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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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**Members of the House of Representatives**

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<td>Washer, Malcolm James</td>
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<td>Zappia, Tony</td>
<td>Makin, SA</td>
<td>ALP</td>
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**PARTY ABBREVIATIONS**  
ALP—Australian Labor Party; LP—Liberal Party of Australia;  
Nats—The Nationals; Ind—Independent

**Heads of Parliamentary Departments**  
Clerk of the Senate—H Evans  
Clerk of the House of Representatives—IC Harris AO  
Secretary, Department of Parliamentary Services—A Thompson
**RUDD MINISTRY**

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

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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 Aging: 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 Energy and Resources
The Hon Ian Macfarlane MP

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

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

Shadow Minister for 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, 3 June 2009

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

BUSINESS

Consideration of Private Members’ Business

Mr PRICE (Chifley) (9.01 am)—by leave—I present the report of the recommendations of the whips relating to committee and delegation reports and private members’ business on Monday, 15 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, 15 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 DR STONE: To move—

That the House:

(1) notes that under section 417 of the Migration Act 1958, the Minister for Immigration and Citizenship may intervene personally making decisions in relation to individuals;

(2) encourages the Minister for Immigration and Citizenship to urgently resolve his ambivalence about using these ministerial powers of intervention, given the consequences for individuals and families whose urgent requests for intervention remain unresolved, in some cases for nearly a year; and

(3) requests that the Minister for Immigration and Citizenship responds to the report he commissioned analysing the use of ministerial powers (the Elizabeth Proust Report) which has been with him since 29 January 2008.

Time allotted—20 minutes.
Speech time limits—
Dr Stone—5 minutes.
First Government Member speaking—5 minutes.
Other Member—5 minutes each.

[Minimum number of proposed Members speaking = 4 x 5 mins]
The Whips recommend that consideration of this should continue on a future day.

2 MR SCOTT: To move—

That the House:

(1) notes that the report of the Beale review of Australia’s quarantine and biosecurity arrangements, One Biosecurity: a working partnership, includes recommendation 59 relating to the importation, subject to strict conditions, of the live foot and mouth virus for use in research;

(2) recognises that the risks associated with such importation far outweigh the possible benefits of research; and

(3) calls on the:

(a) Minister for Agriculture, Fisheries and Forestry to unequivocally and indefinitely reject recommendation 59 of the ‘Beale Report’; and

(b) Government to indefinitely and wholly prohibit the introduction of any live culture sample of foot and mouth disease for research or any other purpose.

Time allotted—40 minutes.
Speech time limits—
Mr Scott—10 minutes.
First Government Member speaking—10 minutes.
Other Member—5 minutes each.

[Minimum number of proposed Members speaking = 2 x 10 plus 4 x 5 mins]
The Whips recommend that consideration of this should continue on a future day.
3 MR NEUMANN: To move—

That the House:

(1) notes the Federal Government’s ‘Saving Lives in the Water’ measure announced in the 2008-09 Budget and the priorities identified in the Australian Water Safety Strategy 2008-2011;

(2) calls on the Federal Government to:

(a) create and implement an annual National Drowning and Prevention, Awareness and Memorial Day;

(b) provide assistance to schools and other education facilities so they are fully resourced to provide Cardiopulmonary Resuscitation (CPR) and First Aid training, and better able to educate students on water safety;

(c) establish a national code for pool compliance, legislating that all pool owners be trained, certified and up to date in CPR as part of their pool compliance;

(d) devise and support programs to teach water safety to children and toddlers; and

(e) implement a national rural and regional swimming program to better equip parents, carers and children in isolated communities.

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

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

Other Member—5 minutes each.
[Minimum number of proposed Members speaking = 7 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)
(2) acknowledges that:

(a) planning new communities and regenerating older communities must maximise the ‘liveability’ of these communities;

(b) local planning should ensure that:

(i) local employment is available close to the local communities;

(ii) transport options are well connected and integrated, including the availability of public transport and bike paths to reduce car dependency and promote healthy alternatives such as walking and cycling;

(iii) housing and local infrastructure are designed to minimise the environmental footprint, including options to promote water and energy conservation;

(iv) community services are available; and

(v) local infrastructure facilitates a sense of community and place; and

(c) urban planning of our communities must maximise the social, economic and environmental outcomes for local residents; and

(3) urges all levels of government, industry, associated professions and the community to work together to ensure that we have healthy, happy, safe and sustainable communities.

_Time allotted—remaining private Members’ business time prior to 9.30pm_

_Speech time limits—_

_Ms Rishworth—5 minutes._

_First Opposition Member speaking—5 minutes._

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

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

_Report adopted._

PRIVATE HEALTH INSURANCE LEGISLATION AMENDMENT 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 commencement date for provisions dealing with extended family policies and surplus assets is the later of 1 July 2009 and the day on which the act receives royal assent. The commencement day for provisions dealing with amendments to the Private Health Insurance Act 2007 which are a consequence of the Private Health Insurance (National Joint Replacement Register Levy) Bill 2009 is the same time as the commencement of the proposed Private Health Insurance (National Joint Replacement Register Levy) Act 2009.

The amendments will permanently allow private health insurers to offer extended family policies that cover people aged 18 to 24 (inclusive) who do not have a partner and are not receiving a full-time education at school, college or university, and where the fund rules of the private health insurer provide for this group.

The bill also includes consequential amendments to the Private Health Insurance Act 2007, consistent with the introduction of the Private Health Insurance (National Joint Replacement Register Levy) Bill 2009, which impose a levy upon sponsors of joint replacement prostheses in order to recover
the costs of maintaining the National Joint Replacement Register (NJRR).

**Extended family policies**

The 18 to 24 age group has relatively low participation in private health insurance. Private health insurers developed extended family policies to encourage 18- to 24-year-olds to continue their health cover into adulthood. Under the Private Health Insurance Complying Product Rules 2008 (No. 3), transitional arrangements were made by the government to allow these extended family policies to continue until 31 December 2009.

The bill will amend the Private Health Insurance Act 2007 to allow insurers to permanently offer extended family insurance policies. While premiums on an extended dependent family policy can be more than other family policies covering just younger children and older students, most importantly the overall cost should nonetheless be lower than if such adults had to take out their own separate policy. This will make it more attractive for people aged under 25 to remain in private health insurance. This is a win-win amendment. It is a win for the private health industry as it can continue to offer an attractive product for families and young adults and it is a win for many families who will be able to save money by utilising extended dependent private health insurance policy.

The bill also amends the Age Discrimination Act 2004 to provide an exemption from any unlawful age discrimination under that act which may arise from allowing a higher premium to be set for policies that include ‘dependent child non-students’.

**National Joint Replacement Register Levy**

A new cost recovery act to fund the National Joint Replacement Register has been proposed and will commence on 1 July 2009 or, if later, the day of royal assent. The bill includes consequential amendments related to the National Joint Replacement Registry Levy, with respect to the administration of the levy. I commend the bill to the House.

Debate (on motion by Mr Wood) adjourned.

**FAMILY ASSISTANCE AMENDMENT (FURTHER 2008 BUDGET MEASURES) 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) (9.06 am)—I move:

That this bill be now read a second time.

This bill contains measures from the 2008-09 budget that aim to reduce customers’ family assistance debts and assist customers to avoid accumulating debts into the future.

Family tax benefit provides considerable support to more than 2.2 million Australian families, with annual expenditure worth around $17 billion.

The Australian government understands that families need the family payments system to help them, not complicate and frustrate their lives.

These new measures will help stop families getting into cycles of overpayment and debt.

They will help prevent tens of thousands of families a year from potentially losing control of their household budgets and will ensure they are paid the correct amount of family tax benefit to which they are entitled.

There are three measures in this bill that will help families receive their correct entitlement and reduce debts.

The first provides for continuous adjustment of customers’ family tax benefit rate.
This is intended to prevent reconciliation debts by Centrelink automatically adjusting a customer’s family tax benefit rate following an increase in the customer’s income estimate. The second measure precludes certain payments in an effort to reduce the number of existing and newly-accrued family tax benefit debts for people who fail to lodge tax returns. The third measure makes minor amendments to the tax file number provisions in the family assistance law.

Continuous adjustment is currently a voluntary practice that assists customers to avoid being overpaid family tax benefit where there has been an increase in their income estimate during the income year. Around three-quarters of all families currently utilise continuous adjustment on a voluntary basis. This measure will make the continuous adjustment practice used by Centrelink and the Family Assistance Office mandatory for families who have an increased income estimate that reduces their ongoing rate of family tax benefit.

Around 90 per cent of all customers, or two million families, receive family tax benefit by fortnightly instalment. These payments are determined on the basis of an estimate of income. Currently, if there is a change in this estimate during the income year, this changed estimate is applied prospectively to determine the family’s rate of payment from the time of the changed estimate. This measure will require the prospective instalment payments to be reduced to adjust for this increase in income. The new rate of payment will take into account the amount of benefit that the family has already been paid in that year.

This measure will assist in reducing the risk of the claimant having an overpayment on reconciliation and limiting the possibility of a debt. This measure will prevent around $15 million of reconciliation debt for 28,500 families for the 2009-10 entitlement year, with another 29,000 families receiving an increased top-up as a result of being paid their entire supplement.

The second measure will limit how family tax benefit payments can be made in certain circumstances. It is aimed at reducing the number of existing and newly-accrued family tax benefit debts among families who have not lodged necessary tax returns. In November 2006, the Australian National Audit Office recommended in its report *Management of family tax benefit overpayments* that measures be introduced to reduce this type of debt, known as non-lodger debt.

As at September 2008, debts in this group amounted to approximately $460 million and it is predicted that, with no corrective action, it will be $680 million by September 2011.

This measure responds to the Australian National Audit Office recommendations on non-lodger debt. Within 18 months after the end of the relevant financial year, families will be required to lodge their tax returns or advise the Family Assistance Office that they are not required to lodge a tax return. If a tax return is not lodged within this time frame, the Family Assistance Office will temporarily restrict a customer’s family tax benefit payment options, precluding options that are based on an estimate of income. The most commonly used payment mechanism that uses income estimates is fortnightly payments of family tax benefit. Therefore, where a family has not lodged their tax returns within 18 months of the end of the relevant financial year, they will not receive fortnightly payments of family tax benefit.

During the non-payment period, the family will continue to be entitled to family tax benefit as a lump sum, which can be paid following lodgement of required tax returns.
The measure limits only the method by which those families can be paid.

When the customer or their partner lodge the relevant tax returns for the entitlement years for which they have non-lodger debts, the suspension will be lifted. They may then be able to receive their family tax benefit entitlement based on an estimate again, including by fortnightly payments.

This measure will help families avoid cycles of overpayment and debt when they continue receiving family tax benefit payments based on an estimate and having it turned into debt year after year. This measure will help around 40,000 families a year maintain control of their household budgets and receive their correct levels of payments.

Lodging tax returns and undertaking a final family tax benefit reconciliation for the year can result in a benefit to families where they have been underpaid family tax benefit for that year. Families who lodge their tax returns within two years after the end of the relevant financial year and complete their reconciliation will also be eligible to receive their full end-of-year lump sum payments.

The third measure makes minor amendments to the tax file number provisions in the family assistance law. These amendments will extend the time for which the Australian Taxation Office can provide details of a customer’s income particulars to Centrelink for the purpose of the family assistance law. These amendments will also assist in specifying when and how tax file numbers can be used for the purpose of the family assistance law to assist in the reconciliation and debt offsetting processes.

I commend the bill to the House.

Debate (on motion by Mr Wood) adjourned.

CARBON POLLUTION REDUCTION SCHEME BILL 2009
Cognate bills:
CARBON POLLUTION REDUCTION SCHEME (CONSEQUENTIAL AMENDMENTS) BILL 2009
AUSTRALIAN CLIMATE CHANGE REGULATORY AUTHORITY BILL 2009
CARBON POLLUTION REDUCTION SCHEME (CHARGES-CUSTOMS) BILL 2009
CARBON POLLUTION REDUCTION SCHEME (CHARGES-EXCISE) BILL 2009
CARBON POLLUTION REDUCTION SCHEME (CHARGES-GENERAL) BILL 2009
CARBON POLLUTION REDUCTION SCHEME (CPRS FUEL CREDITS) BILL 2009
CARBON POLLUTION REDUCTION SCHEME (CPRS FUEL CREDITS) (CONSEQUENTIAL AMENDMENTS) BILL 2009
EXCISE TARIFF AMENDMENT (CARBON POLLUTION REDUCTION SCHEME) BILL 2009
CUSTOMS TARIFF AMENDMENT (CARBON POLLUTION REDUCTION SCHEME) BILL 2009
CARBON POLLUTION REDUCTION SCHEME AMENDMENT (HOUSEHOLD ASSISTANCE) BILL 2009
Second Reading
Debate resumed from 2 June on motion by Mr Combet:
That this bill be now read a second time.
upon which Mr Turnbull moved by way of amendment:
That all words after “That” be omitted with a view to substituting the following words: —the House defer consideration of the bill until the following have occurred:

(1) the Copenhagen Climate Change Summit at the end of this year has concluded;
(2) the Barack Obama administration in the United States has clarified its intentions in this area;
(3) the Government has referred its Carbon Pollution Reduction Scheme (CPRS) to the Productivity Commission so that it may conduct a six-month review to:
   (a) assess the national, regional and industry sectoral impact of the CPRS in light of the global financial crisis;
   (b) assess the economic impact of the CPRS in light of other countries either not imposing a price on carbon comparable to that proposed for Australia or imposing such a price after different assumed periods of delay; and
   (c) conceptually and empirically examine the relative costs and benefits (including emissions reductions) of the key alternative scheme designs against the CPRS;
(4) the Productivity Commission’s reports on these topics have been publicly released”.

