. Quite simply, the Rudd budget has failed to put roadblocks in front of people smugglers. Instead, the government has couched its messages into the region in such a way that the flood is back and asylum seekers’ lives are again imperilled.

The majority of the budget in the area of border integrity—some $654 million was allocated to combat people smuggling—is basically being spent on improving the capacity of Australian officials to guide the boats organised by people smugglers to safe harbour at Christmas Island. The Minister for Home Affairs, Bob Debus, has a standard set of words he puts out after each boat arrival. There have been more than 20 boats since last August, so he has had many chances to repeat this message and it is beginning to amuse the media more than a little. He proudly announces that his officials have managed to locate and intercept yet another smuggler’s boat. We are apparently to applaud this cleverness in locating and intercepting. The point is, of course, that the people smugglers are paid to put their boats in the way of Australian officials. The asylum seekers pay to be delivered into the hands of Australian officials who will then, they hope, tow them or guide them to Christmas Island where the processing of their asylum seeker claims can begin. Unfortunately, this government does not seem to understand that basic point—or they think we, the public, are too stupid to understand exactly what is going on.

Last August, the Rudd government softened border protection by abolishing temporary protection visas. Senator Chris Evans, the Minister for Immigration and Citizenship, proudly announced that it did not matter from that date how you got into Australia, you would be on exactly the same visa, even if you had spent nine years living securely in Indonesia since originally leaving a dangerous zone in Afghanistan or Iraq, for example, or if you had come down into Australia once before via the people smugglers. The Minister for Immigration and Citizenship, Senator Evans, stated in question time in the Senate on 12 May that there had been no softening of border security measures under this government:

… we retained all of the Howard government’s border security measures—every one of them …

Clearly, again, he thought the Australian public was stupid or he himself had forgotten about their abolition of temporary protection visas, about Manus Island and Nauru Island being closed, the more limited appeal processes than were once in place and, of course, the soft messaging that has gone out into the region, reinforcing all of those new removals from what was before a very strong policy.

Most recently, the Joint Standing Committee on Migration recommended that asylum seekers move out of detention as quickly as possible. In fact, before their security, health and identify checks are completed, they should move into the Australian community where they should be able to work—they would be given work permits—and they would get access to Medicare, supported accommodation and furniture; all the assistance needed that can be supplied by the taxpayer in Australia. You can imagine what sort of message that gives out to the region again, to the people smugglers who hardly need any more good, positive messages to give to their clients. But here is another set for them to add to the mix.
The joint standing committee also recommended that, if you have an adverse decision in your application for asylum, you can move straight out of detention into the community, where you would have work rights and those other taxpayer funded support measures. Imagine again how comforting that must be when you are being asked to shell out US$12,000, US$15,000 or US$18,000 for your spot on the boat. The budget introduces measures that can only be interpreted as a further softening of the integrity of our borders and providing even greater good news for the people smugglers. Good news for people smugglers leads to death and injury, and I think that should be abhorred.

New measures in the budget also include the introduction of so-called complementary protection visas. These, no doubt, will increase the potential for even more non-refugee protection applications by those who seek the residency associated with asylum seeking. Complementary protection visas can be applied for when you do not qualify for refugee status under the UNHCR criteria. From what we can tell by the budget announcements—we have not been given much detail—these new categories of visa holders will have permanent residency with all of the taxpayer funded trimmings or, if they are rejected, they will get the full appeal rights with work permits and the like while they wait. Why wouldn’t you apply and appeal?

The government will also abolish the 45-day rule, we are told, which means that, for example, an international student could complete their studies in Australia, after several years perhaps, and then apply for a protection visa. Currently, you have to apply for asylum within 45 days of your arrival in this country. We believe that within 45 days you should be able to get your act together sufficiently, even if very traumatised, to apply for asylum, but, of course, if you were unable to do so there was a mechanism to appeal to the minister to use his discretion to allow you to apply later than 45 days. But now this 45-day rule is to be abolished. You can imagine the vexatious claims, the months and years of appeals and the cost to the community with the abolition of the 45-day rule. On the other hand, you can imagine the lovely new message going out to the people smugglers: ‘They’ve even removed the 45-day rule. You can see just how good it’s getting to come through the back door to Australia.’

Combined with the staff cuts of over 600 in the past two budgets for the Department of Immigration and Citizenship, there is a further cut of $120.6 million to the department over the next four years. With these new visa categories I have referred to and the extra softening of the measures which are supposed to maintain the integrity of our migration policy, you can imagine the extraordinary additional pressure that is now on Department of Immigration and Citizenship officials. We are told that they are also to have their consultancy budgets contracted. This will invariably lead to integrity and compliance failures as we see increased waiting times for individuals as they wait for visa processing offshore or onshore. There is already a 10-year wait for a parent visa and a wait of several years if you contribute to the cost of your parents’ upkeep when you are applying for them to come to Australia. You can imagine the frustration of someone in Kabul or Iraq or Thailand going to an Australian embassy or commission to find fewer officials and more locally employed staff bringing to that office their local ethnic prejudices and their own enculturation. This is not where Australia should be when we once had world-best migration policy and practice.

Yesterday in estimates the Federal Police conceded that they had, with the help of the Indonesians, stopped another 887 boat people attempting to leave Indonesia on their way through the back door to Australia. Considering more than 800 did successfully get past the
Indonesians, you would think this budget would have given some special support to those involved in border protection and migration policy processing. But, no, we saw the reverse. In fact, we have seen another 220 staff cut from the Australian Customs and Border Protection Service, 35 from the Australian Crime Commission, 18 from the Australian Federal Police, four from the Federal Court of Australia and 132 from the Federal Magistrates Court. I mention those courts because there are over 900 outstanding migration cases stacked up in our courts as I speak. It looks like those queues are going to get longer too. I think it is a shame.

Just before this budget, we also had the long awaited announcement that there is to be a cut in the migration program, which had been the biggest on record, reducing the skills component by more than 20 per cent but increasing the family component by five per cent. This was an unusual move. Of course, we all love our families and know the sadness when a new settler family leaves behind loved ones—cousins, parents, adult siblings and so on—but we also know that, when the country and the economy are in extraordinarily difficult times, migration other than by highly skilled workers who can fill critical skills needs, for example, by family members, is a great drain on national resources. This has been highlighted in a number of recent studies. We have a 20 per cent reduction in the skilled component, with the family component increased by five per cent—a fairly extraordinary move indeed. We know from extensive research that Australia’s migration program delivers economic benefits to the entire community only if the skilled portion remains at around two-thirds of the entire program. That is what the coalition did in 1996: it redressed the imbalance and brought the skilled component up to about 70 per cent of the entire intake.

The government also announced an increase of 250 places in the humanitarian program. At first blush, I thought that was a compassionate move, but then I understood that the number of UNHCR mandated refugees that we accept from the hell holes in Africa, Asia and the Middle East have not been increased; they remain steady at just 6,000. I think it is imperative to look at that mix and to see that those most in need should have perhaps had the additional 250 places. But no, the number of UNHCR mandated refugees is to remain the same.

This budget is an extraordinary disappointment, too, in that once you have settled in our country you expect and should receive support for English language learning. You cannot get a job if you cannot speak English. Unfortunately, we have seen a slash in funding for the English language program. How extraordinary. In the 2008-09 budget, the government set aside $49.2 million over four years for the Adult Migrant English Program. The allocation for financial year 2009-10 was $13.3 million, with $14.8 million and $15.9 million for 2010-11 and 2011-12 respectively. However, in this year’s budget, the allocation is only for $1.1 million, with a reduction of $3.7 million in 2010. Further reductions of $8.7 million and $9.1 million are targeted for 2011, making a total reduction of $20.4 million to English language teaching over four years. I say: shame.

I have spent a lot of time visiting electorates around Australia where our new arrivals have particularly settled. I have spoken to single mothers in electorates like Stirling who have come from African nations—from Sierra Leone and from the Sudan—and they are desperate to learn English. They need more support, not less, as they look for child care to be added to their English language training and as they look for a more flexible program so that they can perhaps combine part-time work with English language learning. However, this government has slashed English language training for new settlers.
Mr Robert—It’s outrageous.

Dr STONE—It is absolutely outrageous. It is inhumane and unjust. I just wonder what on earth is going on with a government which is so keen to wear its heart on its sleeve but which, in reality, slashes and burns and makes it harder for people whom we have embraced in this country and have said we would care for by cutting the fundamentals of English language learning.

The government has also slashed training in citizenship. We all know that, if you are from a non-English-speaking background, you often need a bit of help to learn the style of questions that will be asked in the citizenship test. You need to become familiar with the format. Of course, while the booklet is well written, you still need some help, especially if you are not literate and numerate in your home language, to understand the process of the test for Australian citizenship. We as a coalition ensured that there was funding for those training programs. This government has announced that it will not proceed with the funding of $15.8 million for the Citizenship Support Grants Program. I think that is very unfair. It really begs the question: if you are not helping those individuals to learn English and if you are now not helping them to learn what is behind our citizenship test, do you really want these people in this country? But then you see the softening of the border protection controls and the loss of the integrity of our migration program—the open-door, come on down policy—and you wonder what is going on with this government.

There was an excellent article, an opinion piece, on page 10 in the Australian on Monday, written by Barry Cohen, a minister in the Hawke Labor government between 1983 and 1987. I recommend that every Labor member and senator read that article. He says it exactly like it is. He says that you cannot have an open-door policy. He says in a rhetorical question: Tell us, how many or if they would prefer an open-door policy?

He is addressing those who say that we do not have to deal with the current problem of the surge in people smuggling. He is a man whose own family escaped the hell of Nazi Germany. He says:

No Australian government, and for that matter, no government in the world has an “open-door” policy.

It is a real lesson for his contemporary Labor member and senator colleagues. I urge them to read that article.

I now address another matter which is of extraordinary importance and, I am afraid, one that is along the same theme of an uncaring or ignorant government. This budget has seen a change in the criteria for young people seeking financial support to go to university. It is a change in the youth allowance criteria. In the last two days, questions have been asked during question time in the House of Representatives which have shown that Julia Gillard, the minister in this area, does not understand, does not care or is that badly briefed that she is unable to explain exactly what this government has done in slashing the opportunity for 50 per cent of those on youth allowance to go to university. They are the rural and regional students.

What she has done is say that, in the future, if you are seeking independent status you have to work 18 months for 30 hours a week in order to qualify for it. Now, clearly, she has not moved beyond her own suburban environs or the capital cities for a very long time. There are no 30-hour-a-week jobs for year 12 school leavers in rural and regional Australia right now. If
you work—if you are lucky—for 18 months as required, you lose your place at university because the universities only allow you to defer for one year.

The minister has said in her new program, her rewritten youth allowance criteria, that you have to work for 18 months—oops! She forgot that you would lose your place at university—and that you must work for 30 hours a week. Given what the Rudd Labor government’s unemployment figures look like right now and where they are going to, that is an unreal ask. Already there is a 50 per cent higher deferment rate of university offers to students in rural and regional Victoria than in metropolitan Melbourne. The gap year is not a choice for someone who simply wants to go on a lovely holiday or go on overseas. The gap year gives rural and regional students an opportunity to get government support to pay the extra $15,000 to $20,000 it costs to live away from home.

If the old system was being rorted, you should fix the rorts. You should go to the metropolitan families who were apparently working over the system in an unfair way and deal with them. You do not cut off the opportunities for rural and regional students to go to university, because we know, for example, that rural and regional medical, legal and engineering students and students studying to become surveyors and nurses—you name them—who are born and bred in country areas and who qualify for university are more likely to come back and work in rural and regional Australia. This government is taking generations of university graduates out of rural and regional areas. I think that is a disgrace and I beg the minister to look again at those criteria. She cannot tell us, ‘I’ve reduced the age of adulthood’. You have already left university at the age of 22. She cannot say to us, ‘I’ve increased the means test,’ because at the rate she says you can still be eligible, you get zero for your student to live away on. This was a cruel blow for country people. They are up in arms. I have a rally on Friday in Shepparton, in the mall, where we expect hundreds, if not thousands, of year 12 students and those in their gap year to attend. (Time expired)

Ms JACKSON (Hasluck) (4.40 pm)—I rise this afternoon to speak in support of Appropriation Bill (No. 1) 2009-2010 and Appropriation Bill (No. 2) 2009-2010 and, indeed, the budget—a budget which is about nation building for recovery. This budget is outstanding in the sense that it invests in nation-building infrastructure like rail, road, ports, clean energy, schools, hospitals and universities—all infrastructure for the future. It delivers a fair go as well to pensioners and a sustainable pensions system, it charts a course for recovery back to surplus and, importantly to me, it delivers on the commitment for paid parental leave. Our budget supports jobs now and delivers the investment needed to strengthen the economy for the future.

We should not forget the context in which this budget has been framed. We are experiencing the deepest global recession since the Great Depression. I am proud that nearly 70 per cent of the stimulus is about investing in infrastructure. I say that we should not forget the context in which the budget is being cast, because it seems to me from comments, many of them made by members of the opposition, that they fail to understand, accept or even remember that we are in the greatest global recession we have witnessed since the Great Depression.

My own electorate of Hasluck has done exceedingly well out of the budget. Not only have I had pleased reports from pensioners throughout my electorate but I can proudly say that I have visited many of my 70-odd schools who have been the beneficiaries of funding, both under the Building the Education Revolution funding as well as the National School Pride
program. I am also a lucky that I have had substantial investments through my local governments and local government infrastructure. I am very pleased to see the additional funding for the Swan River Regional Park, which will be an absolutely iconic 100 hectares at the gateway to the Swan Valley—the traditional meeting place of all of the Noongar tribes in the state of Western Australia, on the banks of Derbal Yerrigan, which will become a magnificent ecotourism area for visitors to the Swan region. I am pleased that a team of very enthusiastic young Indigenous trainees are already working in the park and developing the interpretive pathways and signage.

The other substantial funding in my electorate goes to the creation of the Kalamunda cultural centre, which will also be a significant added resource to the Hills community. It will provide a home for the tourism association as well as a display for the wines that are created in my electorate, just east of the Perth Hills. I could not possibly speak on the budget without also mentioning the absolutely magnificent investment of $180.1 million towards the midland health campus in the City of Swan—fantastic funding which, frankly, rescued the future of the hospital in Midland.

I could talk for hours about some of the funding that has been received from the nation-building program I talked about, especially for roads. In particular, there is the planned upgrade to the Great Eastern Highway-Roe Highway interchange, which has been a traffic hazard in my electorate for many years. There is also substantial funding for the Perth urban transport and freight corridor going through my electorate, which supports entry roads coming not only from the east but also the north. It is important to be able to see that freight moved in a sensible and safe fashion. There will be additional Roads to Recovery funding for each of the five local councils that are either in the electorate of Hasluck or border the edges of the electorate of Hasluck, and especially there is additional Black Spots program funding for a number of roads in my electorate. Most pleasing is to hear of the money for Welshpool Road East in Lesmurdie, where we have had some five fatalities in the last two years. I am glad to see that investment being made in hopefully making that intersection and that stretch of road safer.