Mr MARLES (Corio) (9.14 am)—Climate change is happening. There is no longer any doubt. The science is completely certain that humans are causing an increase in global temperatures. We can have a debate about how quickly it is happening and we can have a debate about the consequences, although even in relation to that the science is becoming clearer. But it is totally certain that humans are causing an increase in global warming and that the future of the world as a consequence of that is grave. So, more than any other debate that we have had in this place, as we stand here in the House of Representatives on this day, having this discussion, we are uniquely custodians for millions of Australians who are yet to be born, who in decades to come will look back at what we said on this day and at what we did or did not do when we had a chance. That is a responsibility that we cannot avoid, whether we want to or not.

My electorate is based on Geelong, in Victoria, where the consequences of climate change are predicted to be very severe. Industry in my electorate hugs the coast. Our existing coastline is the basis of our tourism industry. If we do nothing, the prediction is that sea levels will rise dramatically over the next century, rainfall will decline and droughts and bushfires will increase. Already we have had water restrictions for 6½ of the last 11 years. Our storage levels on this day are at 18 per cent. Two years ago they were at 14 per cent. They are the two lowest levels recorded—and yet Geelong is a very carbon dependent city. Our transition to a post-carbon world will be as big as that of any other place in Australia, and that is because of our industrial base.

Let me be clear that Geelong’s industry has contributed greatly to the social and economic wellbeing of Geelong. Ford has been making cars in Geelong since 1925 and employs 2,000 people. Shell has been refining oil since 1954, supplies half the petrol to the state of Victoria and employs 500 people plus contractors. Blue Circle Cement produces 700,000 tonnes of cement every year and employs 145 people. Alcoa has been operating for 40 years, supplies 30 per cent of Australia’s aluminium and employs 1,200 people out at Point Henry. When you look at what Geelong faces if we do nothing on carbon, and when we look at what Geelong faces if we do something on carbon, we are unquestionably the town in this country which is at the front line of this debate.

The aim of the government’s policy in relation to the CPRS is to make Australia a credible and robust international player in
forming the kind of international agreement we need so that we can change the way humans are impacting upon the global environment. But we need to do that in a way which changes the behaviour of industry in Australia, not in a way which gives rise to carbon leakage or sees industry go overseas.

Placing a price on carbon in our economy through a market mechanism which achieves all those aims is an enormously difficult task of public policy, but it is a task with which the Rudd government has proceeded with a quiet determination which began during the election campaign. That saw us sign up to Kyoto in the immediate aftermath of the election. It saw the Garnaut report last year, the green paper in August, the white paper in December and the Senate inquiry through the first part of this year. All of this has been an exhaustive consultative process requiring a rigorous approach that has led us to this point. We have proposed to the nation a cap-and-trade scheme which will take us to a target of reducing carbon emissions by five per cent by 2020 no matter what. If the rest of the world moves, we will reduce carbon emissions by up to 25 per cent, leading to a total target of reducing our emissions by 60 per cent by 2050. The scheme puts in place significant compensation for emissions-intensive trade-exposed industries and will provide for the money raised through the selling of carbon permits to be used to help transition our economy and our households to a post-carbon world.

In Geelong we have also had an extensive consultative process which began on 11 August last year with a community forum of all the interested players around climate change. I have spoken extensively with the Committee for Geelong, the G21 Geelong Region Alliance, the Geelong Chamber of Commerce, the Geelong Manufacturing Council, the Geelong Trades Hall Council and the City of Greater Geelong. I have spoken with businesses and unions, including Russell Caplan and Huck Poh at Shell; Alan Cransberg, Paula Benson, Tim McAuliffe, Brendan Foran and Kate Betts at Alcoa; Ian Campbell at Blue Circle Cement; and Paul Howes, Cesar Melham, Brett Noonan and Jim Harper from the Australian Workers Union. I am indebted to every one of those people for helping me to understand how an emissions trading scheme would change life in Geelong and how it would have an impact upon people in Geelong. I am also very indebted to the Minister for Climate Change and Water, Penny Wong, who has come to Geelong twice during that time. She has listened intently to what people have had to say and she has explained admirably this very complex problem that the government is dealing with.

I have little doubt that the consultative process that we undertook in Geelong led to the Prime Minister’s announcement on 4 May this year which saw a delay in the introduction of the CPRS by a year, to 1 July 2011. In that first year we will have a set price of just $10 for carbon permits, which is roughly, analysts think, about 25 to 30 per cent of what the market rate will eventually be. We have seen the highest tier of compensation, which was 90 per cent, increase to 94.5 per cent and the next tier of compensation, which was 60 per cent, increase to 66 per cent. I think, as a result of these changes, the scheme that we put before the House today is much more robust. It is an example of the way in which the Rudd government, through Minister Penny Wong, is engaging with the community so that we come up with a scheme for all Australians.

When you look at where we have landed the scheme now, we are getting significant support out there, not least from industry in Geelong. On 5 May this year, Russell Caplan said:

So, while there are important issues still to be resolved in the CPRS, notably how we manage
the competitive disadvantage of applying a carbon price in Australia before our trading partners, I believe it is important that we do resolve them, and that our representatives pass this legislation.

Tim McAuliffe, Alcoa’s General Manager Corporate Affairs and Carbon Strategy said to me last night:

We do not, at this time, support throwing out the existing CPRS and starting again—our strong preference is for the Government and Opposition to work together and find a balance that deals with the environmental imperatives but also supports economic and social benefits of Australian industry.

While we have been doing this, where have the opposition been? To put it simply, this is an issue too big for those on the other side of this House to come to terms with. Their response to the whole issue of climate change has been: ‘We’ll get back to you. We’ll get back to you after the Garnaut report, we’ll get back to you after the Treasury modelling and we’ll get back to you after the white paper, the Pearce report and the Senate inquiry. Why don’t we have a productivity inquiry? We will get back to you after Copenhagen.’

What it has meant is that one of the major political movements in this country has left the table of this debate. As we are trying to actually come up with a bipartisan position, where everyone in this country can provide a stable regulatory environment for the future, the opposition have absolutely disappeared. In the future, in decades to come and when people look back at what the opposition have done on this day, they will stand condemned. At best, these are the ostrich parties: the people who have found the nearest sandpit in order to plunge their heads into it. At worst, in the deep dark recesses of their hearts, they are climate change sceptics, which is such a dangerous position to hold in public policy at this moment. Just as they have in relation to the global economic recession, with the heat on with this key piece of public policy, they have gone missing. Business needs certainty. That is why AiG and the BCA are crying out for us to pass this—and, by the way, so are the ACF and the Climate Institute.

There is undoubtedly a moral question in dealing with this issue for the future generations of Australia. For the people of Geelong, this is the smart thing to do. Of course it is impossible to guarantee every single job under the CPRS, but what you can absolutely guarantee is that if we are the last country in the world to move in relation to climate change then we will have no industry at all. An industrial town like Geelong has a great industrial future but only if we come to terms with and deal with the issue of our carbon dependency. We have a bright future in manufacturing in Geelong if we can come to terms with our carbon dependency. But, if we do not, we will find that industry will leave. You just need to look at Alcoa, who have the Point Henry smelter. They have a smelter twice the size in Iceland based on hydropower, with virtually no carbon footprint, and they have it on the books to build a geothermal powered plant there, again with very little carbon footprint at all. If that is not an indication of where we need to go as a country then nothing is. We need to help our industry get past the carbon dependency it has. If we do that, this country has a bright future, and Geelong continues to have a very bright manufacturing future. That is why it is absolutely essential that we pass the CPRS and why I commend this legislation to the House today.

Mr ROBB (Goldstein) (9.25 am)—Significantly reducing the global level of CO2 in the atmosphere is an issue of great consequence. What we do, the consequences, who is with us, how well thought through any scheme may be and what we need to do to get it right are all important. Sadly, the development of an emissions trading scheme has been very badly mishandled by the Rudd
government, just as Mr Rudd has mishandled the nation’s finances and saddled Australians with massive debt.

As with the government’s response to the global financial crisis, the government has had too much of an eye on the politics of its emissions trading scheme and not enough of an eye on what is best for Australia, what is workable and what will protect jobs while reducing emissions. Selfish political considerations are overshadowing sensible policy imperatives. In its panic to get to an early election before the community sees the depth and extent of its financial ineptitude, the government is stampeding this flawed Bill through this parliament. Before the last election, Mr Rudd promised deep cuts in emissions without disadvantaging our export and import competing industries. Yet the government scheme fails on all counts. It will cost tens of thousands of jobs, it will kill major investments and it will do little or nothing to reduce CO2 emissions. The scheme is deeply flawed. Mr Rudd’s scheme is testament to the fact that his promise cannot be delivered if other major competitors are not also taxing their emissions. Mr Rudd’s response is to stick with a proposal so ill considered and so awful that it cannot be supported by anyone—not by the Greens, the crossbenches or the coalition.

Mr Rudd wants to go to an early election claiming he tried on climate change but blaming his inaction and his incompetence on everybody else. This is all about politics for the government, not the environment. At least the Rudd government was mugged by reality and forced to delay the start date by 12 months. The government should use this delay to see what President Obama does during this year in finalising his all-important legislation, to see what the world decides at Copenhagen and to do the work necessary to correct the many flaws in Australia’s scheme. Common sense dictates that the vote on this legislation should wait until the new year. It is why the coalition is moving to amend this bill to ensure that it is deferred until then.

Now that the coalition has provided the government with a truly Australian position on targets to be taken to and negotiated at Copenhagen in December, there is absolutely no reason to seek to ram this flawed scheme through this parliament. This was confirmed last week when the executive secretary of the UN organising committee for Copenhagen, Mr Yvo de Boer, revealed that the UN does not expect countries to have legislation in place before Copenhagen. There is no urgency or reason to rush this legislation.

The government’s emissions trading scheme has been designed for a world where every country has such a scheme and where every country has a price on carbon—a level playing field. If the world were moving on this contentious issue, all the contentious issues surrounding the government scheme would largely disappear. If our competitors were also imposing a price on carbon, our own industries would remain strong, competitive and innovative while reducing their carbon footprint. In this regard, everyone acknowledges that, with Australia producing just over one per cent of the world’s emissions, there is no unilateral Australian solution, only a global solution. It is why the government’s claim that for a dollar a day their scheme will save the Great Barrier Reef is so wrong and disingenuous. This is the totally false impression given to the community by the government’s very misleading presentation of the Treasury modelling. If this were the real cost, why wouldn’t you put up your hand in support?

The public have not the foggiest idea what an emissions trading scheme is. The government has not explained it in 18 months and the public have not really engaged because they have been told that there is no
personal cost to them. They have been duped. For most Australian families the annual tax that the government will impose on electricity and other energy-intensive industries will result in a 30 per cent to 40 per cent increase in power bills and indirect increases in the price of most services and items purchased. It will be equivalent to increasing the GST from 10 per cent to 12½ per cent.

Without the rest of the world engaging in some form of carbon reduction scheme, Australia’s actions will have absolutely no impact on the Great Barrier Reef or on the environment generally. In fact, global emissions could actually increase as investment and jobs, especially in major regional centres like Geelong, leave Australia and go to developing countries, where less-efficient factories pump out much more CO2 than in Australia. Without our major competitors engaging in some form of scheme, the cost to Australians will be much greater. This cost will be measured in the premature closure of many coal mines, cement works, coal powered generators and fuel refineries and the loss of major investment in new smelters, metal refineries, LNG projects, cement works, exploration and much more. There will be significant direct and indirect costs added in tax on agriculture and manufacturing businesses that compete against foreign products which have no such tax applied. For example, the average dairy farmer will face a $9,000 tax and have no capacity to offset this cost.

The scheme will see tens of thousands of jobs at risk, the permanent and serious shrinkage of major regional centres and the loss of major investments, yet have little or no impact on CO2 emissions. A $4 billion investment to extend an aluminium smelter in the Hunter Valley will be shelved. This project alone will see the loss of 15,000 construction jobs and 3,000 permanent jobs. It is why Australia must not find itself effectively going it alone. We can and should influence and assist the world to respond, but we cannot get too far ahead of our major competitors. Australia is only one of five countries in the world that will meet its 2012 Kyoto target for emission reductions. This result and leadership was delivered by the former government, along with setting up AP6 and the global forest initiative.

Putting a multibillion-dollar new tax on our businesses many years before our competitors do likewise will get us too far ahead of the world. That is why the critical debate that we are having is all about how, not whether, we transition to lower carbon emissions. It is about how we calibrate that transition to be broadly in step with the willingness of our major competitors to do something similar in terms of putting a tax on carbon. How we deal with the next 10, 15, 20 or more years of transition is critical. If the transition is mishandled, if we go it alone, if we get too far ahead of the world, we will see the great strength of our economy wantonly undermined and damaged for no good environmental outcome.

The design of the Rudd scheme assumes that our major competitors will put in place a major new tax on carbon in the early years. But what if China, India, Indonesia, the Middle East countries, South American countries and many other competing developing countries do not apply a tax on carbon for 15, 20 or more years? Why wasn’t Treasury required to test such scenarios? It has been seven months since the Treasury modelling was released and there is still no such analysis—not a whiff of it. All they had to do was change some assumptions and run the model again. They have refused.

A major independent analysis conducted by the Centre for International Economics concluded that we know nothing of the 20- to 30-year transition period because there is no analysis of different scenarios concerning
delayed start dates by major competing countries during that 20- to 30-year transition period. There is no analysis of the impact of the global financial crisis. There is no empirical analysis of alternative approaches to achieving a reduction in CO2 emissions. If passed in its current form, the biggest deliberate structural change in our history would be more a product of blind faith and pigheadedness than rigorous analysis. Is the design of this scheme robust enough to deal with the scenarios that have not been modelled, where our competitors take 10, 15, 20 or more years to adopt a price for carbon?

We have moved an amendment requiring the Productivity Commission to do, over the next six months, the missing analysis identified by the Centre for International Economics, to do the necessary work, so that we know whether this scheme can protect our jobs while moving us towards a lower carbon economy. This call has been supported by ACCI, the Cement Industry Federation, the Minerals Council of Australia, the Master Builders Association, the Chamber of Commerce and Industry in Western Australia, Woodside and others.

The deliberate failure of the government to require such analysis has meant that individual companies and organisations have been forced to commission such research. In so many cases this research has shown that many years of going it alone will severely weaken key industry sectors in our economy. In the end it all translates into jobs. Over recent months company after company has indicated the cost of this proposed scheme in terms of lost jobs: the Minerals Council, Rio Tinto, Xstrata, Alcoa, Exxon, BlueScope, OneSteel, Hydro Aluminium Kurri Kurri, ZeroGen, Enviropen, Ford, Woodside, Chevron and many others. Research commissioned by the New South Wales government, and suppressed by the federal government, into the regional impacts of the government’s scheme found that regional centres across Australia, such as Gippsland, Geelong, central-west Queensland, the Hunter Valley, central Western Australia, the Kimberley region, Whyalla and Port Pirie, would shrink by over 20 per cent under the government’s scheme.

How stupid we would look if in 10, 15 or 20 years time our major competitors still have no scheme in place or have protected their trade-exposed industries and we have been imposing these costs and more because of the built-in annual reduction in free permits. Such stupidity is already being exposed as the details of a future Obama emissions trading scheme take shape in the United States. Specifically, the draft United States bill now provides for 100 per cent protection for all US export and import energy-intensive industries until 2025 and continuing levels of such assistance if competitors have no such scheme in place. As well, the Obama draft bill provides for assistance for US electricity generators through until 2030. By comparison, the assistance provided to the Australian electricity sector will be far less and will be phased out by 2016. This emphatically confirms that the Rudd scheme will see Australia effectively going it alone. It is all about design—design features which give you the robustness and the capacity to manoeuvre to play a part in all of this but not get too far ahead of the rest of the world, not go it alone.

In addition to our concern about undermining our competitor’s position, the bill contains other major deficiencies. It is my observation that existing large emitters are the companies best placed to lead Australia, and its industries, to a low-CO2 environment as long as their balance sheets remain strong enough to fund the billions of dollars to finance the necessary technology and innovation to lead that transition. Yet the balance sheets of some companies will see half or more of their average profitability over the
last eight years taken up with the effective 
tax that they are going to be forced to face or 
see a loss of uncompensated asset value of 
billions of dollars. The other balance sheet 
issue is the existence of large numbers of 
free permits on a balance sheet. When inves-
tors are approached to fund a 40-year energy 
or resource project and they see a balance 
sheet with a large number of free permits that 
are reviewable in five years and are there 
solely at the whim of the government of the 
day, they will become concerned about sov-
eign risk. Projects are already facing this 
financial dilemma, including a new gas-fired 
power generation plant.

This relates to the third issue, the problem 
of churn or recycling of billions of dollars of 
taxpayers’ money through the system at the 
government’s discretion. Each year the sale 
of permits will see the federal government 
reap a huge new tax revenue—$13 billion in 
the second year, growing rapidly to $20 bil-
lion a year by 2020 or thereabouts. The gov-
ernment intends to recycle some billions of 
these dollars to compensate low-income 
earners for the 30 to 40 per cent increase in 
electricity costs. This will see millions of 
cheques continue to be mailed to Australian 
households each year. This government is 
addicted to mailing out cheques, and it is not 
hard to see why. A huge administration will 
be set up to churn billions of dollars back 
through the economy, with the government 
picking winners as to who gets compensation 
and who does not. No new energy or re-
source project will get off the ground without 
companies coming on bended knee to get a 
quota of free permits from the government to 
make their investment competitive.

Finally, in our view the government has 
not looked at the significant low-cost oppor-
tunities or complementary measures that are 
available. Too much is being expected of an 
emissions trading scheme in the absence of 
global action. Complementary measures 
should be directed at capturing carbon in 
soil, at reducing energy usage especially in 
commercial buildings, at other biosequestra-
tion and at recognising the efforts of indi-
viduals and families in reducing emissions. 
All of these have the potential to quickly 
deliver very significant cuts in emissions 
without putting at risk tens of thousands of 
jobs and the fabric of many major regional 
centres. All of these possibilities have been 
largely ignored in the government’s scheme, 
ignored in the government’s rush to be seen 
to be punishing the big emitters and ignored 
in the design. It is a design issue. The design 
of the scheme is deeply flawed. We as a 
country are exposed with this scheme.

All of these complementary possibilities, 
in concert with a major focus on promoting 
renewables, provide an opportunity to mini-
mise the risk of putting too much onus on an 
emissions trading scheme when the intended 
actions or inactions of the rest of the world 
are still not clear. It is why the coalition has 
proposed the establishment of a government 
authorised voluntary carbon market from 1 
January 2010 based on the Chicago Climate 
Exchange. This would enable the immediate 
involvement of individuals and communities, 
agriculture and biosequestration, the com-
mercial building sector, energy efficiencies 
by business and other complementary meas-
ures in creating bankable offsets. It would be 
a legitimate and genuine attempt to make an 
immediate start on significant reductions in 
CO2 emissions while we get the design of 
the scheme right, while we find out what the 
rest of the world is going to do and while we 
find out what Barack Obama, the President 
of the leading country in this issue, will do 
over the next six or nine months. These vol-
untary measures would enable immediate 
action on achieving Australia’s 2020 targets 
and would create an opportunity for indi-
viduals, communities and firms to help de-
"
targets will do once a full scheme is in place. As to the government’s argument that this scheme must be passed now to provide certainty, the comments of the CEO of Anglo Coal reflect the view put to me by so many other companies. He said, ‘We don’t want the certainty of a bullet.’

The government’s rushed scheme, as designed, puts major industries, and the jobs that go with them, at great risk for little or no environmental gain. Commercial realities have been ignored and President Obama’s plans have been ignored. The scheme is deeply flawed. We have to better understand the prospects and the implications of Australia effectively going it alone with this scheme before we make any decisions about finalising a scheme—all at a time when we will need the energy and resources sector and other businesses to play a very big part in getting on top of the mountain of debt accumulated so rapidly by the Rudd government. It is a time for prudence, careful policymaking and common sense. It is not a time to gamble with people’s livelihoods and their futures in the cause of political expediency. The government’s scheme is in no shape to be passed and the vote must be deferred until after Copenhagen and when the Obama scheme is clearer. There is no plan B if the rest of the world does not follow suit on this government scheme. This is the biggest deliberate structural change to our economy ever. We must get it right.

Dr KELLY (Eden-Monaro—Parliamentary Secretary for Defence Support and Parliamentary Secretary for Water) (9.44 am)—It is with great pleasure that I rise to speak on the Carbon Pollution Reduction Scheme Bill 2009 and related bills and in opposition to the coalition amendment. If there was one issue that matched the intensity of the Work Choices debate in 2007 in my electorate, it was: ‘Do something about climate change.’ That message from my electorate was loud and clear. The depth of that feeling within my electorate was illustrated by the widespread acceptance of the agenda of the Clean Energy for Eternity movement. They have led the charge and they are leading the charge to demonstrate what a local community can do. Certainly it made very clear my mission in this place.

I am also closely involved with meeting the climate change challenge in my new role as Parliamentary Secretary for Water, where I am greatly privileged to be working with Minister Wong and my colleague Parliamentary Secretary Greg Combet. In fact, I suppose you could say that Greg is working on the CPRS and involved with consequence prevention while I am involved with consequence management in relation to the impacts of climate change on our most vital resource, water.

In relation to our water situation, the IPCC reported in 2007 that reduced precipitation and increased evaporation are likely to lead to water security problems in southern and eastern Australia. For example, annual stream flow in the Murray-Darling Basin is likely to fall to a bracket of 10 to 25 per cent by 2050 and somewhere between 16 and 48 per cent by 2100. Changes in the seasonality of rainfall are likely to further exacerbate annual stream flow. In five of the eight catchments in the southern Murray-Darling Basin the last 10 years have seen inflows around or worse than the CSIRO’s worst-case projections for 2030. The last three years represent the worst three-year period for the River Murray since records were first kept. Inflows to the Murray over the last three years represent just 54 per cent of the previous worst three-year period in more than 100 years of record keeping. Recently the Bureau of Meteorology indicated that
rainfall deficiencies for the 21-month period from June 2007 to February 2009 have occurred against a backdrop of decade-long rainfall deficits and record high temperatures that have severely stressed water supplies in the east and south-west of the country. The combination of record heat and widespread drought during the past five to 10 years over large parts of southern and eastern Australia is without historical precedent and is at least partly a result of climate change. These are facts the hypocrites on the other side who talk of concern for the regions should think on.

This understanding of the water situation is one of the reasons why taking action on climate change is a key priority of Water for the Future, the Australian government’s strategy to secure the long-term water supply for all Australians. I have seen firsthand the consequences of climate change on rural and regional Australia, and it is so evident in Eden-Monaro, where almost the entire region has exceptional circumstances status. I have watched the growing concern of the community as the Snowy River has suffered, along with the continuing decline in the Snowy Hydro storage dams, particularly at Jindabyne and Eucumbene. I have talked with the farmers across the region as they struggle to adapt to these drier and hotter conditions, and I have sat down with councils struggling to ensure the survival of towns like Bombala and Nimmitabel, whose traditional water resources are dwindling. Our winter tourism industry in the high country knows that it will also be under threat, and we are all determined to keep the Snowy Mountains, not see them become the ‘sandy mountains’. My farmers know that the price of doing nothing on climate change will be annihilation. That is why they are starting to come together in groups like Monaro Farming Systems to work with the CSIRO on planning and adapting.

In stark contrast to the help farmers in the Murray-Darling Basin and beyond are getting from the Rudd government, the coalition made farmers pay the price of meeting Kyoto targets through reliance on land clearance restrictions without enabling them to at the same time obtain income from this. Under our scheme, farmers will be able, through reforestation, to voluntarily generate emission units for increases in carbon sequestration from 1 July 2010, creating economic opportunities for them in trading these units.