I have talked about the expansion that will occur with the Midland health campus. That campus was originally part of a hospitals review and reform process in Western Australia, initiated by the then Western Australian state Labor government. In recent days and months we had become increasingly concerned by the media comments of Kim Hames, the now Deputy Premier and state Liberal Minister for Health and Indigenous Affairs in Western Australia, who had indicated that there was likely to be a substantial delay in the construction of the Midland health campus. He said he also believed that there would be a shortfall of some $100 million and, as a consequence of that, he had decided that he would delay the development of the Midland health campus. That would have been a great tragedy for my constituents and for the eastern suburbs of Perth more generally, and also for the surrounding regional areas. The hospital plays a crucial role but at the moment is only able to treat 35 per cent of patients in the area. It cannot deal with patients suffering acute problems, and there was substantial disappointment in the local area that the project would be delayed. Indeed, on the day of the release of the federal budget my local paper, the Midland-Kalamunda Reporter, published their concern that the Midland health campus had, as the headline read, ‘one foot in the grave’. It reported on the fact that the state Liberal government was backing away from the commit-
ment for the Midland health campus to proceed. You can imagine my pleasure a week later with the newspaper headlines about the campus lifeline and the delightful picture of the Treasurer pulling the casket of the Midland health campus out of the grave. This is an announcement that has been exceedingly well received by people in the eastern suburbs and in Midland more generally. The $180.1 million funding boost will ensure that the health campus can now be built on time and we should be enjoying the opening of the Midland health campus in 2013. Frankly, there is now no reason that the state health minister can point to, to say why the Midland health campus should not proceed on time.

It has been a bit disappointing in my local electorate to have to confront some of the comments from members opposite about not only the budget but in particular the Nation Building and Jobs Plan. Generally, it is a fairly dishonest scare campaign about debt and deficit. Only recently, for example, Senator Judith Adams put out a press release, on 21 May, accusing us of ignoring aged care in the electorate of Hasluck. Amongst other things, she said that in her view the government had completely ignored the industry of aged and community care and that instead of investing in the aged-care needs of our ageing population the government believed it was not a priority, and indeed it was suggested that aged-care providers had been completely excluded from accessing any of the funding under the economic stimulus package. Clearly that is simply not true, and the senator should stick to the facts.

It is quite cheeky for someone who was part of a government that, it could be said, had no plans for the future. It certainly had no plans for older Australians and no plan to deal with our ageing population other than to prepare reports. It certainly had no plans for pension reform despite nearly 12 years in government. As I have pointed out to the senator, we have increased funding for aged and community care service providers to a record level of $44 billion. In Hasluck, the Rudd government has increased aged and community care funding this year, and to that end there are a number of measures in the 2009-10 budget.

Senator Adams seems to be doing what most other members, at least federal members, of the Western Australian Liberal Party are doing—that is, completely ignoring the global recession and the reasons why the government has taken the path it has and gone into debt. Instead, they are concentrating on a more short-term political interest agenda rather than the national interest. She knows that the deficit has been caused by the global recession, the reduction in government revenues and the end of the mining boom. If the Liberals were in government, they would have no choice but to borrow and go into deficit.

Interestingly enough, this is not the attitude of the Western Australian state Liberal government. I was very pleased to be involved in a joint announcement with the Minister for Education and Tourism in Western Australia, Elizabeth Constable, on 5 April this year at the lovely Helena Valley Primary School about the National School Pride Program and the investment in Western Australia. The education minister, the Hon. Liz Constable, said in her media release of 5 April that she ‘welcomed the federal government’s commitment to spend $46.47 million on minor infrastructure and refurbishment projects in 330 schools in Western Australia’.

It does not end there. Troy Buswell, the state Treasurer, a reasonably famous or infamous political figure, put out a media release on Wednesday, 15 April—he is, amongst other things, the Minister for Housing and Works—which had the headline, ‘Tenders out for $100 million of maintenance and minor works in WA schools’. In the body of the media release it said:
Treasurer Troy Buswell … announced that tenders were now open for the National School Pride Program, the first stage of the Commonwealth’s ‘Building the Education Revolution’ program, which was welcomed earlier this month by Education Minister Liz Constable.

He goes on in the press release:

Apart from providing much-needed improvements to many schools, the National School Pride Program will provide many opportunities for businesses of all sizes to tender for works.

He goes on, towards the end of his media release, to say:

The Commonwealth’s ‘Building the Education Revolution’ (BER) program would see more than $1billion invested in maintenance and new capital works for almost 800 Western Australian public schools within the next two years.

The tender released today listed 594 schools, with a further 195 schools to be added by the end of the month.

What Minister Troy Buswell has certainly cottoned onto, even though his colleagues in the federal parliamentary Liberal Party have failed to, is that this budget and the economic stimulus package are about jobs. He said in another media release on Friday 24 April 2009:

As part of our involvement in the ‘Building the Education Revolution’ program, the State Government is asking construction industry training organisations to submit lists of apprentices that have been unemployed, are under-employed or face the prospect of unemployment due to the current downturn in the economy.

We will provide opportunities for at least 80 additional building trade apprentice positions, including at least 60 in the metropolitan area and a further 20 in the regions.

The ‘Building the Education Revolution’ program forms a key part of the Commonwealth’s Nation Building - Economic Stimulus Plan and involves the rapid construction and refurbishment of school infrastructure.

Indeed, on their budget day on Thursday 14 May, the education minister, Liz Constable, launched what she described as ‘the most comprehensive public schools asset improvement program in the state’s history’. It was some $1.066 billion which would be spent on improving school assets. She says in her media release:

This includes Federal Government funding of $666million from the Building the Education Revolution infrastructure program, with projects due for completion in 2011.

Of course it is not just about the Building the Education Revolution and the National School Pride program, it is also about the social housing program, which the housing and works minister, Troy Buswell, boasted about in a gleeful media release dated 8 April 2009 and titled ‘Social housing boost for Western Australia’. In a joint announcement with Senator Mark Arbib, he said:

… work would begin on the first phase of construction of 2,000 new social houses in WA under a joint State-Federal initiative.

He goes on to say in his media release:

Creating these new homes will also provide a welcome boost to our local building industry.

To cap it all off was his own budget media release on Thursday, 14 May, where he said:

The Minister said the State had embraced the Federal Government’s Nation Building and Jobs Economic Stimulus Plan, to support economic growth and jobs.
“This represents an historic effort to collectively leverage State and private sector land holdings with Federal capital contributions,” he said.

“This will stimulate the local housing and construction industry, including the generation of many jobs in that sector, and significantly increase the supply of social housing—both through new construction and the refurbishment of run-down stock.

“Partnership between the State and Commonwealth will see at least 3,000 additional dwellings built throughout WA over the four years from 2008-09.

An initial $70 million has already been approved by the Federal Government for the immediate construction of 286 dwellings across the State, with the State Government contributing land worth $40 million.

The Prime Minister accused members of the opposition of hypocrisy today. The point I am trying to make here is: I would be sorely tempted to be an observer at the WA Liberals’ state council meeting; I have listened and there is an obvious difference of opinion between the federal representatives in Western Australia, who are members of the Liberal Party, and what they say in the dishonest scare campaign they are running about deficit and debt, and their state colleagues who are responsible for running Western Australia. Their state colleagues are embracing the federal government’s economic stimulus package and congratulating the federal government on its investment because they know it is about creating and protecting jobs in the community and cushioning Australians against the worst impacts of the global financial crisis. Before we can honestly accept the comments of some of the representatives on that side—we already know that they come to Canberra and they vote against these packages, vote against the improvements in schools and vote against things like the Midland health campus in my community in Hasluck—they must know that there is support in the local community and there is an understanding of what the federal government’s budget agenda is all about. I commend the bills to the House.

Mrs MOYLAN (Pearce) (4.58 pm)—I grew up in the quintessential Australian country town of Narrogin, which lies south-east of Perth in the heart of the wheat belt. The lessons I learnt from living with my family in a farming district are lessons I have carried with me throughout my life.

Farming and rural communities have evolved around perennial uncertainty, never quite sure about what the next season will bring or what effect the elements out of their control may have on their livelihood. Nonetheless, they continue to stand steadfast, ready to make the best of what comes their way. It is this stoicism, adaptability and sometimes just raw courage that has helped Australia to become the nation that it is today.

The government could learn a lot from our farmers and those living in rural Australia. It would be nice if they could visit a lot more often. They have talked incessantly about the uncharted waters from which they must govern and, as a consequence, people across Australia are feeling the tide of uncertainty rise through the doors of their houses and businesses.

Having to plan a budget within the context of the global financial crisis is clearly challenging the government, and, arguably, it is a job well beyond their capability. They have talked up the unprecedented external pressures bearing down on them and placed too much reliance on a massive debt and deficit policy that will burden every man, woman and child in Australia for at least the next 13 years, by the Prime Minister’s own admission in the House yesterday,
and that is considered an overly optimistic projection by most responsible commentators. This big spend might be justifiable if it were a properly targeted and managed infrastructure plan that provided long-term improvement in standards of living and jobs.

One of the key issues in the first tranche of the government’s so-called cash splash was that it was going to create a vast number of jobs. That did not happen. Now the government is spending a lot of time and energy trying to convince the Australian public of the merit of their infrastructure spending, but from my observations much of it has been implemented in undue haste, without proper public consultation and without independent scrutiny. We only have to look at the $43 billion to be spent on the new broadband system, which was an amount virtually taken out of thin air, guessed at and with no figures around it to substantiate the merit of what was being planned. I fear that is the case with many of these infrastructure projects that are being constructed today.

There are a few landmark projects, such as the Oakajee project in Western Australia, which will create substantial jobs and generate billions of dollars of income, and the money that the federal government is putting into that is money well spent. We have to thank the Premier of Western Australia, Colin Barnett, for bringing that project to fruition. We are pleased that the federal government is putting in some of the money, because it is a real generator of wealth and of jobs. On balance though, I suspect that we may well look back in a couple of years and ask the question, ‘What have we to show for the high level of debt and deficit that must now be repaid?’ This government talks of the revenue drought and of the fiscal discipline needed to get us through. But the people of Australia have not seen any so-called fiscal discipline. They have seen their hard-earned money being spent with profligacy.

In the face of all this uncertainty, perhaps it is timely that we share with the government the lessons that have been learnt by farming communities over many lifetimes on how to deal with the climate of uncertainty. After all, the agricultural sector is the only one to record growth in recent times. In the September quarter national GDP went up one per cent, yet farm GDP went up 14.9 per cent. Similarly in the December quarter, which was the country’s first quarter of negative growth in national GDP, national GDP went down by 0.5 per cent and, by contrast, farm GDP increased by 10.8 per cent.

Primary producers have held their own under economic conditions that would literally floor most people. Drought, fire, flood, currency fluctuations, steeply rising costs of fuel, fertiliser and chemicals, and the global financial crisis have failed to dampen the enthusiasm and the determination of this sector. They just work harder, smarter and longer to achieve results.

As I move around the rural and regional areas of the electorate of Pearce, I am reminded of the most important lesson that we can learn from the farming community: they know to call a spade a spade, and they know to call the drought a drought and not a temporary reduction in localised precipitation.

The first lesson this government needs to learn is to call the deficit a deficit and call the debt a debt and, in the interests of transparency, quantify it rather than try to obfuscate. The obfuscation started with the budget when the government failed to portray the extent of the deficit and continued as the Treasurer refused to utter the word ‘billion’. Instead he referred to the deficit as ‘57’ instead of ‘$57 billion’, and the Prime Minister followed by referring to the projected debt level as ‘300’ instead of ‘$300 billion’. In fact, we saw him in the House just the other day admit that it is more likely to be $315 billion.
It is disingenuous of the Prime Minister to engage in such tactics and, frankly, it is an insult to the intelligence of the Australian people. The government appear to be incapable of answering a question directly or in language that is intelligible. Further, they try to use a nice comfy phrase, to pull the wool over the eyes of people by referring to the great big hole in our national finances as ‘a temporary deficit’. Just like the current budgetary situation, farmers are frequently required to prioritise spending in the face of uncertainty. They know that, if their revenues are savaged, targeted spending is the only way they will recover. At the same time, farmers know that no matter how low their revenues get, there are some expenditures which simply cannot be sacrificed.

So what do we see in the budget? On a national scale, critical expenses are our quarantine and biosecurity measures. The Beale review recommended that the budget allocate an additional $260 million per annum to biosecurity. This government publicly accepted all the recommendations of the review. How is it then possible that they have cut funding by $35.877 million? An investment in biosecurity is a small price to pay for the security of Australia’s clean food production and the health of all Australians. This may look like a saving in the short term, but the experience with equine influenza, avian influenza or melamine in Chinese milk shows us that it will cost much, much more in the future. Equine influenza cost the lives of Australian people, as well as decimating a whole industry.

This budget not only hits the primary production sector in the cut of $908,234,000 in spending but also it loads the rural sector up with increased fees and charges. In fact, the budget papers do not mention the $18 billion in tax cuts that will be borne by all Australians. Farmers and food producers will now face a bill of $618,000 for certification of agricultural exports. This represents a 767 per cent increase for meat health certification and—wait for it—a 1,352 per cent increase in manual document charges for exporting food and produce from this country. We get stuck into the banks for increasing fees but I do not believe the banks have ever managed an increase of that dimension in one year. Dean Logan, the chief executive officer of Small to Medium Enterprises Australia said:

This is one of the most ill-thought-out business-related policy decisions made by this government in what are unprecedented tough economic times for our exporters.

This kind of approach to budget is just daft. It is very difficult to understand. In addition, a massive $12 million was cut from the Rural Industries Research and Development Corporation. One can only assume that this is an idea driven by short-term desire for retribution on a corporation that dared to speak out against the proposed ETS. There is no other logical reason for that massive cut in funding for rural industry research and development.

Most staggering of all, Land and Water Australia has been abolished altogether, while one of the most pressing problems facing this country is the supply of water, particularly for people in the horticulture and agriculture sectors. The main aim of that group has been to assist farmers with productive and sustainable farming. Their researchers help farmers across Australia to deal with the uncertainties inherent in modern farming. Farmers in the Avon region of my electorate benefited greatly from the work of Land and Water Australia in their Grain and Graze initiative.

The National Farmers Federation vice president, Charles Burke, has described the farming sector as ‘the backbone of the national economy’, noting that, ‘We have built the productivity
of our farming levels off the back of research and development, but current investment is now at wafer-thin levels.’