The CPRS and the associated renewable energy target legislation soon to be introduced into this House will also drive a diversified regional economy, providing more employment options for our kids and a much-needed injection of investment. In Eden-Monaro we are seeing this already, with the huge Capital Wind Farm at Lake George providing jobs for people in and around Bungendore. This 63-turbine farm will generate 400 gigawatt hours per year and represents a $220 million investment, which surely even the member for Hume would also welcome. Also in my region we have seen the setting up of the Dyesol company, an exciting new solar technology; the Lloyd Energy solar thermal project, which promises to deliver schedulable electricity in Cooma and spin off into other industries in Moruya as well; the grandaddy of all renewable energy schemes, Snowy Hydro; the Erraring hydro scheme; the proposed Boco Rock 127-turbine wind farm at Nimmitabel; the planned solar farms in the Bega Valley; and the biogas pilot plant that we are seeking to set up also to deal with our methane emissions, which is generating huge baseload potential in Germany, the United States and New Zealand. Biogas plants will also be complemented by biomass generation from our timber industry, which is a large part of the economic success of our region, and certainly there is huge potential in that resource.
for further distributed energy generation. Wave energy at the Port of Eden is also being explored. And we are in negotiations with an exciting solar cell manufacturing company called Spark Solar. These are just some of the projects that will bring jobs and prosperity to regional Australia.

But business needs certainty, especially at this time, and moving ahead with the CPRS now will provide investors and business with the basis they need to plan, organise and manage the transition to a lower carbon economy and, yes, to take advantage of its opportunities. Hear what Nathan Fabian had to say on this issue. Nathan Fabian is the Chief Executive of the Investor Group on Climate Change, which speaks for some of Australia’s major institutional investors, including super funds, insurance companies and private sector fund managers, including AMP Capital and Colonial First State. It represents $500 billion in funds under management. In an interview on 28 May on Radio National he said:

Our members are concerned about delays in the emissions trading scheme, they are concerned about the trajectory of the change in the economy between now and 2020 and beyond. And their view is that we should be smoothing the transition as much as possible, smoothing what is a significant adjustment in the economy, to spread the impact on their investments.

Our members would rather get going with the scheme.

Single digit earning impacts are expected for most of the emissions intensive trade exposed companies. And those figures reduce when the current compensation scheme is taken into account. So they are not overly concerned about short to medium term.

Our investors expect companies to plan, to spread risks and to manage a transition over the long term. Our investors can see that climate change is a long-term investment risk that they must manage. They feel that they’ve got no choice. Some of our investors are super funds that have a 20 to 40 year horizon for their members. Superannuants like you and I and they, know that they must think about long term risks. Facing that reality, they want to start to manage the risks as soon as possible.

Fran Kelly asked:

So just finally then what’s your response to this delay we are seeing likely to occur now that the Coalition will delay the Bill?

He replied:

Yeah, well, that’s the concern, it’s curious to target for a high target in 2020 but a later start. Clearly that will lead to greater volatility in financial markets and we’ve just had a pretty serious experience of what that can be like to the economy.

The Rudd government, in contrast to the potentially disastrous coalition attitude, wants, through these bills, to take action now that will provide certainty in these challenging economic times. Placing a price on greenhouse gas emissions—carbon pollution—is key to ensuring that strong economic growth can be sustained while we reduce greenhouse gas emissions. The creation of a robust carbon market will provide information on the carbon price now and into the future. It will provide a powerful incentive for consumers and business to switch to lower-carbon products and production techniques, change investment patterns and encourage greater efforts in new and innovative areas of research and development. Using a market based approach to imposing this price will make it easier for business to plan for the future. Providing business with the tools to manage carbon risk will also ensure the policy response is sustainable over the decades ahead.

The government has listened to Australian households who have raised concerns that their individual efforts to reduce emissions will not be adequately taken into account under the CPRS. The government will take into account additional GreenPower purchases above 2009 levels in setting future

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scheme caps. A range of other indicators of voluntary action may also be taken into account. The minister will be required to report annually to parliament on reasons for her recommendations in relation to caps and gateways and as a matter of policy will set out how voluntary action has been taken into account. The more individuals contribute to carbon emission reduction, the more ambitious can be the caps set by the government. The government has committed to reinvest every cent it raises from the CPRS to build the low-pollution economy of the future and help Australian households and businesses adjust. Revenue raised by the sale of emissions permits will be used to help householders adjust to a carbon price. The Carbon Pollution Reduction Scheme Amendment (Household Assistance) Bill 2009 delivers a household assistance package that includes cash assistance, tax offsets and other measures to help low- and middle-income households adjust to a low-pollution future.

The introduction of an emissions trading scheme has been discussed in Australia for more than 10 years. The government has consulted extensively with industry, has considered over 1,000 submissions and has taken into account the outcomes of workshops with industry, technical and legal experts, a review of the legislation by the Solicitor-General and, I am proud to say, forums that I have conducted in my own electorate. There have been 10 years of talk about establishing an emissions trading scheme. It has been a long road to reach this point. Now is the time for action. The bills are here; the time is now. I say to the coalition: support these bills or forever stand condemned.

Mr TRUSS (Wide Bay—Leader of the Nationals) (9.56 am)—The Carbon Pollution Reduction Scheme Bill 2009 and related bills seek to impose on Australia the most radical economic change in memory. In the name of addressing climate change, Labor plan to implement their version of an emissions trading scheme, which they have named the Carbon Pollution Reduction Scheme. The scheme is like no other in the world and its impact on industry in Australia will be dramatic—costing hundreds of thousands of jobs—but its benefit to the global environment will be negligible and probably negative. Labor’s CPRS is friendless. It has been rightly criticised by industry for destroying their viability and international competitiveness and by environmental groups for not delivering real climate benefits. Both are correct, and that is why the Nationals oppose Labor’s scheme.

Australia produces just 1.4 per cent of the world’s CO2 emissions, and that share is going down. We are not even among the top line per capita emitters. We cannot repair the world’s climate by ourselves. Government spin implying that their CPRS will save the Barrier Reef, flood the Murray and stop bushfires is simply dishonest. Climate change issues are global issues and require a global response. Australia must be willing to play its part and, indeed, accept a leadership position. But our efforts, no matter how painful and devastating to Australian industry, will be puny if they are not part of genuine global action—from not just the developed countries but also the developing countries. The Prime Minister, when he is talking about Australia’s financial problems, excuses himself by blaming the rest of the world. But, when it comes to climate change, he asks us to believe that he can do it all himself. But he has never been able to explain why a 100 million tonne decrease in Australia’s emissions will counter a 10 billion tonne increase in China’s emissions.

In the middle of his recession the Prime Minister plans a major cost imposition on Australian people and our industry. He knows not how many jobs will go or where,
because no modelling has been done. Perhaps the biggest reductions in emissions will come from factories that close. But Australia will not stop buying the products; we will import them from countries that do not have the extra cost of a CPRS and where environmental and emissions standards are less demanding. Global emissions will increase when Australian industry closes. There will be no benefit to the environment. Aluminium smelted in China will emit 60 per cent more greenhouse gas than aluminium smelted in Australia. Food production in Australia will emit less CO2 than food from Asia. Making cars in Australia will do less damage to the environment than making cars in Korea.

Senator Williams provided this excellent example. Australia produces 10 million tonnes of cement each year. Each tonne emits 0.8 tonnes of greenhouse gases. If Mr Rudd’s ETS taxes carbon at $30 per tonne, it will cost the Australian cement industry $240 million a year. This will put it out of business. Our 15 plants will close, with the loss of 1,870 jobs in regional Australia. We will then have to import all of our cement from China, which produces one billion tonnes of cement annually, each tonne emitting 1.1 tonnes of greenhouse gases. The result will be that the 10 million tonnes Australia uses will produce 11 million tonnes of greenhouse gases, or three million more than now.

Labor’s CPRS will export emissions with the jobs. The products we import will not be subject to the carbon taxes, but what we produce locally will. So job losses will cascade and the trade balance will obviously deteriorate. The coal industry have estimated that 66,480 jobs will go in their industry by 2030. Where are the Labor members for Flynn and Dawson and for electorates in the Hunter and the Illawarra when they should be defending local industry and workers?

The best that anyone can say about Labor’s proposed emissions scheme is that it should be passed so there is certainty. This is being mouthed by a few rapacious bankers, some barely affected sectoral figures and multinational companies who will simply move their investment overseas if Australia introduces a CPRS — and they want to make that decision early. We all like certainty in an uncertain world. Let us not confuse the claims of those who see some political or financial advantage from the passage of this bill with the grim reality of its effect upon the vast bulk of Australian people. As Seamus French, the chief executive of Anglo Coal Australia, said, ‘We do not want the certainty of a bullet.’

Surveys show that most Australians believe our country should have an ETS, even though less than 10 per cent of Australians say they know what an emissions trading scheme is. It says something about the stampede mentality that has developed around this issue that three-quarters of Australians are in favour of something they do not even understand. Put simply, an emissions trading scheme is designed to change consumer behaviour by increasing the cost of goods and services that are considered to be damaging to the climate. Such schemes therefore increase the cost of electricity, transport fuel, mining, waste disposal and industrial processes so that we will use them less.

Labor is not levelling with the people. A CPRS cannot be painless and still work. Indeed, it has to be very painful if it is going to change behaviour. For instance, I am not convinced that Australians will turn off their air conditioning on a sweltering day even if it costs twice as much to run. People may well go without other things, like entertainment or even food, but they will want to stay comfortable for the day. People do not stop driving their cars when the price of petrol goes up. So people should not think that the
CPRS will only hurt others—big business, miners or workers in other towns. It will hurt everyone.

To win public support for the CPRS, the government offers compensation to the poor and the disadvantaged within the community and to some industries that are adversely affected. All workers will be expecting compensating pay rises, but the compensation package undermines the consumer incentives that the scheme was designed to implement. If householders do their bit to lower their emissions under Labor’s CPRS, they get no rewards. They just allow somebody else to emit more.

The CPRS also includes exemptions—free permits or concessional arrangements. In reality, of course, no-one is truly exempt, as we will all have costs passed on to us. But each of these concessions creates anomalies. The more sectors that are exempt, the heavier the burden that must be borne by others. Perhaps most serious of all is that, if Australia has a harsh CPRS and other countries do not, investment activity and industries will migrate with their jobs to non-participating nations. Other countries know that. Canada and New Zealand have delayed their schemes and the USA is proposing an ETS which is tied to mesh with global progress on climate change. The Nationals believe Australia should do the same.

After the failure of the world to agree on very modest reforms in the Doha talks, it is likely to take a long time to achieve genuine global emission reductions, especially in our sector of the world. If we rush blindly ahead with the world’s harshest ETS now and others do not, our economy will be in ruins and the climate will be not one degree cooler.

Labor’s CPRS is artificially contrived. How an industry is affected depends on how the government writes the rules, and the government is asking for this legislation to be passed before the regulations have even been written. A simple change of words can cost billions but may not have any environmental benefit. The CPRS does not reward measured improvements to the environment as much as it rewards or penalises compliance with the rules the government writes. As with the Kyoto accord, the winners are the lobbyists and lawyers—not the environment.

Why are emissions from sheep and cattle eventually to be counted but not those from kangaroos or humans? Why is carbon sequestered in trees credited, but not what is sequestered in pastures, sugarcane or the soil itself? A simple change in the rules—in the words—to count all sequestration would dramatically reduce the burden of Labor’s CPRS and make it fairer without creating artificial distortions in environmental investment.

Labor is offering concessions to some industries. But, if it changed the rules and offered the same concessions to other industries, the outcomes would be different—maybe even better. Coal, cement, power and others will be given some free permits, not because they have any special environmental merit but because the government has decided these industries should be allowed to survive a little longer. Labor is picking winners not to achieve the best and fairest environmental outcomes but to respond to powerful lobby groups, the noisiest unions and other mates. Less powerful industries or those who do not enjoy Labor’s patronage, like farmers, will just have to endure the costs of the CPRS or cease to exist.

Labor’s CPRS will in fact affect some of the most efficient of the nation’s transport sectors. I will use a couple of examples from the transport industry because it is my portfolio area. Rail, coastal shipping and aviation will face much higher carbon taxes, while
less greenhouse-friendly transport measures will be tax free. Electric rail services passengers will be slugged with new taxes on the electricity they use, but those who drive their own car to work will not. Those who fly to North Queensland for their holiday will pay Labor’s new emissions tax, but if you go to Vanuatu, Fiji or the United States you will not—great news for our tourism industry!

If you need the Royal Flying Doctor Service to take you to hospital, you will pay the new tax, but if you go by ambulance it will be tax free. If you put a container on a diesel truck from Melbourne to Sydney, you will get an ETS exemption, at least for a year, but if you put it on a coastal ship you will not, even if the ship is on an international voyage. If you live in remote Australia and need to fly to the city, you will be taxed, but if you can drive to the shops it will be tax free. The CPRS that Labor has designed for Australian transport could actually see greenhouse emissions go up rather than down.

Labor are great taxers, and the more I read about this proposal the more it looks to me like a way to raise vast amounts of new tax revenue rather than to deliver real environmental benefits. Labor’s scheme is planned to collect $13 billion by year 2, growing to $20 billion by 2020, much of which will be churned into compensation payments at the government’s discretion, or, I suspect, used to pay off its debt. There will be a major new bureaucracy to support it. Governments should never be allowed to lose sight of the primary objective of emissions trading. It is not intended to be a new tax. It is supposed to deliver a better environment for us and for future generations.