Mr Burke noted that the National Farmers Federation were ‘deeply disappointed’ with the slashing of vital funding into research and development in agriculture. It is a very sad state of affairs when an Australian government would rather splash cash than continue to support the invaluable work of organisations like Land and Water Australia that are focused on addressing the long-term needs of the Australian community.

As those of us in Canberra look out at a sea of red ink in the national economy, many farmers are looking out at their fields of red dust. The member for the Riverina was telling me yesterday about the terrible dust storms in her electorate in New South Wales. Fruit and vegetable growers all over the country face a future where water is scarce and expensive. Seeing people’s life’s work trashed is truly heartbreaking, but the real tragedy is that with better planning and attention to important water infrastructure, conservation and renewable energy programs we could minimise the failure and the heartache and improve our agricultural and horticultural output.

What farmers know and what the government clearly has not yet learnt is that in times of uncertainty spending must be productive and it must be sustainable. What this budget delivers is far from productive or sustainable. The massive $908 million cut in spending on Australian agriculture starkly demonstrates that long-term productivity and sustainability were low on the government’s list of priorities. It is clear that the agricultural sector is not well served by the current minister for agriculture, who has failed to impress upon his leaders the importance of agriculture as a generator of jobs and wealth as well as producing the nation’s food for both domestic consumption and for export. Food production and security should be one of our top priorities. Instead it is clear that, for the Labor government, our primary production sector is always at the bottom of the barrel.

The government’s budget predictions include that there will soon be one million Australians unemployed. The solution lies in the hard work and entrepreneurship of private sector enterprises which create the jobs. Any recovery will depend also on the workers who carry out the work that is generated by industry. Historically it is small and medium enterprises that drive job growth. They rarely ask for a handout but they do need a hand up. One of the critical issues facing many new and established enterprises is the impact government policies have on available liquidity. Many businesspeople tell me that liquidity is very tight. And what do we see this government do? Scrap the employee share ownership scheme. Not only is it an important equity issue for employees but it is an important revenue raising source for employers. What a crazy decision that is!

What we have seen so far is generous bailouts for big industries such as the four big banks and the motor vehicle manufacturers, and of course we have seen Ruddbank, which has been set up to bail out big property developers primarily. But there is nothing much to assist small and medium enterprises, the engines that drive this country’s economy. Just additional imposts on that sector—more taxes, more charges, more fees—is what they will get.

All Australians recognise that these are tough times and we can accept that tough decisions are needed. But what is unacceptable is the reckless approach to economic management displayed by this government. In an electorate survey I did recently the majority of the electors of Pearce nominated wise spending of taxpayers’ money as the second-highest priority issue
along with access to hospitals and health care—another broken promise by the Rudd Labor government. They came to office promising to fix the hospitals and to take them over if the states did not fix them, and people are still concerned about that. But the important thing is that the electors of Pearce nominated wise spending of taxpayers’ money as a very high priority issue. It is not as though the government were not warned.

Labor beat up inflation soon after coming to government, overplaying that hand to the detriment of the Australian economy. They were warned that the real threat to the economy was the financial problems caused by the subprime market in the United States. The former Treasurer, the member for Higgins, was branded a scaremonger for warning of the impending fall-out from an overheated financial sector, particularly in the United States. So, having whipped up the inflation bogey, causing hikes in interest rates, the government then added fuel to the fire with an overreaction to the global financial meltdown, initially implementing an unlimited guarantee on the deposits of the four major banks. When investment bank liquidity dried up and car dealers could not get their plans funded, amongst other disasters, the government rectified their mistake only with a lot of prompting from the opposition leader, Malcolm Turnbull, who had all along called for an up-limit to the government guarantee.

The government has squandered the profits of Australia’s boom and impeccable fiscal management, recklessly spending into debt at the rate of $3 billion a week. That is what we are spending: $3 billion a week. To make matters worse, the legacy of debt that they will leave us with in this place will be a ball and chain around generations to come. I want to highlight that with a quote. There was an excellent article in today’s West Australian by Paul Murray, whom I must say has been writing some very fine pieces for the opinion page. He made this very telling point. He was actually contrasting the Western Australian budget, which has recently been released, with the national budget and drawing some comparisons between the rigour of the Western Australian figures and the lack of rigour in the figures produced by the federal Treasurer. He finished the article by saying: The acute point here is that if the Rudd Government’s growth projections are wrong—and he certainly gives information to suggest that they are highly optimistic and not really something we could count on—and revenues remain depressed, then there will have to be a series of slash-and-burn Federal Budgets in those underperforming years. That’s a future Mr Rudd doesn’t want Australians to see.

This is the reason that the Rudd government, the Prime Minister and the Treasurer do not want to let the Australian public know just how much debt and deficit they have got this country into. It is about time this government took lessons from those who built this country before they go dismantling and undermining all those institutions and the good work of a previous generation.

Mr BRADBURY (Lindsay) (5.18 pm)—I rise to support Appropriation Bill (No. 1) 2009-2010 and Appropriation Bill (No. 2) 2009-2010 and the range of measures that are contained within the budget that was handed down by the Treasurer—the second budget of the Rudd government. This is a budget that is about nation building for the recovery. It is about acting now to support jobs and provide an investment in the infrastructure that our nation will need into the future. It forms a part of the government’s overall economic strategy, which can best be described as being a three-tiered approach. The first tier was about providing the short-
term stimulus involved in providing income support, in particular to those who needed it most. That came in the form of cash payments that began to flow in December last year and continued to flow in the early months of this year. The second tier of the approach was an investment in shovel-ready infrastructure. For many communities around the country, that meant an investment in local projects in their community. I for one was very pleased to see $1.7 million secured for Penrith City Council to undertake urgent works, shovel-ready works, in the local community to deliver infrastructure that our community has been crying for for many years.

In relation to where that money was spent, I can detail some of the projects, but it was largely spent on improving community facilities—childcare centres, neighbourhood centres and other community facilities that previously did not receive sufficient funding, or for which the council did not have the capacity to deliver the investment that their upkeep required.

In addition, out of the Community Infrastructure Program, a fund that councils could apply to, $5 million was secured for a commuter car park at Penrith station. This is a project that I have been very passionate about and have campaigned for for a very long time. It is not just about securing $5 million for a commuter car park. Some 800 cars will be parked on the north side of Penrith station on any given day, and they are currently parked in an informal way. There is no formalised car park. People currently park on a site that is owned by the Department of Defence, but there are no formal arrangements in place. Not only have we secured $5 million out of the Community Infrastructure Program but we have also secured an additional $5 million from the New South Wales state government to put $10 million on the table towards the development of a 1,000-space multideck commuter car park.

The significance of this car park is not just that it will provide for the parking needs of those hundreds and thousands of commuters who come to Penrith station each day and travel outside of the area of their employment. Clearly, they will be beneficiaries, but that is not all it is about. The most significant impact of delivering that car park, if that can be achieved—and we are still working through some elements of the process—is that it will unlock the development potential of the North Penrith Army land site. It is a 50-hectare greenfields development site adjacent to Penrith station. Penrith, under the New South Wales government’s metropolitan strategy, is a regional centre. So here we have a 50-hectare site adjacent to a train station—infrastructure already in place. We have the opportunity to deliver a mixed-use development on that site whose value is estimated to be in the vicinity of half a billion dollars.

So we are talking about a project that might otherwise not have been able to get off the ground. But, as a result of $5 million from the federal government and $5 million from the state government, and subject to the Department of Defence working very closely with the New South Wales government and Landcom on the issue of a priority sale, it could be achieved. And if it can then we will see as a result of that contribution not just $5 million worth of investment but the unlocking of a half-a-billion-dollar investment in our local community. It is a huge project and it shows the economic dividend that investment in local community infrastructure can yield.

So that is their second tier, the second phase—local community projects. Also tied into that component is the investment that we are making in schools, the largest modernisation of schools in Australia’s history. We are seeing all our primary schools—in my electorate, some 43 schools—entitled to funding of up to $3 million to deliver, on their premises, a school hall,
library or multipurpose facility. This is a measure that has been acclaimed throughout my community, and I am sure that reaction is representative of the feelings of school communities right across this country. It is a once-in-a-generation opportunity to make a serious contribution towards the education revolution that this government has been so passionately chipping away at putting in place since we came to office. The schools in my electorate have embraced the opportunities that come with this funding.

In addition, we have the National School Pride program, where not only our primary schools but our secondary schools, government and non-government, are able to access funding for repair and maintenance work—all those jobs that are on the kind of list that every school principal in this country has but that very few have had the capacity to deliver on. We are now giving the capacity to those principals, school communities and P&Cs to deliver those projects and improvements to their local communities.

I have to say that a very large proportion of the work that has been generated by this particular program has gone to local contractors, local tradies and local workers within my community. I held a forum under the banner of ‘Keeping Penrith working’. We had over 200 people come together—a large collection of local businesspeople, local community leaders and tradies. It was an opportunity to make people aware of the funding that had been made available to schools and to try and bring schools and local business together so that partnerships could ensue in order that we could deliver not only the education revolution that we are spending this money on in our schools but also that stimulus to our local economy. I can report that that has occurred.

The second tier of the stimulus also involves the contribution that we have made through public housing, social housing. There have been many reports in the papers—the Daily Telegraph in particular in the last couple of days—about some of the homelessness and housing stress issues that people in Western Sydney are facing. I can tell you that the plight of some people will not be addressed overnight. In fact, many people that are facing some of those accommodation challenges will not have their issues addressed overnight. But what we see in the range of measures that this government has introduced, both prior to the economic stimulus and within the economic stimulus, will take us a lot closer to where we need to be in delivering affordable housing, social housing, and facilities and services that homeless people require.

These are great advances: the money that is being spent on social housing; the money that is being spent on the National Rental Affordability Scheme, from which a number of allocations have been made to organisations within my community; and the Housing Affordability Fund. When we put all of these measures together, we are seeing a government that has taken its role in the housing market very seriously, and that is not to mention the impact of the first home owners boost and what it has done to stimulate activity within the local real estate market.

All of these measures together show, for the first time in a very long time, a federal government that takes its responsibilities in housing seriously. The former government did not even have a housing minister. It was not a priority—not on the agenda. I say to those people facing accommodation difficulties that we do not have an overnight solution. We will not be delivering it overnight. But we are working very hard towards delivering an improvement in
the situation for those seeking housing as a result of whatever circumstances have befallen
them. We will continue to push ahead passionately to achieve outcomes on that front.

All of these things form part of that second tier. But then in the budget we started to see
some of the third tier—the serious, long-term infrastructure. We have been supporting local
jobs and supporting jobs today, but the serious infrastructure that has come through in the
spending in the budget will deliver, along with some of those other measures, the prosperity
that our nation aspires to. It is about taking advantage, setting ourselves up and preparing for
the recovery. We are doing that.

I can report one example from my electorate of where we are spending some money in a
very significant way through the Health and Hospitals Fund. We are spending $96 million
towards the upgrade of the Nepean Hospital. This is a significant contribution and it will be a
significant redevelopment. Currently the Nepean Hospital has a north block, a south block
and a west block. When this money is invested in our local community, we will have an east
block as well. That is a significant improvement in local health infrastructure.

But that is not all that the budget did for local health infrastructure in my electorate. I am a
very passionate supporter of clinical research and a passionate supporter of the fact that our
hospital—the Nepean Hospital—is a teaching hospital. The University of Sydney uses Ne-
pean Hospital as a base for some of its teaching activities for medical students. Many benefits
flow from that for our local community. But one of the things that we have been missing in
our community has been a dedicated facility for the medical school and for clinical research.
As a result of a $17.2 million contribution out of the Health and Hospitals Fund, adjacent to
the Nepean Hospital, across the road, on land already acquired by the University of Sydney,
we will be seeing delivered a clinical school—the Nepean Clinical School.

The benefits that will flow from this will be tremendous for our local community. Apart
from the fact that it is a major health workforce initiative, it will go a long way towards help-
ing us to attract and to retain some of the best clinicians in the country—many of whom we
already have, but that is always a challenge for hospitals in outer metropolitan and regional
areas. One of the elements of this proposal is that free space will be provided to specialists on
the basis that they meet two conditions: firstly, that they have to allow medical students to sit
in and observe them during their consultations; and, secondly and most importantly, that they
will be required as a condition of the free rental to deliver bulk-billed specialist services. This
is a very innovative approach. Clearly the demand for those services will be much greater
than any one facility can meet, but there will be many people in my community that will
benefit from bulk-billed specialist services as a result of this initiative. I congratulate the Uni-
versity of Sydney for their efforts and in particular Professor Michael Peek for the work that
he put in to developing this proposal—a proposal that I think will be of tremendous benefit to
my local community.

In addition to that, we will have an expanded and enhanced research capability at Nepean
Hospital. While that is a good thing in itself, clearly the access to medical trials and to cutting-
edge research—the benefits of those activities—will be felt directly by local residents. This is
about acting now to generate that local activity to support jobs so we can deliver the infra-
structure that our nation will need into the future. These examples are very good examples of
where that is occurring.
We are also seeing some money out of the higher education fund being invested over at the Hawkesbury campus of the University of Western Sydney. This will be a very significant project in the form of a $40 million contribution for a Climate Change and Energy Research Centre. In relation to some of the capital works announced in the budget, more than $2 million was allocated for capital works at the Defence Establishment Orchard Hills, which will provide a further stimulus to our local economy, and of course there is the $91 million contribution for planning and environmental assessments for the Sydney West Metro.

I should also mention some of the other initiatives that are complementary to the suite of initiatives in that first, second and third tranches of the stimulus. I make the point that, of the stimulus measures that the government has embarked upon, 70 per cent of those measures are in direct infrastructure. That is an important fact and figure. If we look at our newspapers or watch television, the airtime that has been given to the various components of the economic stimulus package is not a 70:30 split. The cash payments have received much more attention than the quantum involved requires. That is why this government is determined to make sure that the Australian people—who do require an investment in infrastructure and who have been calling out for a government to undertake the sort of nation building that we are undertaking—are aware of what we are doing and what we are planning to do.

Mr Georgiou—By advertising?

Mr BRADBURY—Not by advertising, by knocking on people’s doors. The member for Kooyong can come into my electorate at any time and join me as I go around shouting from every hilltop in my electorate and knocking on every door I can, disseminating this important message.

I note that when the Leader of the Opposition handed down his budget-in-reply speech he did not even mention ‘global economic recession’ in the entire speech. The reference to the global economic recession just could not be found in that speech. A lot has been said on the other side about the Treasurer’s omission in relation to the deficit. Let us put this in context: this global economic recession is the most serious economic downturn that we have faced since the Great Depression.