I know there are many people, particularly in regional areas, who ask why we are bothering with an emissions trading scheme at all. Many even question whether global warming is real. I note that even the government now tends to use the words ‘climate change’ rather than ‘global warming’. The government refers to a Carbon Pollution Reduction Scheme, as though carbon is dirty and evil, rather than something that is also an important promoter of life. The Garnaut report acknowledges, right at the beginning, that there are reputable scientists who question the majority view that climate change is real and that the consequences are serious. I receive documents from qualified people almost every day arguing that their fellow scientists have got it wrong, that the planet is actually cooling, that CO2 emissions are good for us or that climate change is just a normal part of the weather cycle. I have to say I find it amazing that scientists cannot agree on seemingly obvious measurements like: is the temperature going up or is it going down; are the icecaps getting bigger or are they getting smaller; is it raining more or less?

While I know there are doubters, it is beyond dispute that the majority of scientists believe the world is warming and that the potential implications are horrendous. If the icecaps of the Himalayas melt, 40 per cent of the world’s population, in countries like China and India, will go thirsty. If the Arctic Circle’s icepack melts, not only will it affect polar bears but ocean levels will rise, drowning some countries entirely and flooding parts of most Australian cities. Surely, if we are able to do something to prevent such a catastrophe, we should, even if our action has some cost.

If you want a more expert judgement, Professor Garnaut summarised it in this way: The outsider to climate science has no rational choice but to accept that, on a balance of probabilities, the mainstream science is right …
out insurance policies, even though we hope we will never need them. In the words of Rupert Murdoch:
The planet deserves the benefit of the doubt.
The Liberal and National parties are committed to a comprehensive response to climate change issues in partnership with the world’s major emitters. In July 2007 the former, coalition government outlined a major agenda to address climate change. We were prepared to provide leadership and to do our part, but we were also determined to ensure that we did not prejudice the competitiveness of Australia’s trade-exposed emissions-intensive industries.

An emissions trading scheme, even if applied globally, is not a total or adequate response to climate change. Our plan was more comprehensive. In government we invested $3.5 billion in actions to address climate change. In 1998 we became the first country in the world to establish a separate climate change agency, the Australian Greenhouse Office. We were on track to meet existing Kyoto emissions reduction targets. We funded projects from the $500 million Low Emissions Technology Demonstration Fund and put another $500 million towards technology to support the management of emissions from coal. We provided $1 billion to support renewable energy projects and established the world’s first mandatory renewable energy target, which generated $3.5 billion in renewable energy investments. We committed to funding a national research institute for geothermal energy, the CETO wave energy project and the phase-out of incandescent light globes, and we developed the National Framework for Energy Efficiency, the hot rocks geothermal demonstration commercialisation project and the Moomba Carbon Storage project. We have been active and we have delivered significant progress.

The Nationals are a practical party, made up of practical men and women from regional Australia. We are concerned with what is happening in our communities, not with mindless symbolism. We believe that Australia must play its part in addressing climate change issues, but an emissions trading scheme is not an end in itself and can only ever be a part of a comprehensive response. We believe there are practical measures that should be taken now. The CPRS should be set aside and a redesigned ETS developed when it can complement an agreed global scheme. Such a scheme needs to deliver emissions reductions without destroying Australian jobs.

Australia should continue to act to implement practical CO2 emissions reduction measures such as soil carbon sequestration, revegetation of marginal land, biochar, clean coal technology, carbon capture, the use of algae et cetera; open a voluntary carbon market to encourage the immediate recognition and involvement of individuals and communities, agriculture and business in sequestration, with bankable offsets; support energy savings initiatives in households, industry and transport to reduce emissions; support more-energy-efficient vehicles and more widespread use of alternative fuels; and engage the commercial building sector in improving the energy efficiency of city buildings and residential housing. These measures have the potential to deliver greater reductions in emissions than Labor’s CPRS, without the massive economic cost and job losses.

The nations of the world are committed to meet in Copenhagen later this year to develop an appropriate global response to climate change. They deserve to be given a chance. The coalition has offered the government bipartisan support for an unconditional reduction of five per cent in emissions from 2000 levels by 2020 and a reduction of
up to 25 per cent if there is a comprehensive global agreement.

All along, the government’s approach to policy since the election has been all about doing something rather than doing the right thing. The Nationals and the coalition are determined to do the right thing. Now, in a recession, is not the time to introduce an emissions trading scheme ahead of the rest of the world—but neither will it be the right time when we are struggling out of recession. The government should put aside this legislation until after Copenhagen. The Nationals cannot support an extreme ‘go it alone’ approach to emissions trading which will actually not deliver environmental benefits.

Ms KING (Ballarat) (10.15 am)—I rise in support of the Carbon Pollution Reduction Scheme Bill 2009 and associated bills. This is in fact one of the most important debates that we have had in this parliament. This is a debate about the future of our children—and I see in the gallery some kids from a primary school obviously in someone’s electorate. This is a debate for these children and their future.

These bills bring into effect the government’s election commitment to introduce an emissions trading scheme. This legislation represents the government’s commitment to take strong action to tackle climate change, while also making sure the targets we put in place are appropriate and responsible, given the need to support our economy and jobs in the context of the global recession. Reducing the carbon pollution that causes climate change requires the most significant transformation of our economy that we have ever seen. To achieve this transformation, we have to move from being the most carbon-intensive developed country to a low-pollution economy. It is a huge transformation and not one that will occur overnight.

This bill, establishing an emissions trading scheme, alongside our legislation to increase the mandatory renewable energy target and direct support for the development of renewable energy, is a significant start.

I do not in this debate want to go into the detail of all of the elements of the scheme, but I do just want to briefly outline some of them and then address a couple of points that have been raised by some of the critics. This bill establishes carbon pollution reduction targets—an unconditional commitment to reduce carbon pollution by five per cent by 2020; a commitment to reduce carbon pollution by 15 per cent by 2020 if there is agreement, where major developing economies commit to substantially restrain emissions and advanced economies take on commitments comparable to Australia’s; and an ambitious reduction of 25 per cent by 2020 if the world agrees to a global deal to stabilise levels of CO2 equivalent at 450 parts per million or lower.

The scheme includes assistance to emissions-intensive trade-exposed industries—and I will talk more on that issue later, as I know this is one of the more divisive issues. The assistance recognises that there are some industries that, due to the very nature of what they produce, will be significantly affected by the introduction of the scheme. Recent revisions to this assistance have also been made to recognise that there are industries that, due to the global recession, will be less capable of adapting to the scheme. The scheme now provides a stronger recognition of voluntary contributions to the reduction of carbon pollution.

The bill establishes the Australian Carbon Trust, with $50 million for the Energy Efficiency Trust and $25.8 million for the Energy Efficiency Savings Pledge Fund. In addition, we will take additional GreenPower purchases above 2009 levels into account in
setting Carbon Pollution Reduction Scheme caps. I certainly commend the government for recognising voluntary contributions to these measures. I do think there is more work that can be done to measure other forms of voluntary action to build on and give effect to the measures included in this bill.

In recognition that there will be an increase in energy costs as a result of the introduction of this scheme, the bill introduces a household assistance package. This assistance is particularly designed to assist low-income households. The bill also introduces the Climate Change Action Fund, designed to help business, the community sector, workers, regions and communities to transition to a low-pollution economy. The fund is for business and community organisations that do not receive EITE assistance but do have significant energy costs to take action to reduce emissions.

These elements constitute the main measures of the government’s CPRS. These, along with the MRET, will drive investment in the renewable energy industry and over time reduce our carbon pollution. We face an incredibly complex challenge. On this side of the House we know unequivocally that carbon pollution is causing the world’s climate to dramatically change, with extreme weather, higher temperatures, more droughts and bushfires and rising sea levels. We know that carbon pollution is caused by human activity. We know that if we do not act we are dooming our children and our grandchildren to clean up our mess.

Unfortunately, the same cannot be said of the coalition. The coalition have stated that they intend to vote against this legislation unless we delay it. The decision by the coalition has nothing to do with the Leader of the Opposition’s concerns about this legislation; the issue is that the Leader of the Opposition has been unable to forge a consensus in his party room and is seeking an extension of time. It is intended to distract from the fact that the National Party, no matter what, are utterly opposed to this scheme or any scheme and that many in the coalition remain sceptical about climate change. Anyone interested in this debate who wants to hear more on that point should turn to the Leader of the National Party’s speech which we just heard in this parliament—a speech which basically said, ‘Because this is a really hard problem, we should not do anything.’ That is basically the summary of his speech. It is for these reasons that Howard failed to act in the 11 long years he was in office.

In what is a complex debate, the public discourse often revolves around a few core arguments, and I want to address two of them. The first is the assertion that it is wrong to provide transitional assistance to big polluters. The second is the issue of targets. The arguments put forward in favour of less assistance to industry and higher targets sometimes fail to grapple with the economic realities of the transformation we need to set in train. Firstly, these arguments do not recognise that, if we just put a cost on carbon with no assistance, it would quite simply result in jobs and emissions being exported to countries overseas. That is not in anyone’s interests.

Whatever you may think of these so-called big polluters, the fact remains that many Australians are employed in these industries. I note that some have claimed that I should not be too worried about that, as none of the jobs are in my own electorate. The proposition, frankly, is simply not true. Many of the manufacturing jobs in my electorate—far too many of which have been lost of late—are heavily reliant on industries that are classified as big polluters. Many of the industries in my electorate use products produced by these big polluters, and in any case the argument is based on the premise that
Ballarat people or their children never leave the electorate to work in mining, energy or aluminium or steel production. In fact many people, particularly those in Bacchus Marsh, travel to the western suburbs on a daily basis for work in these very industries. I do and should care about jobs across Australia. I care deeply about the plight of working-class people, whether they live in Ballarat or beyond. I have spent my entire working life trying to create better opportunities for people on low incomes to gain and keep their jobs, to educate their children and to emerge from poverty.

We are embarking on an economic transformation to create the low-pollution jobs of the future, but it is a transformation that will take time. To try and claim that it is possible to make such a significant change to our economy without assistance is simply wrong. The assistance measures have been deliberately designed to provide strong incentives for those industries to reduce their emissions, to adopt emissions-reducing technologies and processes and to fully factor in the carbon price when considering new investment opportunities. The amount of assistance will be reduced over time.

I am also confident that, with the changes to the MRET and the support we have given to the renewable energy sector, my electorate will be and is in a good position to benefit from renewable energy jobs. It is my hope that over time many of those employed in heavily polluting industries will transition into these jobs, but it is not going to somehow magically happen overnight—not without an enormous effort in our local community to train and reskill people and to work with our manufacturing sector to modernise and innovate.

The second argument has been around the targets we have set to reduce Australia’s carbon pollution by 2020. In particular, I am aware that there are groups who believe that, through voting this legislation down, there will somehow be the opportunity to increase targets. People who know me will know that I sit on the side of this debate that wants high targets to ensure that we can play a strong role in Copenhagen at the end of the year, but unfortunately we have come to this debate very late, meaning that we have locked into emissions growth. I wish it were otherwise, but it is not. To use the words of the minister, ‘We have a very big ship to turn around.’

Today we face a choice. We can do nothing and lock in more emissions growth. Current projections show that emissions would be 20 per cent higher by 2020 than they were in 2000 if we choose not to act. The longer we wait to start reducing emissions, the more difficult and costly it will be. I am concerned that those who think that there will be a better opportunity to revisit targets and redesign the scheme if this legislation is voted down have simply failed to read the politics of this debate. We have already moved to boost momentum in the global negotiations by adding the target of 25 per cent by 2020 to our scheme, and make no mistake: as the Prime Minister has made clear, we stand ready to increase our post-2020 targets even further in the context of strong global action. This includes considering a deeper 2050 target should it become necessary to play our part alongside commitments from both developed and developing countries. But Australia cannot play its full part unless we introduce this scheme. A decision to defer this scheme until after Copenhagen would be a clear sign to the rest of the world that Australia is not serious about getting a global agreement.

It is time these bills were passed. The detail and design of the government’s scheme has been known for some time. It has been examined in detail, inquired into and, to the
government’s credit, changed to reflect the concerns of both business and environment groups. Business is now calling for it to be passed. The Australian Industry Group stated on 4 May:

Ai Group supports the passage of the CPRS legislation this year … This is critical to establish the degree of certainty business requires in assessing medium and longer-term investment decisions. It is particularly important in the current context because of the central role that business investment needs to play in recovery from the recession.