Let us not engage in hyperbole; let uslook at the facts. Let us look at global growth. This is the first time that global growth has contracted in annual terms in 60 years. These are unprecedented circumstances. There has been an 11 per cent drop in world trade. In addition to that, eight of our 10 most significant trading partners will be in recession and, of course, China and India are experiencing very rapid declines in growth—of course coming off a base that would warrant some growth in any event.

These are very serious economic circumstances and that is why the government has acted decisively and with such strength. We hear about the cash splash; we hear about the measures that have been taken to this point; we hear about modelling of all sorts. Let us look at the Treasury modelling. I have to say that the Treasury modelling in relation to the jobs that have been supported has not been contradicted. If there is an economist out there who is willing to put their name towards a piece of work that contradicts this, then let them come forward. But, to this point, the Treasury modelling clearly says that 200,000 jobs have been supported by the stimulus measures.
The alternative to acting decisively and with the strength that the government showed would be to abandon those 200,000 workers. When it comes to the issue of debt, a number of members of the opposition have said that they support the infrastructure spending—especially when it is in their electorates, I must say. There is much photographic and other evidence to that effect. They support infrastructure investment when it suits them, but they did not vote for it, and they now attribute the debt and deficit to that spending without acknowledging that revenue has been written down as a result of the global recession and the fall in commodity prices to the tune of $210 billion in four years. That means that one out of every five dollars of Commonwealth revenue has just evaporated, not because of anything the Rudd government has done but because of the global downturn and the fall in commodity prices. If you are managing your household budget and for every five dollars you lose one dollar of income due to a factor beyond your control, it makes it quite challenging to manage your budget. Sometimes you might even have to go into deficit. You might have to carry some short-term temporary debt. That is what we intend to do.

The important thing is to see what we are doing. We are acknowledging and absorbing the impact of that write-down in revenue, but we are investing in the sort of nation building that will set our country up for prosperity in the future. We need to make sure that we are ready to make the most of the recovery when it starts to kick in. It will kick in sooner in this country than in other countries because of the action that we have taken. We have been affected less than other countries because of the action that we have taken. That does not mean that we will not suffer adverse consequences, but in the end history will judge us on our actions and will judge the opposition on their calls for inaction. This is a good budget. It is a budget that supports jobs today and delivers the investment in infrastructure that our nation requires into the future.

Mr SCHULTZ (Hume) (5.38 pm)——I rise to speak on the Appropriation Bill (No. 1) 2009-2010 and cognate bills. It is interesting to listen to the ideological spin that comes from the other side of this House. It is centred around trying to justify the incompetence of the Prime Minister and the Treasurer and it has no regard whatsoever for the intelligence of the Australian people, who will very shortly show the government just what they think about the incompetence they now confront. Having said that, this budget reveals the high price all Australians will pay for Labor’s reckless spending spree over the past 18 months. As someone who has been involved in politics at state and federal levels over 21 years, I have seen all this before. The one thing that I have learnt in those 21 years is that the Australian people are sometimes a little slow to work out what a bad decision they have made in relation to the government they have elected. I can tell you that they are learning very quickly and reacting very spontaneously to the incompetence that has been shown by this reckless-spending government headed by Kevin Rudd.

Having said that, the one positive thing to have come from the budget papers is that the government has finally recognised, albeit 12 months after we told them about it, that the pensioners of Australia are doing it tough, and it has given them a well-deserved rise. It is interesting to note, however, that the rise of $32 has been given to single age pensioners only. Pensioner couples have only received $10. I have received many calls to my electorate office asking why couples only received $10 when they have the same expenses as singles when it comes to utilities, petrol and the like. But that is where the good news stops.
As a consequence of this budget, unemployment in Australia will reach the one million mark by 2010-11. The government has managed to turn a $22 billion surplus into a $58 billion deficit, a figure the Treasurer, as we all know, could not even bring himself to utter during his half-hour budget speech in the parliament. It has also managed to take the country from being debt free to having a record net government debt of $188 billion by 2012-13, and is allowing itself to borrow upwards of $300 billion on the Rudd credit card.

Two-thirds of the debt owed by taxpayers in 2012-13 will be due to spending decisions taken by the Rudd Labor government over the past 18 months. Since the November 2007 election, the Rudd Labor government has announced measures which have increased Commonwealth spending by $124 billion. That is an average of $225 million in new spending per day. Labor would have us and, more importantly, the community out there in Australia believe that the destruction of our nation’s balance sheet is an unavoidable consequence of the global recession. In reality, Labor has lost control of the public finances.

The government’s failure to deliver a credible plan for recovery has lumped an extra $9,000 of debt onto every man, woman and child in Australia. The interest that will accrue on that $9,000 is a further $500 per year. The 2009-10 budget delivers a dismal trifecta: record spending—29 per cent of GDP; a record deficit of five per cent of GDP; and a further increase in the jobless rate of 8.5 per cent.

Labor’s out-of-control, undisciplined and reckless fiscal management does not end at spending. Over the same 18 months since the last election, Labor has introduced tax hikes which increase revenue by $26 billion. Taken together, these decisions represent the biggest tax and spending binge in Australia’s peacetime history, driving an expansion in the size and scope of the public sector not seen since the Whitlam years.

By 2013, net public debt will surge to $188 billion—double the previous record peak under Paul Keating—and could even reach $300 billion-plus. It took the coalition and the Australian people more than a decade to pay off the previous debt left behind by Labor. It would appear that the Rudd government debt will not only take 12-plus years to pay off but be compounded by an increase in the level of taxes and charges unsurpassed in this great country’s history. The annual interest bill paid by the Australian people in 2012-13 will be in excess of $8 billion—more than the Commonwealth spends each year on infrastructure and housing combined.

The decisions of this government and its recklessness are to be felt by Australians for years to come. Like many people on this side of the House, I worry for my children and my grandchildren. In the electorate of Hume, the areas of health, superannuation and pensions, infrastructure, small business, education and training, taxes and rural Australia will be directly affected.

The 41,865 people aged over 18 in the Hume electorate who currently have private health cover will pay a heavy price for the Rudd Labor government’s sustained attack on health insurance. This represents 46 per cent of the voting public in the electorate of Hume, but it will affect a total of 58,929 people who are currently covered by private health cover. These people will be faced with higher insurance premiums after the Prime Minister broke his election promise not to change health insurance rebates. In a letter to the Chief Executive of the Australian Health Insurance Association, Dr Michael Armitage, dated 20 November 2007, Kevin Rudd, then opposition leader, said:
Both my shadow minister for health, Nicola Roxon, and I have made clear on many occasions this year that Federal Labor is committed to retaining the existing private health insurance rebates, including the 30 per cent general rebate and the 35 and 40 per cent rebates for older Australians.

This snake oil induced election promise backflip will mean most people will face an automatic increase in insurance premiums—of up to 42 per cent, for some—while those people who are forced to abandon their private health cover will face a tax increase through the Medicare surcharge levy of up to 50 per cent. Every Australian will eventually pay the price for the Rudd government’s reckless spending, because these budget changes will mean people will drop out of private health cover and join the queues of people waiting for treatment in public hospitals, while those who keep insurance will have to pay more.

Every Australian will work longer under the Rudd Labor government’s irresponsible changes to super. Superannuation has been taken backwards. Over $4 billion has been slashed from superannuation, which has removed incentives for Australians to save for their retirement. The government has coldheartedly cut by one-third the superannuation co-contribution scheme which bolsters the retirement savings of low- and middle-income earners. Low- and middle-income earners receive $1 instead of $1.50 for every dollar contributed. Over 1.4 million Australians received a co-contribution in 2007-08. Labor has made superannuation less affordable and less attractive for millions of Australians, including many on modest incomes. Yet, it is raising the pension age from 65 to 67.

The $12.6 billion infrastructure fund set up in 2008-09, all funded from coalition surpluses, has been raided and only $250 million is left. In spite of all Labor’s rhetoric about nation building, the total expenditure over the next six years on roads, rail and ports will be less than that committed by the former coalition government. The $13.8 billion spent in total from three infrastructure funds—$3.2 billion from health and hospitals, $3 billion from education investment and $7.6 billion from Building Australia—is less than two-thirds of the $22 billion spent on Labor’s cash splashes. Labor will spend $53.2 million to conduct an implementation study into the National Broadband Network, which will examine detailed engineering, commercial and structural issues, even though Mr Rudd has already announced he will spend $43 billion on this unproven scheme. This $43 billion could increase dramatically if the government does not attract the private investment it is seeking to help fund the rollout of the scheme.

We all know that small businesses are the engine room of a local economy. In Hume it is no different. Some 13,653 small businesses operate in the Hume electorate. After inheriting the strongest economy in the world, Mr Rudd is recklessly spending money and failing to properly assist these small businesses. While he trumpets the increase from 30 per cent to 50 per cent in the government’s small business investment allowance as a saviour for small business during this time of economic slowdown, the majority of small businesses in the electorate of Hume are telling me that in order to gain benefits from this initiative you must first have the cash available to spend.

Award modernisation also places undue stress on small businesses’ cash flow, especially in the restaurant, catering and hospitality industries where labour costs will be substantially increased, forcing small businesses to shed staff or shut their business. The coalition has listened to the concerns of small business about the need for less red tape and more effective incentives to keep apprentices on during this tough economic period, and our proposal pro-

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vides the right incentives to help small businesses throughout the whole of Australia during this economic downturn.

The education revolution is over and it was a miserable failure. After the massive cost blowouts of computers in schools and the disappointing mismanagement of the school hall program, the government is offering nothing new in this budget for schools. There are no new initiatives for schools. All programs were already announced at the COAG meeting in December and in the second stimulus package in February.

In higher education, after 18 months of inactivity and lack of interest in higher education policy, the government has finally responded to the Bradley Review of Australian Higher Education in this budget. However, it is a great disappointment. The Bradley review called for a large intake of new students based on a demand-driven system and argued increased spending to improve quality and scholarship. In total the recommendations of the Bradley review were costed at an estimated $7 billion. The majority of the expenditure recommended in the government’s own Bradley review has been ignored. Australian universities have been left out in favour of cash splashes and pink batts.

In a savage indication of the Rudd government’s ideological hatred for all things rural the government has also changed the eligibility criteria for youth allowance. This will leave thousands of rural students who would currently be eligible for this income support out in the cold. The changes to student income support directly impact on the children of middle Australia.

Let me tell the House what these changes mean. The tightening of the workforce participation criteria will mean that from January 2010 a student must now work full time for at least 30 hours per week for at least 18 months in the two years or more since leaving school before qualifying as independent for the youth allowance payment. The 30 hours per week mean that in order to complete the 18-month employment criterion future students will not be able to work part time while studying to try and gain independent status. Students are only able to defer their university place for one year and may lose this whilst having to work in the second year and try to reapply. Students may lose motivation to study if trying to return after a two-year gap from school. They may also find it difficult to gain full-time employment with no skills immediately after leaving school, particularly in a time of quickly rising unemployment. This move effectively spells the end of the gap year.

This path to independence has been one of the only ways rural and regional students have been able to access university. I would like to read a comment I received from a young lady who comes from the electorate of Hume. Her parents are on a farm. She said:

Dear Mr Schultz

I am just writing to express my concerns in regards to the recent cuts to Youth Allowance in the 2009 Budget. Let me give you a bit of background information: I have always lived on a farm (initially near Carrathool, NSW and then from 1999 Boorowa NSW). My father is a grazier and we own a farm about 10km from Boorowa. I attended Boorowa Central School until halfway through year 10 when I became a boarder at Canberra Girls Grammar. My parents believed that it would be a good opportunity for me to broaden my horizons. I loved my time at CGGS. I finished year 12 last year and, after deferring a place at ANU, I am taking a GAP year. I am currently working full time at Blumers Lawyers as a legal assistant and I also work at Country Road on the weekend.
Moving to Canberra has meant that I have become financially independent. I also believed that it would mean I would be eligible to receive Youth Allowance after I had been out of school for 18 months. The thing is, I always expected that I would be financially independent for my time at university. The last nine years have been tough for my family and my parents still have my three younger siblings to educate (14, 12 and almost 10).

I am just enquiring about your views on the cuts as I believe that they will have great repercussions on rural students.

I will not go on but it gives you an indication of just how hard these heartless decisions are affecting rural students.

The Rudd Labor government has attacked the ability of many employees to participate in employee share agreements by forcing them to pay upfront tax before they can receive equity entitlements. Employees will have to find cash to pay or decline to participate. The modest cost of extending and almost doubling this tax break for small business investment shows that this tax break, despite being increased once before, is not being taken up by cash constrained businesses, just as the coalition warned. And you can go on and on talking about very important issues centred around rural and regional farming communities of Australia.

Let me now talk about some councils that have contacted me in the last week. Every council in the Hume electorate has received or is due to receive the first round of funding that was handed out by the government in the first stimulus package last year. However, every council in the electorate that applied—and they have all applied—for major infrastructure funding from Infrastructure Australia has had their funding submissions declined, all with the standard line that Infrastructure Australia was overwhelmed with funding applications from local government, receiving applications for over four times the amount that was allocated. There was no thought whatsoever for these worthwhile programs: delivery of new bridges over rivers; $2 million for a new community swimming pool at Goulburn-Mulwaree Council; Palerang Council applied for $6.8 million for an equestrian centre; Wingecarribee Shire Council applied for $2.7 million for upgrades to their waste recovery system; Yass Valley Council applied for $7.5 million to raise the height of the wall of Yass’s main water supply dam so that they could have some water through debilitating drought periods; and it goes on. It is just a classic illustration of how the Rudd government hates rural communities.

It is more poignant than that. It is about governments picking winners and losers and propping up marginal seats in their electorates rather than responsibly using taxpayers’ funds to look after the people of Australia. That is what I get angry about. I do not care whether programs do not meet the merits or the standards that are put before them and are rejected. What I do care about, and it happened in the previous government as well, is legitimate projects being ignored simply because of the politics that is played in certain seats throughout this great nation of ours. That is what is wrong about the whole system of allocation of money. So, for the Minister for Infrastructure, Transport, Regional Development and Local Government to get up in this parliament on a day-to-day basis ridiculing members of parliament because they have a real, deep concern for their communities—particularly the rural members who know what it is like for their rural communities to struggle through the difficult years—indicates to me and to the public, who are waking up to it, just what this government runs on: arrogant disregard for the people in need in this great country of ours.
In a direct blow to the rural and regional farming community of Australia, we see the Department of Agriculture, Fisheries and Forestry hit with an efficiency dividend, stripping away $12 million through identifying lower priority programs that can cease. That means 312 staff will be dismissed. Land and Water Australia is being abolished and another $12 million will be taken from the Rural Industries Research and Development Corporation. This is great for a country still recovering and, in some areas of my electorate, still suffering from the effects of the worst drought in a hundred years!