Environment groups are calling for the bills to be passed. The Southern Cross Climate Coalition—made up of the WWF, the ACF, the Climate Institute, the Australian Council of Social Service and the ACTU—said on 4 May:

… the CPRS should be supported so business can get on with investing in the clean energy and other low-carbon jobs …

I commend these bills to the House.

Mr RAMSEY (Grey) (10.27 am)—Regardless of what the government would have people believe, the commitment of the coalition parties to bipartisan targets for the reduction of CO2 emissions is genuine. The benchmark should be that we design an emissions trading scheme that delivers real reductions and does not have the effect of sending emitting industries overseas, where they will contribute as much or more carbon, providing no benefit to the environment. Clearly the proposed scheme under the Carbon Pollution Reduction Scheme Bill 2009 and cognate bills offers a high chance of delivering just that outcome.

There is no doubt that, if we as an opposition had not raised the genuine concerns of major industries and the employees of Australia, the government would have implemented an emissions trading scheme based on the white paper. Since then the government has made further alterations before tampering the legislation. There is no doubt that, if the opposition had not highlighted the flaws, we would have been saddled with that version. Still the government fiddles at the edges of this flawed scheme, with the latest tinkering on 4 May. The scheme does not need tinkering with; it needs major surgery. Unfortunately, the government is far more focused on political victories in this area than on a scheme which will give genuine reductions in emissions and keep Australian businesses in business.

The opposition is doing exactly what it should. It is unearthing flaws in what will be one of the most intrusive and complex pieces of bureaucracy ever visited on Australian business. Make no mistake: the new industry that will spring from the trading scheme proposed will offer the biggest market opportunity for the financial services sector in a generation. This is for the sector which is the preserve of the neoliberals whom the Prime Minister decries in his 7,000-word diatribe in the Monthly magazine’s February issue. These terrible predators are to be given a whole new playing field, courtesy of the man who thinks they are responsible for most of the ills of the world.

Now the government has announced the later start-up date. That means there is no need to rush the legislation. Without the urgency, the government should defer the legislation and request a full investigation of the impact on industry and jobs by the Productivity Commission, focusing on making sure that neither Australian jobs nor emissions are exported, which would lead to worse environmental outcomes for the world and certainly a worse outcome for Australian workers and their families.

In just the last few weeks the US has announced legislation in congress to establish an emissions trading scheme. Whilst the US economy has lost some of its lustre, it is by
far the biggest and most influential in the world. Whatever we all think of the US legislation—whether it is the best way to address carbon emissions, whether it will protect American jobs or export them, whether it will offer full protection to their agricultural industries or whether it will allow unencumbered imports from non-participating nations, thus enticing American consumers away from products which have paid the price to reduce their carbon emissions—it will inevitably become the single most important piece of legislation in this field in the world because of the size of the American economy. The US economy is three times the size of the Japanese economy and four times that of China’s, and it is the most influential economy in the world by a large margin.

The Waxman-Markey bill currently before the US congress does one thing that the coalition has been calling for since the start of this national debate: it legislates for something which was an integral part of the proposed emissions trading scheme that the previous government took to the last election. If passed in its current form it will deliver something that the Rudd government has steadfastly refused to do—that is, it will give full exemption for exporting industries and import-competing industries. We can safely assume that, if the US adopts a scheme that gives full protection to its trade exposed industries, if it gives full compensation to its farmers, all the economies around the world which are yet to commit to a scheme but have signalled an intention to do so will take a great deal of notice of what the Americans have done.

Canada, a country that is often compared with Australia, has deferred all decisions on the design of its ETS until it sees what the economic giant on its border does. Thinking that we as the 14th largest economy in the world, with just 1.4 per cent of total world carbon emissions, can forge a path through the sheer complexity of an emissions trading scheme and expect the rest of the world to follow us indicates a disconnect from the rest of the world.

Recent modelling by the New South Wales government has found that the impacts of the proposed scheme on regional communities will be far worse than on the rest of the economy. It should come as no surprise that the impact on regional Australia will be greater—after all, that is where most of the heavily emitting industries are. But a prediction that regional economies will shrink by 20 per cent would devastate any regional economy. Population decline, empty schools and cheap housing—we have seen it all before and, after the excitement and growth of the Howard-Costello years, we hoped that we had put it behind us. It should come as no surprise that I hold grave concerns about the impact it may have on the people in my electorate of Grey.

The Nyrstar smelter at Port Pirie is often described as a lead smelter. In fact, that description wildly undersells the capacity and role of this plant, which is the primary provider of jobs in the Port Pirie region. It is a complex smelter that produces lead, copper, zinc, gold, silver, cadmium and sulphuric acid. It provides, directly and indirectly, almost 2,000 jobs in a city of 14,000 people. Nyrstar have shown themselves to be good corporate citizens and have invested heavily in reducing the impact of the smelter on the environment and the citizens of the city. They are only interested in running a clean, profitable and engaged industry. A commitment to stay will require long-term investment plans. As with all our refining and export industries, the collapse in world markets has had a severe effect on Nyrstar’s bottom line. Piling on what is effectively a new tax can only threaten their viability. It should be made clear that industry will pay a net $3 billion a year in taxes under this scheme—
that is, after the government has paid compensation at varying rates across different sectors. Let us call this the winners and losers market.

The proposed scheme is enormously complex, and industries that were expecting to get 90 to 95 per cent of their permits for free are finding that their production is being broken down into segments, all attracting different rates of compensation. Each and every segment of their operations will have different carbon accounts operating on different rules. This complexity alone will lead to a ramping-up of costs.

Now let us take the case of the steelmakers, in this case represented in my electorate by OneSteel. As with Nyrstar in Port Pirie, OneSteel is the prime generator of jobs in Whyalla—nearly 2,000 directly and another 2,000 indirectly. If Whyalla were to lose its steel-making industry, it would make the withdrawal of shipbuilding from the city more than 30 years ago, which led to 30 years of depression, look like a picnic by comparison.

There are a few things that I am not sure the government understood when they designed this scheme. If we look at the steel industry, we can see that more than 70 per cent of carbon emitted in the steelmaking process is incurred by the use of coke in the blast furnace. You cannot turn iron into steel without using coke in the furnace. Steel needs carbon. Why, then, did we design a scheme which in effect raises the cost of using coke in the steelmaking process as an incentive to seek an alternative? There is no alternative. All this can do is raise the cost of production, favouring overseas competitors.

Plainly put, any new tax which our competitors will not have to pay could well be remembered as the straw that broke the camel’s back for these industries.

There are flaws in this scheme. We have time to rid ourselves of these anomalies, but not if the government persists in ramming the legislation through in this ill-considered way. The government now does not intend to introduce the scheme until 2011. So let us pause and have a look at what the US does and at the outcomes of Copenhagen and, as the world’s 14th ranked economy, not get our ambitions mixed up with our capabilities.

My electorate of Grey has a large agricultural base. Outside the industrial cities, it is the economic backbone of the greater community. The emissions trading scheme allows for agriculture to be exempt from trading but offers no relief from the increase in costs associated with the scheme, estimated by the Australian Farm Institute to be six to eight per cent and by ABARE, a government agency, to be 20 per cent. It also does not offer any incentives for farmers to participate in carbon capture and storage.

So here we have landholders in control of more than half of Australia’s landmass, which has been identified as one of the great potential carbon sinks, and we are closing the door on incentives to participate. We should be establishing a voluntary carbon market in which farmers can make managerial decisions to store carbon if they wish to and industry can buy the credits from them. It was alarming to me to find out as a result of Senate estimates hearings that the Treasury modelling had not even considered the impact on agriculture. In an effort to play catch-up, this week the climate change and agriculture ministers have invited farming groups to come to Canberra once a fortnight to contribute to the formation of climate change policy as it affects agriculture. It is about time. But guess what? Those fortnightly visits to Canberra for at least six months would all be at the participants’ expense. That’s very handy if you happen to live in Adelaide or Perth! The government is

CHAMBER
saying, ‘We value your opinion but it’s going to cost you thousands of dollars and many days away from work.’

If the government is willing, we can now address these underlying flaws in the proposal. It is time to bring the parties together and get this right. A focus on remedies that provide positive signals, such as investment in low-emission electricity generation, biosequestration of carbon in agricultural soils, including biochar, and redesign of buildings to reduce energy demands all offer positive answers that will not cost us thousands of jobs, particularly in regional communities.

We will almost certainly have an ETS, and we in the coalition, as I have said from the outset, will support the government’s targets. We can design a scheme that will not disadvantage us in comparison to our competitors by making sure we are largely in step with them. It makes sense to now pause and see what the biggest economy in the world is going to do, to ask the Productivity Commission to assess the impacts of the scheme on our economy and to take into account the question, ‘What if the rest of the world does not come on board?’ which is something the Treasury modelling has not considered.

Mr PERRETT (Moreton) (10.38 am)—On this the 17th anniversary of the Mabo decision, I acknowledge the traditional owners of our country and thank them for their continued stewardship. It is amazing how that one High Court decision changed the future of Australia. It is in that spirit and with a great sense of hope for the future of our planet that I rise to support the Carbon Pollution Reduction Scheme Bill 2009 and related bills.

This legislation sets Australia on a course of global leadership in our response to climate change. Not since Billy Hughes and Doc Evatt strode the world stage after the world wars have we had the opportunity to lead the world. When it comes to climate change, the overwhelming majority of people I meet want the government to act, and they want us to act now. Wherever I go in my community—to schools, aged-care homes, shopping centres and other places of business—I hear strong support for Minister for Climate Change and Water Penny Wong and the Rudd government’s leadership on climate change. There is also widespread recognition that our excess carbon pollution is causing the climate to change in dramatic and previously unseen ways. Extreme weather events, higher temperatures, more droughts and rising sea levels are happening.

Australia’s environment and climate are particularly vulnerable to climate change. Folks in South-East Queensland know this better than anyone—we know it damn well. We went down to 16.7 per cent in our dams. We are now at over 72 per cent. This change happened in the blink of an eye. We recognise that we all have a part to play in our response to climate change. I have spoken in this place before about how the people of Brisbane and South-East Queensland responded to the challenge of the drought: we stepped up to the crease. Over the last five years we have completely changed the way we use water, to the point where none of us will return to the bad old days of having long showers and hosing concrete pathways. Before the drought, Brisbane people used, on average, 277 litres of water per person per day. However, in response to the drought, our water use dropped by more than half, to less than 130 litres per person per day. I am sure that every Queensland MP has an egg timer in their Parliament House shower to regulate what they do down here in Canberra; unfortunately, mine broke this morning.

Thanks to unseasonal autumn rains, the long drought is officially over and Brisbane dams are now much healthier. We got
through it, but it took some incredible leadership from the Beattie and Bligh Labor governments and every single one of us doing our bit and taking responsibility for the impact we were having on the environment. We learned that water is liquid gold and that there is a price to pay if we use it and waste it. In the same way, we understand that carbon comes at a significant environmental cost and that the best way to ensure a sustainable future for our children is to put a price on carbon.

We Queenslanders also know the catastrophic effect the changing climate is having on our greatest natural asset—the Great Barrier Reef. This natural wonder is a source of some $5 billion in tourism and fishing revenue. Climate change is already impacting the reef. Coral bleaching in 1998 and 2002 affected more than half of the reefs, and the Intergovernmental Panel on Climate Change tells us that an increase in sea surface temperatures of between one and three degrees will wipe out coral reefs. Higher sea temperatures will also impact the unique biodiversity of the Great Barrier Reef, as many species of bird and fish will be unable to survive. This is the cost of inaction. This parliament has a responsibility to our children and our children’s children and to our environment to do something about it.

As the sixth largest per capita polluter in the world, Australia must also not shirk from our international responsibility to reduce our emissions. New Zealand and 27 countries in Europe already have carbon reduction schemes in place. Canada and some states in the United States are on their way. But the coalition say, ‘Wait.’ They waited 12 years in government to act and did nothing, and they want to go on waiting. We should not wait for the world economy to improve before we commit to action, because now, more than ever, Australian businesses need certainty. I heard the head of Santos saying it yesterday. They do not need to be left in limbo while the coalition dither. We should not wait for the United States to act, as the Liberal and National parties would have us do. I know the coalition when it was in government was content to follow President Bush on most issues, but that is not our style. We do not need a deputy sheriff. Sometimes ‘a man’s got to do what a man’s got to do’, and this is that time.

The Rudd government prefer to act in the national interest. The fact that the coalition party room cannot come to an agreement on a response to climate change is shameful. It seems as though every coalition member has their own individual policy on climate change. Their leader cannot even convince the shadow cabinet climate change exists, let alone produce a coherent party policy in response to it. While the coalition whinge, we work. We are getting on with the job of responding to climate change.