In summary, the 2009-10 budget is a classic tax-and-spend Labor exercise but on a far more reckless scale than ever seen before. The Australian people will pay a high price in terms of high future taxes. (Time expired)

Ms PARKE (Fremantle) (5.58 pm)—I rise today to speak in support of Appropriation Bill (No. 1) 2009-2010 and Appropriation Bill (No. 2) 2009-2010 which underpin the Rudd Labor government’s nation building for recovery budget. It goes without saying that each and every Commonwealth budget is a matter of great significance, but it is hard to not feel that the 2009-10 budget is a particularly important document. That is because the 2009-10 budget is a blueprint designed to address the worst global downturn since the Great Depression. It is a budget framed in the face of revenue that will evaporate to the tune of some $200 billion over the period of the forward estimates. It is a budget that in response to the global recession and the savage contraction in private demand will seek to provide some essential cover for the gaping hole in Australia’s economy, with initiatives that follow a very simple rubric—that is, that we should do everything in our power to support jobs now through investments for the long-term benefit of this country.

The saving and funding initiatives that this budget contains and the policy reforms it implements are designed with one overriding principle: to put Australia on the path to a rapid and substantial recovery. It involves tackling difficult issues that our political opponents failed to tackle during the unprecedented economic sunshine of a global commodities boom; it involves navigating Australia through a period of deficit that is both unavoidable and necessary. We do not shirk the challenge that confronts this country, as it confronts nations around the world.

As the member for Fremantle, I can say that this budget includes a range of achievements large and small and that it takes big steps forward in areas that are of particular concern to my constituents. It tackles the issue of providing greater support for the elderly and the disabled in our community and for carers. It tackles the fiscally unsustainable revenue-to-expenditure churn that the Howard government practised and it provides a historic investment in areas that have long been neglected—areas like education, infrastructure, community assets and energy efficiency.

Households in Fremantle, and indeed across Australia, will soon see in their daily lives the proof of these nation-building initiatives. They may take the opportunity to install photovoltaic cells on their roofs, insulation in their ceilings or new gas hot water systems. Their kids’ or grandkids’ primary school will have a new library or multipurpose hall. The roads they drive on will benefit from massively increased black spot funding. In many cases their public transport options will increase and improve. There will be projects in their local communities that receive the support necessary to sustain green employment opportunities and trainee places.
Taken together, these bills and the measures they give rise to hold within them the blueprint for Australia’s secure, prosperous and sustainable future, and I want to discuss a few of these measures in more detail. The first matter I want to address is the long overdue reform of the pension payments system in Australia. This outcome of the budget is itself an instructive model of the Rudd government’s process. This government recognised that pensioners had been left behind and proceeded to give this problem due consideration through the mechanism of the independent Harmer review. It was on receipt of the Harmer review’s report that the government took action in this budget to comprehensively improve the Australian pension payment system.

From this budget forward, the single rate for the age, disabled, carers, spouse and veteran income support pensions has been increased to two-thirds of the combined couple rate, as recommended by the Harmer review. Pensioners across the nation, including more than 17,440 people in the Fremantle electorate, will benefit from up to an additional $32.10 per week for singles and $10.14 for couples. Three-quarters of single pensioners will receive the full increase.

The new pension supplement, which replaces four separate allowances for GST, utilities, telephone and internet, and pharmaceuticals, will simplify the ancillary payments to pensioners. The supplement will initially be paid on a fortnightly basis in combination with the pension itself, but from July 2010 pensioners will have the choice to receive half the supplement on a quarterly basis.

In addition to the pension increase, carer payment and carer allowance recipients have also been guaranteed an annual $600 supplement to help cover the unavoidable extra costs that come with the incredibly important task of providing care to those who most need it in our society. I am sure that the Corfield family of White Gum Valley—who I have come to know, and am honoured to know, through the ‘Adopt a Politician’ awareness scheme—will appreciate this extra support in their daily effort to confront the uncertainties of life with their daughter, Chloe, who suffers from Rett syndrome. This permanent supplement will hopefully allow the Corfields just a little bit more breathing room as they struggle to pay for the specialist therapies and medications that help Chloe achieve the best quality of life possible.

This government recognises that carers undertake some of the most necessary and difficult work that exists within the realm of the human condition. It is a labour of love, of absolute compassion, and it is work that is undertaken on behalf of all of us. It is only right that government supports the carers in our society, and we should always bear in mind that the expenditure to support that work in Australia is but a fraction of the value that carers save the Commonwealth through their efforts.

One of the initiatives that will be particularly welcome in Fremantle is the expanded support and recognition of midwives. The Rudd government’s commitment to strengthening Australia’s midwifery services follows the release of the maternity services review report. A number of the recommendations in that report are consonant with the views of numerous groups and individuals in my electorate, not least Community Midwifery Western Australia’s Pregnancy and Childbirth Centre, located in North Fremantle. They will welcome the government’s decision to commit $120.5 million over four years for the introduction of Medicare supported midwifery services to provide greater choice for women during pregnancy, birthing
and postnatal maternity care. This measure includes $3.1 million in capital funding in 2009-10 for Medicare Australia.

The new arrangements will allow midwives to work as private practitioners, provide services subsidised by the Medicare Benefits Schedule and prescribe medications subsidised under the Pharmaceutical Benefits Schedule. The government will also provide subsidised medical indemnity for eligible midwives working through collaborative arrangements in hospitals and healthcare settings. To ensure that Australia maintains its strong record of safety and quality in maternity care, a safety and quality framework, including professional guidance and advanced midwifery credentialling, will be developed and implemented. A new 24-hour, seven-days-a-week helpline will also be established to provide antenatal, birthing and postnatal maternity advice and information to women, partners and families during the antenatal period and up to 12 months following the birth of a child.

I am aware that this measure will also assist women in rural and remote areas by expanding the Medical Specialist Outreach Assistance Program to provide integrated outreach maternity service teams for women in under-serviced areas. The expanded teams will include midwives, obstetricians, general practitioners and other health professionals such as paediatricians and Aboriginal health workers. Additional funding will be provided for the professional development of midwives and for general practitioners to undertake additional training to become GP obstetricians or GP anaesthetists.

I want to turn now to consider some of the most substantial short- and medium-term benefits of this budget. It is no exaggeration to say that this nation building for recovery budget will literally change the landscape in my electorate. It will deliver a wave of significant and in some cases long-awaited improvements to 52 schools in the Fremantle electorate through the National School Pride Program. I am really pleased to see that the construction of a new library or multipurpose hall has already been approved for 25 primary schools through the first two rounds of the Primary Schools for the 21st Century Program. Through helping schools to apply for their precise maintenance and building needs, I know, for example, that Caralee Primary School will receive new smart boards worth $100,000 and that Spearwood Alternative School will be able to adapt the cafeteria section of their multipurpose building to fit in with their kitchen garden plans.

The changes to the landscape include a series of critical improvements in the area of transport safety, with an additional $850,000 allocated to road black spots, including $400,000 to supply traffic signals at the intersection of Spearwood Avenue and Barrington Avenue in Bibra Lake, and $200,000 to construct a roundabout at the intersection of McCombe Avenue and Winterfold Road in Samson. As the chairperson of the WA Black Spot Consultative Committee, I welcome the many instances of remedial work undertaken in Western Australia through this program. Once again, this is work that supports jobs and makes a critical and lasting improvement to safety on our roads. Members around the country will welcome the fact that this budget, in allocating $119.5 million, has doubled last year’s level of national funding for the road Black Spot Program.

A recent evaluation of the national Black Spot Program showed how highly effective it is in saving lives and preventing injury. In its first three years, the program was judged to have prevented at least 32 fatalities and more than 1,500 serious injuries. What is more, it is estimated that for every dollar spent on these safety measures, we reduce the costs of road trauma
by $14. This makes the provision of additional funds all the more welcome. Similarly, the Boom Gates for Rail Crossings Program is aimed at making an equivalent contribution to improving safety at more than 250 high-risk crossings around Australia, and I am glad to say that this will include the introduction of further protection measures at seven crossings within the Fremantle electorate.

As I have said, this nation building to recovery budget is changing the landscape in Australia. Under the Regional and Local Community Infrastructure Project Fund there will be a range of new and exciting developments that add to the social capital in communities across Australia. There are two projects in the Fremantle electorate that will go ahead thanks to the critical assistance of the Rudd government.

The first involves the new Coogee Beach Surf Life Saving Club, which will receive $2 million for the construction of an integrated community facility project, consisting of a sustainably-designed, two-storey clubhouse that will accommodate a cafe, gym, change rooms and a multi-use space. An interpretation centre will highlight the area’s environmental and Indigenous cultural heritage, and the site works will include improved beach access and facilities such as paths, showers, barbecues and a children’s playground. The club will also rehabilitate four kilometres of vegetation in the surrounding regional park.

The second approved project in my electorate is the development of the Hilton Community Precinct, an initiative of the City of Fremantle to which the Commonwealth is committing $3.5 million. Planning for the Hilton precinct project has been in the works since 2005. Hilton is an old, established suburb which has undergone a flood of residential development over the last few years. However, much of the existing community infrastructure dates back to the 1950s and 1960s, and the developments aim to integrate disjointed facilities to create a more user-friendly and cohesive town centre.

The Police and Citizens Youth Club will be linked through the construction of a new arts workshop with the nearby progress hall, which will also be upgraded with modern amenities and a toy library for the benefit of the large number of young families in the area. Landscaping and improved pedestrian access points will refresh the streetscape, providing a modern, welcoming focal point for the Hilton community. Both of these projects will make an immediate and a lasting difference to their communities.

Just as the local and community infrastructure program is designed to support local employment as a by-product of building new facilities right across Australia, so it is that the government’s Jobs Fund programs will result in valuable heritage and environmental projects while supporting at-risk jobs and creating training opportunities. In the last fortnight I have been very happy to write letters of support and recommendation in relation to several exciting proposals from community groups, not-for-profit organisations and local governments within the Fremantle electorate. Time does not allow me to mention them all but I do want outline a couple of the proposals to give a sense of the potential that these projects contain.

I have supported, for example, the Rottnest Island Authority in their application for funding to support jobs that focus on maintaining the island’s unique built and natural heritage environment. Rottnest has a fascinating but also tragic history as a place of imprisonment for many Indigenous people in the early years of the Western Australian colony, and subsequently as Fremantle’s first line of defence during World War II, with its extensive network of guns and tunnels that were constructed as a base for the region’s defence force. In addition to this
unique Indigenous and military heritage. Rottnest also has significant environmental values. Of course, Rottnest is now a vibrant and widely popular tourist destination for both domestic and international tourists.

In its proposal, the Rottnest Island Authority is seeking funds to implement new strategies aimed at developing and maintaining the island’s heritage and thereby providing heritage employment and training opportunities. The authority intends to employ an Aboriginal heritage officer to redress the current insufficiency of available information on the island’s Indigenous history, and a cultural heritage interpretation and tourism officer, whose role it would be to promote the island’s significant defence heritage through cultural and tourism based initiatives. In addition, the proposal includes funding to complete conservation works on the Governor’s residence, which is one of the oldest colonial buildings in Western Australia.

I am confident in saying that the Fremantle electorate is among the federal districts with the very highest heritage value. Of course I welcome the support that exists within the framework of this budget for heritage work and the training and expertise that is necessary to enable that work to occur now and in the future.

The second proposal I want to mention has both a Jobs Fund aspect and an infrastructure employment fund aspect. As a starting point, Greening Australia WA has applied, under the Get Communities Working stream, for funds to allow the native species environmental restoration of a section of degraded bushland within Booyeembara Park in White Gum Valley. The site work will occur, as with all Green Corps projects, through the provision of a certified vocational training program in conservation and land management up to certificate II level, with Challenger TAFE delivering training to certificates III and IV.

Then, in what will potentially represent stage 2 of the project, the City of Fremantle will make an application for assistance under the infrastructure employment fund to support the construction of a Green Building Council of Australia five-star rated, multi-use building. This will form, in part, the new headquarters for Greening Australia WA but will also provide both space for general community use and dedicated space for a range of important local groups, namely the Fremantle Men’s Shed, Fremantle Environmental Resource Network, or FERN, the popular Western Farmers Market, White Gum Valley Precinct and Booyeembara Park Task Force and Friends.

If it is approved this entire project with its comprehensive and innovative environmental jobs and training focus will serve the triple purpose of creating jobs now, providing training opportunities for the green jobs of the future and creating a much needed and best practice facility and community hub for the long-term benefit of the wider Fremantle community. Indeed, each of the Jobs Fund project proposals I have mentioned demonstrates the government’s guiding operational theme at work, that is, to invest in projects that support jobs now and that create the jobs of the future—the community infrastructure of the future, the education and social capital of the future.

This budget and the appropriation bills that form its foundation constitute the government’s blueprint for building a stronger Australia. It is a budget framed in extremely difficult circumstances and in the context of great and continuing uncertainty. But it is also an opportunity because in difficult circumstances people come together and governments are given the chance and the responsibility to act in the national interest for the long term. That is what the
Rudd government is doing. I support these bills and the historic Nation Building for Recovery blueprint that they represent.

Mr PYNE (Sturt) (6.15 pm)—It is a pleasure to speak on Appropriation Bill (No. 1) 2009-2010 and the associated bills. The electors of Sturt have suffered from this budget in myriad ways. Before I turn to the 72 per cent of my electorate with private health insurance—who have been particularly and poisonously hit by the government’s changes—I would like to talk more generally about the electors of Sturt, who will now wear the burden of $300 billion, at least, of Rudd government debt into the future.

The young people of Sturt—not just my children but other people’s grandchildren and young people generally—who, in the first blush of the election of the Rudd government, believed that they would be treated with some respect, with some occasion, by a new government, have found themselves to be the biggest losers from the election of the Rudd government. Young people in Australia will be paying off the government’s debt of more than $300 billion for decades into the future. It will materially affect their lives and their living standards.

Most generations in Australia’s history have tried to leave behind them an equal or better standard of living for future generations. This government, in a short 18 months, has managed to bequeath a legacy to young people of tremendous debt that they will almost certainly struggle to ever be able to pay off. It will not be paid off in my lifetime or your lifetime, Mr Deputy Speaker, I warrant. It may be paid off in the lifetimes of my children, all four of whom are under nine years old. But unfortunately it will materially affect their capacity to grow the economy; to get jobs; to provide for their own children, if they choose to have them; to save money to buy a house; or to put their children into non-government schooling, if that is what they wish to do. This is all because, in 18 months, this government has gone on a spending spree of mammoth proportions. The government seeks to blame the global financial crisis, but let us not forget that $124 billion of the $188 billion of net debt is actually new government spending in the last 18 months.