This bill before the House will help drive down emissions by introducing a cost on carbon pollution. The bill establishes emissions trading within the Carbon Pollution Reduction Scheme. The Australian Climate Change Regulatory Authority will be set up to oversee the scheme. Starting from 1 July 2011, the regulatory authority will issue a limited number of emissions units which will be available for purchase. Companies will compete to purchase these units at auction or on a secondary market. The price will be fixed at $10 per tonne before full market trading gets underway from 1 July 2012, which is less than 25 months away. The scheme applies to all greenhouse gases under the Kyoto protocol, including CO2, methane, nitrous oxide, hydrofluorocarbons and others. It also includes energy, transport, industrial processes, waste, fugitive emissions from oil and gas production and forestry.
For some entities it will be cheaper to reduce emissions than to buy units, and of course this is the whole idea behind the Carbon Pollution Reduction Scheme. It will provide the motivation that industry needs to invest in renewable energies like solar, wind and geothermal and build the momentum needed to get new technologies like clean coal out of the science laboratory and into the NEM. As well as creating alternative energy sources, these emerging industries will be a source of thousands of new, low-carbon, green jobs—the green-collar jobs that have been referred to previously.

The Rudd government made a clear election commitment to implement a carbon trading scheme, and that is exactly what we are delivering. This scheme has been shaped through the green paper and white paper processes, and this legislation has also gone through very wide consultation with industry. In fact, every step of the way, the government have listened and responded to the views of industry and other stakeholders and calibrated the scheme accordingly.

This bill introduces a massive shift in the Australian economy, but it also includes appropriate measures to protect Australian jobs and to shield trade exposed industries. The last thing we want to do is see vital Australian industries shipped overseas to higher polluting countries. We achieve nothing by simply shipping emissions overseas. That is why this scheme will allocate some free permits to firms in emissions-intensive trade-exposed activities. Permits will initially be provided at a 90 per cent rate for the most emissions intensive activities and at a 60 per cent rate for activities that are moderately emissions intensive. The rates of assistance per unit of production will be reduced by 1.3 per cent per year to ensure that emissions-intensive trade-exposed industries still share in the national reduction of carbon pollution over time.

An additional global recession buffer for trade exposed industries will also apply for at least five years, at a rate of five per cent for activities receiving assistance at the 90th percentile rate and 10 per cent for activities receiving assistance at the 60th percentile rate. All industries will face new costs for carbon, but those impacted the most will receive the most assistance. Coal fired electricity generators will also share in $3.9 billion in permits over five years. Obviously, we must preserve peak load until other forms of energy can take up the slack. This bill establishes a $2.75 billion Climate Change Action Fund to provide targeted assistance to business and community organisations.

This bill sets Australia on a course for a low-pollution future. I know there are still some people coming to terms with whether or not climate change exists who want us to wait or do nothing—that is, the coalition party room. There are others who think our targets do not go far enough—that is, the Greens and many concerned people in my electorate. But this bill offers a considered, reasonable and responsible response to climate change. The Rudd government are committed to reducing carbon pollution by five per cent by 2020. This is a significant reduction in Australia’s carbon pollution and will help turn the tide on climate change. We also know that we can achieve 15 per cent if other major economies come on board.

But I stress that this is ‘only the beginning’—to borrow the words of the wonderful singer Deborah Conway. Five years ago the government of the day was not even talking about climate change. Today we have practical plans on the table. I hope future governments and future generations will amend this scheme as new technologies and emerging industries make higher reduction targets possible. I sincerely hope this for my children’s sake. Once again, I thank the Minister for Climate Change and Water and the Treasurer
for introducing this legislation to the parliament. I am proud to be a part of a government that has the courage to implement this scheme. We are strong in will. We will strive and we will find and we will not yield. I commend the legislation to the House.

Mr KATTER (Kennedy) (10.48 am)—Mr Deputy Speaker, imagine the entire roof above us here as an illuminating light. If we put four of these clocks up on the roof and said, 'No light will illuminate this room because we have put those four clocks up there,' that would be like what we are saying about global warming. We are saying that the equivalent of one square metre in an area of over 2½ thousand square metres is going to warm up the world because the rays will not be able to bounce back up again. The proposition is ridiculous—it really is.

I am not a sceptic; I am an 'anti'. Don't call me a sceptic—I am an anti. But, having said that, even an anti like me says: 'Well, there is a huge rate of increase here. We should pull back a bit.' If you want to go to one of the half-a-dozen leading authorities in the world, go to Katharina Fabricius at the Australian Institute of Marine Science—and it sure would be nice if someone in this place ever did any scientific research, because there has not been one single neuron of scientific contribution in any of the debate to date, and I have been listening to all the speeches. Please, fellas, just do a little bit of science and think about it: four clocks on this huge roof are going to stop the room from being illuminated! That is your proposition. It is a ridiculous proposition. But there is a huge increase, so even an anti—not a sceptic but an anti—like me says we should take a bit of a pull on the reins. I am going to wheel a breaker here and the horse should be going at a gallop, but I am saying: 'No, I might get killed if it goes at a gallop. We should pull back a bit here.'

If you go to Katharina Fabricius, one of the world's leading authorities, at the Institute of Marine Science—one of the four leading institutes of marine science in the world—at Townsville in North Queensland she will tell you about carbon dioxide going into the water. You will get some sort of idea if you listen to speeches here that the sun's rays go through and kill the reef. I am sorry—that is not the danger here. The danger here comes from carbon going into the water and forming a very mild carbolic acid. Sea water is in fact alkaline and the seashells and even the little plankton have shells, and they are mainly calcium carbonate, which, for those of you who know your chemistry, is alkaline—a base. If you acidify the water, it becomes difficult for the plankton to form their shells, and they do not. There is a diminution in the bottom of the food chain in the oceans. So there is a situation in the oceans which scientific analysis will tell you creates a problem. So even an anti like me says, 'Yes, there is some reason why we should have a look at this.' We should not go crazy-mad like we are doing at the present moment, wiping out jobs all over Australia.

I have got to agree, very strongly, with the Leader of the Opposition on this when he says that all of our industries will be put at the gravest disadvantage. Do you want all of your industries to start on a handicap? They are handicapped now because all the other countries have tariffs and subsidies. In agriculture, the average subsidy tariff level is 49 per cent. The figure in Australia is four per cent. They are the OECD figures, not mine. It is much worse in manufacturing. Does Barack Obama worry about WTO rules on free trade when he says all steel from now on will be American steel in every single government job? Does he worry about that when he gives $43,000 million dollars to the American company GMH? Does he worry about that? No. These are all subsidies. But
we do not do that in Australia; we go in the opposite direction. We place a handicap on all of our industries.

A very serious problem arises in the mining fields. I represent the biggest mining province in the world, the north-west mineral province, which produces pretty close to $15,000 million a year of product. We have already lost 2,000 jobs. We need our unions to come forward on this because it is their members that are taking the knock. I am not going to nominate the mines because I do not want to scare the horses, the banks and everyone else, but there is not a single person living in north-west Queensland who does not know that another 2,000 jobs will go and another four or five mines will close if you put this cost imposition upon them.

I pay very great tribute to the member for Batman, the Minister for Resources and Energy, who is in the House, because he has acted to deliver to us a reduction in our cost of production and we are very appreciative. In the budget, it says that we will have a true national grid and that the north-west mineral province and the Pilbara will be brought onto the national grid. Minister, we must say a very sincere thankyou on behalf of the people of Australia, not just the people of my electorate, because, if we do not get that, there will be another 2,000 jobs gone. But if we do get that and we do not have this imposition upon us, I think that, even in the current climate, we will create another 2,000 jobs. Mr Gutnick’s phosphate mine at Lady Annie, I am sure, will go ahead. He has said publicly on many occasions that, regardless of the financial crisis—of course the Indian government is heavily involved here, God bless them—he will go ahead with the project that will be worth somewhere between $1,500 million and $3,500 million dollars a year to the Australian people.

If we have that transmission line running as the minister has got in the budget—and we thank him most sincerely, as this is truly something significant that the government has done—and that electricity is carried out to that north-west corner where our electricity is costing us an absolute fortune and where in two years time we will not have enough to supply demand out there—and the minister may tune in here. Minister, could you tune in here. I know Mr Billson is a very intelligent person but—

The DEPUTY SPEAKER (Mr S Sidebottom)—Order! Through the chair, please.

Mr KATTER—Mr Deputy Speaker, along this transmission line—and we will be coming to see you, Minister—as it turns out, the state government has already put $23 million into a solar plant at Cloncurry. It is the logical place to put it as it is the hottest town in Australia and, except for four years, we have had under 10 inches of rain a year for the last 40 years. According to the latest National Geographic, they want to duplicate the Acciona plant which boils water during the day with the sun and uses geothermal energy, which is right next door at Julia Creek, to boil the fluid—I will not say water—of an evening. The state government has already put in $23 million. That gives you, at the start of this transmission line corridor, 70 megawatts—Australia uses about 40,000 megawatts, but we use about 350 megawatts out there—of extremely valuable electricity.

In the next town, Julia Creek, there are six million hectares of prickly acacia tree infestation—60 Minutes is going to do something on it shortly. There are six million hectares infested with this dirty, filthy weed. But it is a tree so they are going to burn it and create renewable power. So at Julia Creek there is renewable power. You have got to understand, Julia Creek has got the biggest vana-
diurn deposits in the world. It is very low
grade but they are the biggest deposits in the
world. They have the fourth biggest oil shale
deposits in Australia. We have two per cent
of the world’s uranium in the north-west cor-
ner, which, in spite of the Queensland gov-
ernment, will be mined in the not too distant
future. That is for absolute certain. We have
500 million tonnes of reserves of iron ore in
the area and we have not drilled for it yet; we
just happened to stumble across 500 million
tonnes of it.

None of these things have been touched,
and there are two major phosphate deposits,
including Joe Gutnick’s. He has already put a
lot of money into this project. We are talking
now about a clean energy corridor. We have
solar energy in Cloncurry, we have the burn-
ing of the prickly acacia tree at Julia Creek
and we have a major biofuels project at Pent-
land. That biofuels project will have a dam
which will produce hydro electricity. We will
have 100 megawatts of hydro. Then it will
burn the sugarcane fibre after the sugar is
taken out to be converted into ethanol. It will
turn that fibre into 300 megawatts of electric-
ity every year forever. Minister, because of
your initiative with this, people will write
you down in the history books because the
transmission line—there is a little bit of luck
as well as good management in here—
happens to be a clean energy corridor, with
700 megawatts of clean energy along that
corridor.

The clean energy corridor finishes at In-
gham, just north of Townsville, where there
are four sugar mills that burn their sugarcane
fibre to get rid of it. They produce no elec-
tricity from it at all. With a little bit of assis-
tance—and I am not talking about big money
here; it might be $40 million or $50 million
at the outside—they can convert over to 200
megawatts of clean energy for forever. So
there are some 750 megawatts of clean en-
ergy that will forever come out of that initia-
tive. With the transmission line, we now
have the north Australia clean energy corri-
dor coming into existence and we are getting
a very positive response from the govern-
ment and we are very pleased with that. We
thank the government very sincerely.

But we must emphasise this to the gov-
ernment: please, you have to pull back. We
appreciate the Prime Minister postponing for
two years but it will be absolutely deadly for
every mine out there if the government
pushes ahead with this. What we are saying
is this: we can give you 750 megawatts of
clean electricity every year and five per cent
of Australia’s petrol as a clean renewable—
ethanol. Unlike corn ethanol—I am not
knocking it; I do not want to antagonise my
New England friend here—we simply cut
sugar cane. We do not have to plough every
year; we do not put the steel through the
ground. They have a 29 per cent benefit; we
have a 190 per cent benefit for the environ-
ment because all we do is just mow it every
year. That is all we have to do; it just keeps
growing. It is a grass. So we would say that
the government can do practical things here.
The trading scheme is just going to give the
Goldman Sachs and the Macquarie Banks
an extra $7,000 million worth of securities to
trade. They are in their silk suits in Sydney
rubbing their hands together. But you could
go ahead with the north Australia clean en-
ergy corridor, and you could add solar hot
water systems to that.

When I was the mines and energy minister
in Queensland, I did not want to build a
fourth power station in Queensland. It was
going to cost $1,000 million and I would
have had to go on my knees to Treasury. I
did not want to do it for a host of reasons.
We found out that if we converted all the
government owned houses in Queensland tosolar hot water it would be a big contract and
we would get the solar hot water systems
very cheaply. We felt there would be an extra
10 or 15 per cent of other homes that would come in on the contract. We found out that we would be able to postpone the building of that power station by 10 years. So, if you like, one-quarter of the carbon that was going up into the atmosphere in Queensland was removed by simply putting solar hot water systems on the roofs. Forty per cent of domestic energy consumption goes on the heating of water—that is from Szokolay’s book on the solar home, which is gospel as far as these things go.