The budget papers indicate that unemployment will rise. Electors of Sturt will bear a part of that burden in the next few years. There will be people who will be jobless in Sturt in the future who would not have needed to be jobless but for the handling of the economy and the handling of the budget by the Rudd Labor government. It is a tragedy for them when you think that the Rudd Labor government was left an enormous budget surplus, low unemployment and a growing economy. This government came into power on that basis and, in a short 18 months has trashed the Australian economy, ripped up the fiscal responsibility of the Howard government and delivered higher unemployment and increasing joblessness. The voters in the electorate of Sturt will be the recipients of this mismanagement.

Young people leaving school today are now palpably nervous, palpably concerned, about what the future holds for them—whether they should study, whether they should go out and get work or whether they should start their own businesses. This was not the case under the 11½ years of the previous government when there was a growing economy, when young people looked with confidence to the future and recognised that they were living in a country with tremendous capacity to deliver the standard of living that they had expected and hoped for in Australia. Eighteen months later, it is a very sorry tale indeed.
That is just the debt that the government has left young people. The deficit of $57.6 billion in the budget is an enormous turnaround, in the 18 months that this government has been in power, from the $23 billion surplus that was left to Mr Rudd and Mr Swan.

My electorate has a very high proportion of people who are in higher education or who have parents that were in higher education. Sturt has the highest number of students in higher education and the highest number of people with a tertiary qualification of any seat in South Australia. People in my electorate had, I expect, anticipated that the Bradley review, which proposed $7 billion of new spending to grow and improve our higher education sector, might have been paid more than lip-service by the government. Unfortunately, there is no money left in the cupboard. The cupboard is bare.

The government has announced $1 ½ billion of new spending under the Bradley review. They would rather put money into pink batts. Your government, Mr Deputy Speaker, put $3.7 billion into pink batts. An idea that was put up over and over again by enthusiastic bureaucrats in the previous government, only to be knocked back, is a higher priority for this government than the higher education sector. Cash splashes of $900 each, many of them to dead people or to people who do not live in Australia, were a higher priority than the higher education sector.

I am not surprised that the member for Fremantle studiously studies her papers rather than listen to this speech, because she would be embarrassed, as an educated woman herself, by this fact. The same cannot be said for the member for Braddon, but the member for Fremantle would be embarrassed that the government has made higher education a lower priority than pink batts and cash splashes.

Turning to private health insurance, 72 per cent of voters in my electorate are covered by private health insurance. In this budget, the government is returning to Fabian form by undermining private health insurance. When they were last in government, under Messrs Keating and Hawke, they did everything they could to poison the well of private health insurance. I think—I am sure I could be corrected—that only 30 per cent of Australians were left in private health insurance by 1996. Private health insurance was almost finished. In fact, Graham Richardson, a former member of this place, said that, if private health insurance fell again to the level it was at in 1995-96, it would not have a viable future.

The Howard government repaired and rebuilt the opportunity that Australians should have to choose to be in private health insurance and removed the burden of those people, who would otherwise have been in the public health system. There is a symbiotic relationship between private health insures and the public health system. The Howard government helped rebuild that system and, as a consequence, removed pressure from the public health system. But we knew all along that Labor did not ever want to support the private health insurance system. We knew all along that in their Fabian dreams they do not like private health. They do not like private property, they do not like private education and they do not like private health. They have done what they can in this budget to begin the process of undermining private health.

This is one of the most brazen broken promises from the government in the last 18 months. You would remember that Mr Rudd promised before the election that private health would not be touched—‘Not one jot, not one tittle.’ Those were his words. He indicated that private health would not be altered one iota by this government. And yet, of course, within 18 months they have returned to their old ways—they have returned to the attack on private health,
which they have always disliked and which they want to be in the public sector. Who is going to pay for it when people see their premiums rising, when they are incapable of affording private health any longer and when they start joining the queues and waiting lists in the public health system? Attacking private health in the so-called higher echelons of income earners will flow through the entire private health system.

The most amazing thing about this reform, this change, is that it does not just attack those that Labor has never supported and never wanted. It actually attacks a lot of older people such as those in my electorate and the electorate of the member for Forrest—not just self-funded retirees but many, many pensioners. I have had heart-rending letters, emails and phone calls to my office from low-income Australians, people on pensions, including the age pension, who are going without in so many aspects of their lives. Goodness knows how they survive on the pension, but they go without.

Ms Marino—They don’t eat.

Mr PYNE—As the member for Forrest says, some of them do not eat. Some of them go without three meals a day to be able to pay for their private health insurance. They hold it dear—first from a desire for independence, second because of their desire to choose the health care that they receive and third because they want to be able to take care of themselves. They go without, in many cases, three meals a day in order to pay for their private health insurance.

The member for Braddon knows it is true, and it is disappointing for me to know that the member for Braddon has signed up to a policy that he knows will not just hurt middle-class Australians, will not just hurt self-funded retirees who can care for themselves in many instances, but will actually attack the poorest Australians who have scrimped and scraped and saved to be able to pay for their private health insurance. Seventy-two per cent of the electors of Sturt have private health insurance; 72 per cent of the electors of Sturt can, today, recognise that they have been the losers out of this budget. That is putting aside the debt and the deficit and the unemployment that will flow from the government’s mismanagement of the nation’s finances. Putting that to one side, 72 per cent of Australians in my electorate will be materially affected financially by the budget brought down two weeks ago.

I should turn to education, as the shadow minister for education, and I have already briefly talked about higher education. I would like to touch on the Education Investment Fund. An amount of $6.2 billion was assigned in the 2007-08 budget for a new Higher Education Endowment Fund to provide an ongoing revenue source to pay for university infrastructure into the 21st century. Last year the Rudd government added $2½ billion from the Howard government surplus and renamed it the Education Investment Fund. This budget uses the funds to pay for 11 university projects and 12 state government TAFE and training projects. Successful applicants should be grateful for the strong economic management of the previous government, which created the fund and provided the money. However, the government has also raided the EIF for a range of unrelated projects, including putting $400 million towards solar energy and carbon capture energy projects. These may well be worthy projects but they are not what the Higher Education Endowment Fund was created for. The universities and vocational education and training institutions have been seriously dudged, and they should say so. They should stand up for themselves.

In the final moments of this speech I would like to talk about the most pernicious aspect of the budget from an education point of view, and that is student income support. The govern-
ment has changed the eligibility criteria for youth allowance. It will leave thousands of stu-
dents who would currently be eligible for this income support out in the cold. Thousands of
concerned constituents have contacted my office and the offices of other coalition members,
especially people like the member for Forrest, the member for McMillan and the member for
Gippsland—many members across the coalition side—regarding the impact of the federal
budget on young Australians and in particular the changes to eligibility for the youth allow-
ance. I would warrant to this House that many members of the Labor Party caucus would
have been contacted too by very concerned parents and families about the change to the youth
allowance—probably not the member for Fremantle, who comes from the cafe latte set of
Perth, but certainly the member for Braddon—

The DEPUTY SPEAKER (Mr KJ Thomson)—I would invite the member for Sturt not
to seek to engage other members in interjection or exchange across the chamber.

Mr PYNE—Mr Deputy Speaker, I was not aware that standing orders did not allow me to
mention members of the House who are in the chamber. But, in deference to you, I will not do
so. The member for Braddon, of course, has a rural electorate, and I am sure that he would
have been inundated by people concerned about the changes to the youth allowance. But also
the member for Flynn, who is not in the chamber, the member for Capricornia, the member
for Dawson and all Labor members in rural and regional seats could not have avoided being
contacted by young Australians and their families who are desperate because of the changes
the government has made to the youth allowance.

There are two particularly important aspects of this debate which need to be aired today.
The first is that the transitional provisions for these changes catch thousands of Australians in
their current gap year because they begin on 1 January next year. I cannot believe that the
government will not return to this subject and deal with the transitional issues which leave
thousands of Australians in their gap year out in the cold because they have taken decisions
for 2009-10 which mean they begin university from 1 July 2010 and now face the prospect of
not being able to access the youth allowance.

We will give the Minister for Education a rare opportunity to say: ‘I was wrong.’ It does
not happen very often, but I imagine that this was an inadvertent error and that she is coming
under tremendous criticism from her caucus about the need to reverse this decision. So we
will give her that opportunity. It does not happen very often, but I will give her the benefit of
the doubt that this is just another one of her bungles and that, given the chance, she will fix it.
We will have a Senate inquiry—we will refer this matter to the Senate education committee,
which will report in due course with the change that will need to be made in order to remove
the transitional provisions that so disadvantage young Australians who are in their gap year. I
hope the minister will be woman enough to come into the House and admit the error, admit
this inadvertent mistake—we hope it is inadvertent; we hope this was not a deliberate attack
on young Australians in their gap year—and reverse what is necessary to be reversed so that
the law that was in place when people made those decisions will remain in place until 1 July
next year. That will be a matter for her, but we will give her the opportunity through a Senate
inquiry to save whatever face she wishes to save by backing down on that matter.

The second aspect about the youth allowance changes which must be worrying rural mem-
ers of the Labor caucus as much as it is worrying my colleagues from rural and regional
Australia concerns those rural and regional young people whose families have done every-
thing in their power to get them into university and higher education only to find that they are now not eligible for the youth allowance but cannot stay at home with mum and dad, or mum or dad, and still go to university. If you are living in Toorak in Melbourne, Smithfield in Adelaide or parts of Brisbane, Perth, Fremantle et cetera and you no longer qualify for the youth allowance, often you will be able to stay at home and still go to university. But, if you are in the electorates of Forrest or Kalgoorlie; in outback Queensland, in seats such as Dawson, Flynn, Capricornia, Braddon or Leichhardt; in Solomon or in the electorate of the Minister for Defence Science and Personnel, Warren Snowdon, and you find you are no longer able to access the youth allowance, that is effectively the end of your dream of higher education. It is too bad. It is the cold shoulder, the rough pineapple, from the Labor Party. You will no longer be able to go to university because you cannot stay home with mum and dad and still access higher education.

It is a matter of social justice. The minister is supposed to also be the Minister for Social Inclusion. This government, like the previous government, has a policy of trying to encourage young people from rural and regional areas and from disadvantaged backgrounds to get to university. This measure will diabolically affect those students who are incapable of accessing higher education simply because of the geographic place from which they come.

On Monday I gave the minister the example of Kieran Stubbs, the vision-impaired student from Victoria, who is from Mount Martha in the electorate of my friend the shadow minister for the environment. Kieran is no longer able to access his dream of higher education because he needs to get to university every day and, if he has to go there from home, it is a three-hour bus trip either way. There is no possibility that Kieran Stubbs will be able to get to university, because of this government’s change. His family are shattered, as you would expect them to be. I ask government members to search what hearts they have—what black and cold hearts they may have. But I give them the opportunity to change their position in a way that would allow a student like Kieran Stubbs the opportunity to get to university to fulfil his dream. His family have done everything in their power to give Kieran the opportunities that other young Australians have, and those opposite are snatching them away and giving him the cold shoulder in return. (Time expired)

Mr SIDEBOTTOM (Braddon) (6.35 pm)—I am really pleased to be able to speak on Appropriation Bill (No. 1) 2009-2010 and the cognate bills because it gives me a chance to talk about the budget that was recently handed down by the Treasurer and to talk about how that budget affects both this nation and, most especially in my neck of the woods, Braddon, which is in north-west Tasmania and includes King Island. In a redistribution Braddon will take in the west coast of Tasmania, and that has implications particularly as the west coast is a major mining area with a very rich mining history in terms of both Australian history and Tasmanian history. It has of course fared badly with the economic downturn which is the world financial crisis. Having listened to many on the other side—and this is not to say that some have not got some reasonable points to make about particular provisions in the budget—I have to say some of them should try to understand what a balanced debate is, because you would swear that we caused the global economic downturn, that we caused the worst recession in 70 years. You could not credit how some on the other side would not at least appreciate and acknowledge that this country is suffering just like others in this global economic downturn and that we are all experiencing it.
In comparative terms, Australia is faring better. That is nothing to crow about, except to say that we are faring better. When we compare ourselves with some of our comparable economic partners throughout the world, we see they are doing diabolically badly, very poorly indeed. So there are positives as to what is happening in Australia but of course it is not just by absolute chance. We do not deny the work of other governments prior to this in terms of their contributions to maintaining a sustainable economy and restructuring our economy through very difficult times so that we have a much better regulated financial aspect to our economy than most. We do recognise that. We also recognise that mistakes have been made in the past, particularly in terms of how we have directed the resources—and the revenues from those resources—that this country has been blessed with. We can argue about that all day and all night but what this government has done, warts and all, has been to attempt to stimulate this economy in the best way we believe possible in order to sustain jobs and to invest in infrastructure—and heaven knows we need it and have needed it for a long time—so that, firstly, we can cope with the changes we are experiencing now and, secondly, we can grow our economy into the future. That is at the heart of what this budget is about and what our previous budget was about and that is what drives our economic intentions and, of course, the social policy that flows from them.

So let us not deny that we live in the worst of times in terms of world economic circumstances—the worst in 70 years. We all hope and pray that we never experience the negatives of the years of the Great Depression. Australia and many other social democratic countries, and others, have attempted to collectively stimulate their economies and work towards continuing free trade so that the oil of the economic system, for all its faults, allows that system to continue to grind on and hopefully grind out of this much earlier rather than later.

What you do not hear from the other side is that Australia’s debt, which they bang on about all the time in their scare campaign—and that is what it is: scaring the community rather than supporting the stimulus—is the lowest of any major advanced economy in the world. That is a fact. That is something we have to manage and we are seeking to manage for the future. But we cannot deny that the debt is the lowest of any major advanced economy in the world. Another fact: nearly 70 per cent of our economic stimulus is for nation-building infrastructure—something that has been neglected for many, many years and, I would argue, at both national and state levels. What better way to invest your nation’s funds than by investing in needed infrastructure? It is not just about the immediate effects of investing in infrastructure, whether that be in the immediate term, the shorter term or the longer term, but also about investing in our future so that when the economic upturn occurs, and it will, we are able to grasp it, use it and have our infrastructure, our superstructure, ready for the economy to continue to grow. Of course, part and parcel of that is having our education, skills and training banks, if you like, ready to take up these challenges.

We have the biggest school modernisation program in Australia’s history, but you would not believe it when you listen to some of those on the other side speak. I listened to the member for Paterson. There was not one positive comment in the whole speech. There were denials of any positive investment in this country. The investment in our schools and the modernisation of our schools is not only a good thing; it is necessary. I do not hear many communities, schools or students tell me that they think this is a negative—not one—yet you would not believe it if you listen to the other side. Of course those on the other side will celebrate with
those communities the investments in infrastructure that will be part of their communities—I understand that—but I suppose it is very difficult for those opposite to be able to say, 'I didn’t vote for it, though. I totally opposed it.' That is something they will have to sort out, and that is part and parcel of politics, isn’t it? I think everybody celebrates the investment in our schools. It is much needed, very necessary and it has been a long time coming.

We are investing in our roads, rail and ports. I hope every electorate in Australia, from all sides of politics, is going to benefit from these investments, because we need them. We are investing in hospitals, contrary to exaggerated statements on the other side that our hospital systems are not improving. Our hospital systems are improving—not quick enough, I agree, but they are improving. We are actually putting more money into our public hospitals to tackle the waiting lists, to tackle the depreciation in equipment, to try and support increased training for those who provide those health services, to try and get more doctors and specialists and to use the health dollar better. With all its problems, we are investing in it, and you cannot deny that, particularly after we have had a decade of underinvestment. The days of blaming the states and the Commonwealth, toing and froing between them, are finished. The public now want that investment. It is taking place. It might not be quick enough, it might not be enough at the moment, but it is taking place and we cannot deny it. This budget continues that process.

We are investing in a national network for broadband. I am really pleased to say that Tasmania will be the first cab off the rank, through a partnership with the Tasmanian government and Aurora in Tasmania. I hope that many other communities throughout Australia will benefit from the lessons we learn from this rollout. It will be really exciting, and we will get into as many nooks and crannies in my beautiful state as possible the fastest broadband speeds and access possible. If we cannot get the fibre to the premises then we commit to the best technologies possible in wireless and satellite and to the fastest speeds possible via those means. This is a massive investment in this nation. It is a terrific investment in Tassie. We hope that this will get underway in July. So I am more than happy to update the parliament and you, colleagues, about how it is going.

I hope we can replicate this in other parts of Australia, too. It will have great implications both in training and in education, particularly for business and small business. Boy, what it will mean for people who want to use home as their base to create their businesses! And what types of exciting technologies are going to be available to us in the world of communications and getting our news and information. It is just phenomenal to think that we could work at speeds of 100 megabits per second. It is fantastic. This government is investing in it. Unfortunately you do not hear much support for that on the other side, but I know they will benefit from it.

Of course we are investing heavily in major solar energy projects. I am really pleased to note, and it is great to know, that the legislation is coming forward in terms of renewable energy. We certainly look forward to it in Tasmania, where, in my own neck of the woods, there is the potential for a nearly one billion dollar wind farm to come into existence. That would, again, add to the renewable energy stock in Tasmania, which is, after all, the renewable energy capital of this whole region. That is just some of the investment that we are dealing with in terms of infrastructure.
Why is the government doing this? We are doing it because we have to. It is not a question of, ‘Will you?’ ‘Maybe. Might.’ It is a question of having to stimulate our economy now, to support and sustain jobs now, to support and sustain small businesses now. That means that we have to go into a deficit. Several months ago we would not mention the word ‘deficit’. In fact it would not be mentioned anywhere in what would be regarded as orthodox economic discussions. But of course we share the deficit with just about every other country in the world. I hear some others say, ‘It is shocking that we are going into a deficit.’ I do not mind having that discussion so long as I know exactly what the alternative plan is or would be. So I look forward to hearing that, very much so. I know that some of my colleagues on the other side will be jumping up fairly soon to tell me exactly what their alternative would be. I will be reading that Hansard with much interest.

If we do not do something, we will have a deeper recession than we are going to have. There will be a slower recovery and—this is where we get to the nitty-gritty of it—we will have hundreds and thousands more Australians, our colleagues, our fellow citizens, out of work. They are people. They are human beings. They have families. They have obligations, responsibilities and feelings like everyone else. So what we are doing, warts and all, is attempting to keep as many people as possible in employment both now and in the future. For those who are not able to remain employed, we have programs—and we must invest in these programs—to support them when they are unemployed. Nobody likes to talk about that, but it is a reality, and we have to do it. I hope that we are able to use progressive, innovative programs that allow people to train and retrain. I also hope that they understand that they have not been made unemployed because of what others say in a scare campaign but because they are living at a time of global financial crisis that is almost unprecedented in their lifetimes. That is the reality, and for others to use dishonest scare campaigns to say the contrary is really, really unfortunate.

This government is taking responsible decisions throughout to try and return the budget to surplus. This House is debating that, and we will continue to debate it. That is our intention, that is our motive and that is the premise for some of the savings decisions we have to make which are not pleasant. It is also at the heart of how we are investing the moneys—so that we can get to a positive revenue return in the future, to progressively manage this debt. And, as I mentioned at the beginning, our debt remains the lowest of any major advanced economy in the world.

The majority of this debt is due to less tax being collected; that is an absolute fact. We projected a certain amount of revenue, demand collapsed for many goods and services both throughout the world and in Australia, and that revenue no longer exists. We could have shut up shop and held on, put our hands over our eyes and covered our ears, and hoped it would all go away and that sometime in the future we would come out of it. That is the old way of doing things; that was the way that people, in the main, dealt with the Great Depression. Well, Australia decided to act decisively, and that is at the heart of our multiple stimulus packages, our multi-stimulus budget. So I ask colleagues to remember to frame their discussions in the light of the economic realities that we face both as a nation and of course as part and parcel of a world economy in deep trouble.

Before I finish, if I may, to localise what I have been talking about, I would like to point to some of the government expenditure in my electorate of Braddon. Under the National School
Pride program, we have a total of $8.5 million; under Primary Schools for the 21st Century, $21.5 million. These represent construction that is going to take place in the electorate of Braddon, which has a population of something like 111,000. So there are going to be plenty of construction sites and there is going to be plenty of work, and, of course, people will be able to provide services, equipment and all those things that go to make up buildings—the timber, the carpets and so forth. Under the computers in schools scheme, there is something like $1.2 million. There is $1.5 million for a trades training centre. In health, I estimate that we have spent and are spending $200 million to improve health services in Braddon. Now, there is a lot to do, but that is a lot of investment. In infrastructure in Braddon alone, there is $57.5 million for community projects.

So, again, there is a lot of construction and a lot of economic activity going on in Braddon, and I am pleased to say that this government delivered support for pensioners. It might not have helped all pensioners to the same degree, but it made it much more equitable and I was really pleased that we were able to do that. We have a lot more to do, and I look forward to being part of a government that will do that. But, in the main, we are doing the best we can for the most, and I look forward to participating in that.

Dr SOUTHCOTT (Boothby) (6.55 pm)—It will be a very long time before we see a Labor Treasurer delivering a federal budget in surplus. It has now been 20 years since the last time there was a Labor government with a budget in surplus. In my life, there have only been five budgets which the Labor Party has delivered in surplus in a succession of three different governments—the Whitlam government, the Hawke-Keating government and now the Rudd government. Compare that with the last government. There were 12 budgets, 10 of them in surplus. The current Treasurer has delivered two budgets and it is nought from two. As I said in my opening remarks, it will be a very long time before anyone ever sees a Labor Treasurer deliver a budget in surplus.

When I was first elected, in 1996—and I have been very honoured to represent the people of Boothby for the last 13 years—the outgoing Labor government left a $10 billion budget black hole. It was a budget which was said during the campaign to have been in surplus, and at the time that figure shocked everyone. But that $10 billion budget black hole was just a pinprick compared to the yawning chasm of budget deficit that we face now. It is extraordinary to think that last Sunday represented 18 months since the election of the Rudd government. It took the previous Labor government eight years to get to the point where we are now. We have gone from fighting a war on inflation to promising to create jobs, to supporting jobs, to having a budget in surplus—it was officially still in surplus only last February. I am very confident in saying that this Labor government will never deliver a budget in surplus. They will never pay off this debt.

In the time I have been in parliament there have been 13 budgets, and never has there been a budget deficit as big as this. Never has there been such a sign that a government has completely lost control of its finances. What we see in this budget is the price that future generations will pay for Labor’s reckless spending and their loss of control of the budget. The budget tells us that there will be almost one million Australians unemployed by June 2011. It tells us that this is a budget that is in deficit to $58 billion. People who watched the budget speech on the Tuesday night may not have heard that. The Treasurer was unable to say it. Of
course, the Treasurer and the Prime Minister have been famously unable to say what the size of the debt will be—what the size of net debt will be or what the size of gross debt will be.

Record net debt will be $188 billion by 2012-13 while total government debt will be $315 billion. This debt overhang will be a drag on growth for years to come because the annual interest bill on this debt, which will be paid by Australian taxpayers by 2012-13, will be $8 billion. That is more than the Commonwealth government spends in a year on infrastructure and housing combined.

We see a government which has lost control of their finances and lost control of their budget. Never was this more obvious than with the $22 billion that was sprayed around in their two cash splashes. Every dollar of the cash splash was borrowed; every dollar will have to be paid back. The great achievement—so we are led to believe by the Prime Minister and the Treasurer from all of this money which they have spent so wantonly—is that they will keep unemployment to only one million Australians. One million Australians in unemployment is not something to be proud of. It is a disgrace; it is not an achievement. The previous Keating government had almost one million Australians out of work, and now the Rudd government tells us that their great achievement is to keep unemployment to such a low level.

We see the usual signs of a Labor budget: we have record spending at 29 per cent of GDP; we have a record budget deficit at five per cent of GDP; and, we have a sharp increase in the unemployment rate to 8.5 per cent. We know from past recessions that unemployment rises very quickly: sometimes it can rise in five quarters; sometimes it can rise over three years. We also know that there is a huge social cost for jobless families and it takes an enormously long time for the people who lose their jobs in a downturn to get back into work.

The government would have you believe that this is all due to the global recession. But in one area in particular there is every sign that this government have, by their actions, made things worse. In the way they have bungled their tender for employment services for the new Job Services Australia and in the way they have designed a model which was designed for a period of low employment, strong labour market and strong employment growth, this government have not been unwitting victims of the global economic recession; they have actually made things worse. The real test for this government must be what the official figures show each month on youth unemployment. The real test for the new employment services which begin on 1 July is what they do to unemployment and what they do to keep people active. We know around the world—and in Australia especially so—that when unemployment rises due to a downturn youth unemployment rises twice as fast. The test for this government will be the extent to which their employment services system keeps youth unemployment at the low levels we enjoyed until very recently.

We have seen that there are a number of programs—the Productivity Places Program of $2½ billion over four years, the Jobs and Training Compact, and a $650 million Jobs Fund. What the parliament and the people need to know is: what are the estimated employment outcomes of these projects? To what extent do we see job seekers going into jobs after taking up this training? To what extent do we see people upgrading their employment status after taking up this training? These are critical issues because there is a lot of money being spent in this area. But the ultimate success must be the extent to which it leads people into a job. The $650 million Jobs Fund will support projects that build community infrastructure and social capital
in local communities, much like Work for the Dole. But what we need to see is the extent to which this leads people into a job.

Before the last election the Labor Party promised that it would maintain all incentives and subsidies to employers and apprentices. It was explicit; it was broken. In this budget, Labor has abolished the apprenticeship training free voucher, which provided up to $1,000 to apprentices to help pay for their training. It is gone. Labor’s focus is on apprentices who have been made redundant, instead of on helping those apprentices whose employment is in jeopardy. While the spending of money on apprentices is welcome, it is really not targeted in the right place. We need to look at those apprentices whose employment is in jeopardy. To focus on apprentices who have already been made redundant is like shutting the gate after the horse has bolted, especially when we are faced with a situation of one million Australians out of work by June 2011. So this budget offers nothing to apprentices whose employment is in jeopardy.

The Australian Industry Group in a January survey showed that manufacturing firms expected to cut spending on training by 7½ per cent this year, construction firms by 12 per cent and service providers by 12.7 per cent. That is why the opposition, along with other industry groups, has called for the government stimulus package to have both a jobs and a skills focus. Traditional trades will be particularly crucial to our future economic development. For this reason the opposition has proposed employer incentives targeted at the traditional trades to ensure that employers are able to maintain their apprentices during this economic downturn. In their November 2008 review of vocational education and training, the OECD were generally positive about Australia’s system of apprenticeships and traineeships. However, they did note that there were no strategies to mitigate the effects of a potential economic downturn that might lead employers to stop offering apprenticeships. They also noted that the current incentives are presently back-end loaded to help prevent separate and suggested government funding for only the first three years of the apprenticeship. At present the basic rate for an apprenticeship is $1,500 on commencement and $2,500 on completion. For this reason the opposition proposal focuses on supporting employers to retain their apprentices during this economic downturn. Our proposal is for the basic employer incentives for traditional trade apprenticeships to be brought forward to the first two years of the apprenticeship. Our proposal aims to bring forward the incentives for employers to hold onto their apprentices during this economic downturn, appreciating that once the economy improves we will have a ready trained workforce capable of meeting skills needs and speeding up our economic recovery.

In the area of sport, there is not a lot to say in this budget. This budget delivered no new initiatives to increase participation and no new initiatives to maintain our international competitiveness. For children there is nothing extra, for community sporting clubs there is nothing extra and for our elite athletes there is nothing extra. It is very much a business-as-usual budget when it comes to sport.

The coalition were able to invest in sport because we kept control of the nation’s finances. By contrast, Labor are running up huge deficits as a result of their ill-thought-out cash splashes. Because we kept control of the nation’s finances we delivered record funding to elite sport, seeing through the 2000 Olympic athlete plan and the 2004 Olympic medal plan and establishing Backing Australia’s Sporting Ability, which provided an extra $122.2 million over four years for Australian athletes.
We put physical education back into primary schools, forcing state governments to provide at least two hours of physical activity to all students. We also established the Active After-school Communities program, which is now providing 150,000 primary school students with quality sporting activities taught by specialist physical education teachers. Next year we will see the budget of the Australian Sports Commission increase by one per cent—less than inflation—and in Labor’s first two budgets we have seen funding to the ASC increase by 2.86 per cent, which is a decrease in real terms.

One of the areas in the budget which is of particular interest to my electorate is Labor’s tax on the private health insurance system. In Boothby there are 93,685 residents who have private health cover. All of these people will eventually pay a price for Labor’s attack on private health insurance. When the Labor Party say that this is a savings measure which grows over time, what they mean is that over time more and more people will be caught up in it. More and more people will have their private health insurance rebate clawed back over time. That is Labor’s agenda. It has always been Labor’s agenda to wind back the private health insurance rebate, which is 30 per cent for most people, 35 per cent for people over 65 and 40 per cent for people over 70. As I said, there are 93,685 residents in Boothby—that includes children—who are covered by private health insurance. This is an attack on every one of them, a pulling back of the private health insurance rebate. After their explicit promise to keep the private health insurance rebate, the Labor Party, after less than 18 months, have brazenly broken it. As a consequence, everyone affected will be facing increased premiums to begin with. But with people dropping their insurance or lowering their level of cover, the remaining pool of people with private health insurance will face higher premiums than they otherwise would. People who drop out of private health insurance will now fall back onto the public health system, putting increased pressure on public hospitals and on public hospital waiting lists.

This savings measure is a result of Labor losing control of spending, losing control of their budget and delivering a record deficit and record government debt. As an alternative, the opposition has suggested increasing the tax on cigarettes instead of changing the health insurance rebates. In doing so, Mr Rudd and the Treasurer could raise the same amount of money and provide positive health outcomes by discouraging people, especially younger Australians, from taking up smoking. There are also some changes in the Medicare safety net which will have wide-ranging effects on Australian families trying to access essential services such as obstetrics, reproductive technologies, including IVF, and cataract surgery. Again, this is a clear breach of an election promise.

In another breach of an election commitment, the Rudd government has cut by one-third the Superannuation Co-Contribution Scheme, which bolsters the retirement savings of low- and middle-income earners. Ultimately, it will be left to a future generation to pay off this debt. It will constrain growth for years to come. It will take a long time to reduce the social impact of having one million Australians out of work. It will take a long time to reduce unemployment to the level that it was at when this government was elected.

Mr MARLES (Corio) (7.15 pm)—It is with enormous pride that I rise tonight to support this year’s appropriation bills, being Appropriation Bill (No. 1) 2009-2010 and cognate bills. This year’s budget will be remembered as a budget which has provided a $22 billion boost to our nation’s infrastructure, a boost which will transform our roads, rail, ports and freight infrastructure. It will be a budget that is remembered for ushering in, for the first time, paid pa-
rental leave for Australian mothers, a measure long overdue and a measure which the Howard government failed to introduce in its 12 long years of government. It will also be remembered as a budget which has been framed in the most difficult of circumstances; which have seen $200 billion wiped off the government’s revenues by virtue of the global economic recession. Yet it will also be remembered as a budget which has formed the central piece of architecture around the Rudd government’s actions to support 210,000 jobs in this country, providing a bridge over the worst ravages of the global economic recession.

Budget week will be remembered as a week when we had a budget reply from the opposition which failed to provide any alternative fiscal strategy at all, which in these difficult times is nothing short of a disgrace. They have bleated about the issues of debt yet, on the night of the budget reply, the only proposition they put forward would have had a cost-neutral impact on what the government was putting forward. That can only lead us to conclude that, had the opposition been in the seat of government, they would have been giving rise to precisely the same levels of debt. They have certainly not provided any form of alternative strategy to pay that debt off one single day earlier.

There is one particular piece of Commonwealth expenditure within the budget, to be made in my electorate of Corio, that I principally want to focus on tonight. On 10 May this year, I had the great honour of announcing, with Anthony Byrne, the Parliamentary Secretary to the Prime Minister, and Councillor John Mitchell, the Mayor of Geelong, a $3.1 million contribution, to come out of the Community Infrastructure Program, to a $6 million refurbishment of the Eastern Beach precinct in Geelong. The Eastern Beach precinct is located on the eastern shores of Corio Bay. The steep slopes which surround the Eastern Beach precinct and the north-fronting part of Corio Bay have been a natural gathering place for the citizens of Geelong since the very commencement of our city. It has been in continuous use in one form or another since the 1840s. It was in 1914 that it was first proposed that there be a development at Eastern Beach. Indeed, in September 1927 works commenced on a stairway up those slopes, which exists today, and on the terraces and dressing sheds. By 1939 a shark-proof enclosure, with its accompanying boardwalk, had been completed along with a children’s pool and it was opened in 1939 by the then mayor, Councillor Sol Jacobs. It was built at a cost of £40,000. It was stated at the time by the City of Geelong that it was an investment in Geelong’s future. What a wonderful legacy the foresight of our city leaders back in that time has left us in Geelong today.

What we have now is a semicircular boardwalk with a shark enclosure, which encompasses 8.5 acres of Corio Bay. At the apex of that semicircle is a diving tower and underneath that is a marked out 50-yard pool through boardwalks. There is a restaurant, a cafe, a children’s pool, a natural amphitheatre with lawns, picnic spaces and a children’s park. It is the work of one of Australia’s great architects and engineers, Harry Hare, and it is built in a wonderful art deco style. Since its construction it has been a focus of community activity in Geelong. The current mayor, John Mitchell, remembers how, during his teenage youth, he used the tower as a platform for performing for the young women of Geelong. I am reliably informed that back in those days our mayor had hair and, standing on the top of that platform in his swimming trunks, he must have been an imposing figure. My two elder sisters, Victoria and Jennifer, both learnt to swim in the children’s pool. It is where they obtained their Herald certificates under the tutelage of the legendary swimming teacher in Geelong, Herb Jeffrey. The Geelong
Teachers College, which used to have as one of its requirements in order to graduate the accomplishment of a bronze star, did all of its bronze star training and testing at Eastern Beach.

Everyone in Geelong has memories of Eastern Beach and memories continue to be created right now. My four-year-old daughter, Bella, regards the children’s play park that is part of the Eastern Beach precinct as her favourite park. She affectionately refers to it as the ‘water park’. Since the Eastern Beach precinct was first opened in 1939, it has, for Geelong, been a centre of swimming, a centre of fitness activities, a centre of play and a centre for picnics. On hot days it is a mecca. There are thousands of Geelong citizens who use and enjoy the Eastern Beach precinct. It has been a place of major events within Geelong. To this day it hosts Carols by the Bay, which is hosted by Denis Walter.

It is the only survivor of the numerous sea baths that used to dot the shoreline of Port Phillip Bay. Its shark-proof enclosure, its boardwalk and the children’s pool are unique within Victoria. It is a wonderful, intact example of art deco architecture. It is also a wonderful example of the work of the architect and engineer Harry Hare. The refurbishment that is currently underway and being majority funded by the Commonwealth government will see a stabilising of the embankments, the reconstruction of sea walls, the rebuilding of the diving tower and the restoration of the children’s pool, which sadly is leaking considerably right now. There will be a replacement of the footpaths, a re-establishment of shade trees, an upgrading of lighting and an upgrading of street furniture. There have been previous refurbishments. There comes to mind the 1993 refurbishment of the boardwalk. There was a ‘buy a board’ campaign for the boardwalk, which now has the names of all of the benefactors who contributed to that refurbishment on plaques on each of the boards around the boardwalk. This is another wonderful reminder of Geelong’s legacy. But this will be the most significant refurbishment in the history of the Eastern Beach precinct and will restore it to a pristine state, which is a wonderful result for Geelong.

While the Eastern Beach precinct is central to the life of Geelong, in my view it is also an area that has national significance. Once completed, Eastern Beach will become one of the great public pools of Australia. It ranks up there with the sea pool at Bondi, with the North Sydney pool and with the newly constructed public pool in the town precinct of Cairns. This is a wonderful celebration of our nation’s love of the water and love of swimming, and that boardwalk is absolutely the icon of Geelong.

It is for that reason that tonight I am calling for the Eastern Beach precinct to be included on Australia’s National Heritage List. It is worth noting that there is currently no item or part of Geelong which forms part of the National Heritage List, which is a shame given the particular history that Geelong has had within our country. Geelong should have been the capital of Victoria but for some Melbourne shysters back in the 19th century who doctored a map which at that time showed Melbourne closer to the Ballarat goldfields than Geelong, which of course is not true. It was on the basis of that map that it was decided that development be placed in the port of Melbourne rather than in the port of Geelong. Unfortunately, that doctored map meant that Geelong was not then developed as the capital of Victoria and who knows—perhaps from there on in the aftermath of Federation—as our own nation’s capital. That, of course, is a separate story but a feeling dear to the heart of every red-blooded citizen of Geelong. But, in telling that briefly, the point is to emphasise how rich the cultural history of Geelong is.
When this country rode on the sheep’s back, Geelong was the wool capital of Australia. Most of the wool exports came through the port of Geelong. So there would be no more fitting first entry for Geelong onto the National Heritage List than the Eastern Beach precinct. The National Heritage List criteria for something to be placed on the National Heritage List states that it must be a place that has:

… outstanding heritage value to the nation because of the place’s importance in the course, or pattern, of Australia’s natural or cultural history …

or:

… outstanding heritage value to the nation because of the place’s importance in exhibiting particular aesthetic characteristics valued by a community or cultural group …

or:

… outstanding heritage value to the nation because of the place’s strong or special association with a particular community or cultural group for social, cultural or spiritual reasons.

I do not think you could think of a place which better fits those three criteria under the National Heritage List than the Eastern Beach precinct.

Geelong is really defined by Corio Bay. Corio Bay is why Geelong exists and why we are where we are, and in many respects the Eastern Beach precinct defines the connection between the people of Geelong and Corio Bay. Tonight I spoke to the mayor of Geelong, that same mayor who stood proudly as a teenager on the tower at Eastern Beach. I am committed to working with the mayor in seeking that a nomination be put forward to place the Eastern Beach precinct on the National Heritage List.

I want to mention briefly two more measures in relation to the budget which have particular application to Geelong. One of the key themes of Geelong’s future is being a lifestyle city—and Eastern Beach precinct is an example of that—where people live and work in the greater Port Phillip Bay metropolis. Part of ensuring that that objective is fulfilled comes through the transport connection that exists between Geelong and Melbourne. As part of that $22 billion investment in our nation’s infrastructure announced in the budget, $3.2 billion has been committed to providing for a 40-kilometre dual rail track west of Werribee into Melbourne’s Southern Cross Station. This will be a fantastic development for the people of Geelong, because it will separate the regional trains that come from places like Geelong and Ballarat from the metropolitan trains.

Every commuter on the regional train system, of which there are 16,000 commuters from Melbourne to Geelong, has had the experience of having quite a good run through to Werribee and then finding themselves stuck behind a suburban train for the remainder of the run into Southern Cross Station. This will mean that will no longer occur as there will be a dedicated track for country trains going straight into the heart of Melbourne. It translates into another 9,000 passengers being able to be carried along that route every hour; it translates into 20 extra services across six different lines which include Geelong; it will end the very frustrating delays which commuters have had to this point; and it absolutely improves that link between Geelong and Melbourne. In my first speech I talked about the significance of Geelong as a lifestyle city and the significance of Geelong as part of a greater Port Phillip Bay metropolis. But for that to be realised and for Geelong to evolve as an alternative economic centre within a greater Port Phillip Bay metropolis, the transport link between Geelong and Melbourne is
the key—and this is literally going to revolutionise that rail link. While it will also provide for significant job opportunities for people from both Melbourne and Geelong in the construction of this project, it will provide a wonderful legacy for the people of Geelong when it is ultimately concluded.

I note one final initiative that came out of the budget which had application to Geelong. In my first speech I talked about one of the future themes of Geelong being a national transport and logistics hub. In the north of Geelong we have located very close to each other the national rail gauge, highway No. 1, an airport in Avalon which we hope will become an international airport, and the sea port of Geelong. All of these are located within 1½ kilometres of each other, with land around those areas. In a national context Geelong is in a strategic geographical location, with Adelaide and Perth to our west and Sydney and Brisbane to our north. There is every potential for that region to become one of the great transport and logistics pieces of land within Australia. But to make that occur we have to ensure that the connections are right; that is, the connections between rail and air, the connections between rail and sea, and the connections between road and sea.

One initiative which came out of the budget is a $50 million upgrade of the rail connection to the port at Geelong, which will provide immediate access both southbound and westbound along the rail gauge to the grain port within Geelong. It is a really important initiative. It is not the complete story in terms of providing all the connections but it is a very significant step down the path of completing all those connections between the various modes of transport. It goes a long way to furthering the credentials of Geelong as the premier transport and logistics hub within our country.

All of these initiatives give a snapshot of how the budget is impacting on local communities around our country. This budget is so important to the people of Geelong for the three measures I have mentioned—before we talk about the way in which it is impacting on paid parental leave or the way in which it is impacting on increasing the payments to pensioners and so forth. The investment in infrastructure is going to be a shot in the arm for the people of Geelong and is an example of the way in which this budget is going to re-enliven regional Australia. To that extent, it is a budget which will go down in history and will be one that is remembered. This will be remembered as a time when Canberra became concerned again with regional Australia. I very much commend the government for this budget. I commend it to this House and it is a great honour for me to be able to speak in support of it.

The DEPUTY SPEAKER (Mr S Georganas)—Order! The debate is adjourned and the resumption of the debate will be made an order of the day for the next sitting.

Main Committee adjourned at 7.34 pm
QUESTIONS IN WRITING

Lake Bonney
(Question Nos 563, 564 and 565)

Mr Secker asked the Minister representing the Minister for Climate Change and Water, in writing, on 3 February 2009:

(1) Is the Minister aware that: (a) increases in salinity levels have killed fish species and detrimentally impacted on the three turtle species in Lake Bonney in South Australia; and (b) in June 2008, in an effort to manage the problem, the South Australian Murray-Darling Basin Natural Resources Management Board recommended that Lake Bonney be provided a water allocation of up to 20 gigalitres during 2008-09.

(2) Given only 10 gigalitres have been provided to Lake Bonney, will the Minister commit to providing another 10 gigalitres; if so, when; if not, why not.

Mr Garrett—The Minister for Climate Change and Water has provided the following answer to the honourable member’s question:

(1) (a) I am aware of increased salinity levels in Lake Bonney.

(b) No.

(2) The South Australian Government is responsible for management of Lake Bonney, including the volumes and timing of water to prevent critical environmental deterioration of this site. Across the Basin, states are working cooperatively in determining which icon sites will receive water recovered from the Living Murray process. The Basin states, including South Australia, are responsible for identifying priorities in their jurisdiction. Water held by the Australian Government for environmental use is managed by the Commonwealth Environmental Water Holder. The Commonwealth Environmental Water Holder selects sites for watering after receiving advice from the Environmental Water Scientific Advisory Committee and from Basin states.

Small Business
(Question No. 673)

Mr Ciobo asked the Minister representing the Minister for Innovation, Industry, Science and Research, in writing, on 19 March 2009:

(1) From 3 December 2007 to 19 March 2009:

(a) how many and what percentage of payments made by the Minister’s department to small businesses were not made within (i) 30, and (ii) 60 days of receipt of the goods or services and an invoice; and (b) what was the average time lapsed between invoice received and payments made by the Minister’s department to small businesses.

Dr Emerson—The Minister for Innovation, Industry, Science and Research has provided the following answer to the honourable member’s question:

(1) From 1 July 2007 to 30 June 2008 a total of 13,356 payments were made to small businesses. Of these payments:

(a) (i) 88 payments were not made within 30 days of receipt of a correctly rendered invoice or 0.7% of all payments to small businesses; and

(ii) 8 payments were not made within 60 days of receipt of a correctly rendered invoice or 0.1% of all payments to small businesses.

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(b) For the period 1 July 2007 to 30 June 2008 the average time lapsed between the receipt of a correctly rendered invoice from a small business and the payment of that invoice was 11.6 days.