If we go to 25 per cent ethanol, it will not only make the industries in the New England area and in the Kennedy area internationally competitive but we will have the cleanest fuel in the world. 60 Minutes did a marvellous show on Sao Paulo, the dirtiest city in the world. They introduced ethanol and they did it to help the farmers. It was also done in America, but they did not do it to help their farmers at all. They did it to clean up the pollution in New York—it was the air quality control act. It had nothing to do with helping farmers. People were dying because of the pollution. Sao Paulo is a city with a bigger population than Australia’s—over 21 million people live in Sao Paulo. It is now arguably—this is the claim of 60 Minutes—the cleanest city on earth. The air above Sao Paulo is the cleanest of any city in the world. Petrol with 25 per cent ethanol is compulsory, but because ethanol is also cheaper than petrol—it has been cheaper for the last three or four years now—there is 50 or 60 per cent ethanol in petrol.

I must again pay credit here—and it seem that I am being nice to everybody today, which is a bit out of context! This time, I pay credit to the Leader of the Opposition. We have a big landmass in Australia; we are almost as big an area as China or America. We are not quite as big as Russia or Canada, but they are half ice. If you take them away we have the biggest landmass of anywhere in the world and we are not using it. The Leader of the Opposition quite rightly talks about the use of bacteria fertiliser—not all, but 30 or 40 per cent bacteria fertiliser. We have no carbon in the soils in Australia—we are one-fifth of the average for every other country in the world. Bacteria fertiliser will lock up 50 tonnes of carbon per hectare in the soil. If you can put solar hot water systems in and give us agricultural offsets the same as America is doing then we can do that as well.

Let me come back to another issue. There is a problem that will arise in the oceans. It is not there now but it will arise. Please ring up Katharina Fabricius, a very articulate person, and discuss it with her. By the same token there is a little element of ‘Chicken Little’ here. Those of us who are my age will remember the Club of Rome, which said we were all going to starve to death by 1984. Ironically, 1984 saw the biggest collapse in agricultural prices in human history because we had such massive overproduction. The Club of Rome may have scared us into overproduction! And then there was the hole in the ozone layer and we were all going to die of cancer. And now there is cattle flatulence. No-one is game to get up in public and say cattle flatulence is causing global warming, but it is in all the studies. Just to give you some idea of how much science is going on here, the greenie movement say each cow’s flatulence is equal to 54 cars, and they have convinced everyone. And the government papers say each cow’s flatulence is equal to 54 cars. Sorry about that, but in the latest scientific study they simply had a big shed, fully enclosed, full of cows. They monitored the percentage of carbon dioxide in the air going in, they had the moo cows inside and they monitored the air going out. I do not know why—maybe the cows had a good day—but, instead of representing 54 cars, each cow represented only eight cars. Those
cattle contained themselves very well. They must have been northern cattle!

In conclusion, the minister has done a brilliant thing here and has fought very hard to secure in the budget the critical statement that we will have a true national grid. As he has said on many occasions, all of our metals—we are arguably the biggest metal producing and processing country in the world—are in the top third of the country, but there is no power. There is not even access to baseload power in the top third of the country, namely, the north-west mineral province and the Pilbara region, both of which are designated in the budget. Minister, you have been very lucky because you will go down in the history books as the founder of the north Australia clean energy corridor as well, but you may not have entirely deserved all of that praise.

Mr KELVIN THOMSON (Wills) (11.08 am)—This is the second time in two days that I have followed the member for Kennedy in debate, which is vaguely troubling. Firstly, I want to pay tribute to all the community groups—GetUp!, the climate action groups like the Moreland Climate Group in my own electorate of Wills, the Climate Institute and so many others—who have been drawing climate change and global heating to the attention of us politicians so forcefully and passionately. Global heating is the moral challenge of our time. I have no doubt about it. You would have to go back to the end of World War II to think of a more important international event than the UN Climate Change Conference to be held in Copenhagen in December this year. Australia cannot go to that conference with empty hands. We must go to that conference and tell other countries that drastic action is needed to cut carbon emissions in the coming decades. We cannot look the leaders of other countries in the eye and demand that they cut their emissions unless we are cutting ours. That is why this Carbon Pollution Reduction Scheme Bill 2009, and related legislation, is so important and must be passed.

At present we are not cutting our carbon emissions. They are going up. I repeat: they are going up. Just yesterday, we learned that Australia’s total greenhouse gas emissions in 2008 were 1.1 per cent higher than in 2007. A rise in excess of one per cent has been happening every year throughout this decade. We are tracking for carbon levels 20 per cent above the 2000 levels by 2020. It is both government policy and opposition policy to cut carbon levels by between five per cent and 25 per cent by 2020 compared with the year 2000. That represents a turnaround of between 25 per cent and 45 per cent compared with what we are tracking for now over an 11-year period. To meet it, we have to turn around our emissions by two per cent, three per cent or four per cent every year. I believe this is achievable, but the change must be dramatic to do it. Firstly, emissions must be stopped from going up. We must stabilise our emissions during 2009 and 2010. How on earth is this going to happen without this legislation being passed? The opposition say, ‘Let’s delay, let’s wait until after Copenhagen.’ I put it to the House that they always have a reason for delay. They never say, ‘Let’s act now.’

This has been going on for 20 years. Twenty years ago scientists were telling us that action needed to be taken. In 1990, the Advisory Group on Greenhouse Gases said that temperature increases beyond one degree Celsius may ‘elicit rapid, unpredictable and non-linear responses that could lead to extensive ecosystem damage’. We were told 20 years ago to keep temperatures down to a one-degree Celsius rise, and sea levels down to a 20 millimetre per decade rise. Over 10 years ago the Liberal and National parties started saying action was needed. In September 1998, a federal parliamentary inquiry
into greenhouse gas emissions, chaired by a National Party MP, recommended a trial emissions trading scheme in Australia, saying that a scheme should include as many carbon sinks, emissions sources and greenhouse gases as possible, be national, be underpinned by national legislation and be integrated with an international trading regime. In 1999—again 10 years ago—the Howard government’s Australian Greenhouse Office announced that it was undertaking a feasibility study on the introduction of a national emissions trading scheme. The Liberal government and a National Party chaired parliamentary committee undertook this study over 10 years ago and still those opposite say that now is not the right time. It will never be the right time for them. They are totally and utterly insincere on the issue of global heating. They prevaricate and they come up with every excuse in the book. It is all spin, rhetoric and cant—anything and everything except action.

The second thing that caught my eye in the news yesterday was General Motors in America going into bankruptcy. For years, General Motors in America has been a dinosaur, building petrol-guzzling vehicles and opposing efforts to mandate vehicle fuel efficiency standards. Now it is bankrupt because it failed to see where petrol prices were going and it failed to see where consumers were going. It simply stuck its head in the sand. I urge Australian car manufacturers not to do this. People claim that tackling climate change will cost jobs. The truth is that there are tens of thousands of jobs in cutting our carbon pollution and moving to a low-carbon economy.

Our car manufacturers should think seriously about manufacturing cars that run only on electricity. China, Israel and Denmark are. Australia should also think about this. Shai Agassi is a former senior executive at the international software giant SAP. He has produced a business plan involving the construction of car battery recharging stations at parking spaces and billing motorists online for the electricity they use. Fully charged cars would be able to travel around 160 kilometres, and for longer trips motorists would pull into stations resembling car washes and exchange their spent batteries for new ones.

Shai Agassi is head of the Silicon Valley based company Better Place. He has raised $200 million and entered into agreements with Israel, Denmark and a number of United States governments such as Hawaii. Under these agreements, Renault-Nissan will provide electric cars to Israel, using the Better Place business model, by 2010. Under the Better Place model, consumers can either buy or lease an electric car from the French auto maker Renault or the Japanese car maker Nissan and then purchase miles on their electric car batteries from Better Place the way people purchase mobile phone time from a mobile phone carrier. Cars would be sold at a relatively low price and owners charged operating fees. The total cost of owning an electric car, including the upfront prices and ongoing operating expenses, is expected to be less than that for a conventional car.

China has moved to become the leading producer of hybrid and all-electric vehicles within three years. China is, of course, behind the United States, Japan and other countries when it comes to making gas powered vehicles, but it is skipping the current technology and hoping to get a jump on the next one. China plans to create a world-leading industry producing jobs and exports, reducing urban pollution and decreasing its dependence on the Middle East for oil. Australian car manufacturers should be looking at this technology and governments should encourage them to do so. Indeed, there is scope for governments to assist an electric car infrastructure rollout. This is one infrastructure
rollover which would reduce carbon emissions.

People may worry about electric cars producing carbon. Of course, our present methods of electricity generation produce massive carbon emissions, but by moving to solar, wind, geothermal and other carbon-free methods of producing electricity this would not be so. Drivers would be freed of petrol price fluctuations, and Australia would get cleaner air, a sustainable future for our car industry, dramatically reduced carbon emissions, an improved trade balance and energy independence. It is a no-brainer, and it is just one example of how we should be planning to change to a low-carbon economy. There are many others. In forestry and biosequestration—with people like Rob Gell leading the way—energy efficiency, solar power, wind power and geothermal power there will be jobs and there will be prosperity in making this change.

The jury came in years ago on climate change and it keeps on returning its verdict—through droughts and bushfires in Victoria and floods in Queensland and New South Wales. It has already claimed thousands of lives around the world, and millions are now at risk. There has been deadly flooding in India, cyclones and storm surges in the Pacific islands, typhoons in Korea, heatwaves in the south of France and drought in Ethiopia and in African countries leading to mass starvation. Back in 2007 the Intergovernmental Panel on Climate Change warned that global greenhouse emissions must peak by 2015 and thereafter rapidly decline. It said any delay—I stress ‘any delay’—will considerably increase the risk of species extinction, water scarcity, food shortages, extreme weather, major health risks and swelling numbers of climate refugees. That is the legacy those opposite would have us leave our children and our grandchildren. How ironic it is that our farmers are now leaving an arid land rendered useless by the policies pursued by the very people they elected to represent and look after them. I urge the House to support these bills.

**Mr Briggs** (Mayo) (11.18 am)—I rise to speak on the Carbon Pollution Reduction Scheme Bill 2009 and the series of cognate bills that are before this House. This is a very important debate, a debate that if not properly handled will negatively impact on our future generations. Rushing a scheme or introducing a badly thought through scheme will be a disaster for our future. I support the sound position of the Leader of the Opposition. I support the amendment moved by the Leader of the Opposition in his high-quality speech to this House last evening. It is a position that makes sense and it was a speech that made sense. I believe an emissions trading scheme is one of the policy levers that can be used to change the energy mix in Australia. An ETS will be, by definition, a price on carbon. An ETS is not the only lever, and it is a lever that should only be pulled in conjunction with other major emitters around the world. It cannot be done on our own; it cannot be done in isolation from the rest of the world.

With the election of the new President of the United States of America the tide has turned on the approach of the United States to addressing climate change. Later this year in the Danish city of Copenhagen the world will come together to discuss the way forward on climate change. It will seek to set targets for reducing carbon emissions in our atmosphere. In my view, because of the political capital carried by the new US President, an agreement will be reached. What that will look like is yet to be seen. In addition, the US congress has a piece of legislation before it which seeks to implement an emissions trading scheme, but in its current form it is a scheme that seeks to protect the jobs of those in the United States—unlike the
approach of this bill. What the final product of the US congress will be is anyone’s guess, but it is unlikely to stupidly sacrifice the jobs of those in the United States to make a political point. So it makes no sense at all for a country that produces less than 1.5 per cent of the world’s CO2 emissions to go it alone, to move ahead of the world. Without the United States participating and without the Chinese on board, it would simply be economic suicide.

It makes no sense when all the Australian government needs in its arsenal at Copenhagen is a set of targets—targets this side has already agreed to; targets, I might say, that are not contained in this bill. Copenhagen is the world stage, not a political platform for our Prime Minister’s vanity. You might ask why this legislation is being rushed, reducing members of this place to speaking for half their time allocated, forcing this bill through. It is because the bill before this parliament has been designed with politics in mind, not with the future of our economy at the forefront or a serious attempt to tackle the issue of climate change navigating this bill. It is a bill designed to get the Prime Minister to an early election so he avoids being answerable for the massive debt he is leaving our children. This policy is so flawed it basically remains friendless. It is flawed in its structure and it is flawed in its timing. We sit in this place each day and listen to the Prime Minister preach about the global economic downturn and its subsequent effects on our economy yet he insists for the purpose of politics on implementing a policy that will destroy jobs.

It is always interesting to watch those on the other side defend a policy that will cause so much damage to their own constituents. The best the member for Corio—who we know has a significant concern about this issue—could do this morning in his speech was to attack this side for being sceptics. As someone who formerly represented workers he knows this scheme will be a disaster for his electorate and for the workers in his electorate. Introducing an emissions trading scheme will be one of the most significant changes in our economic history. It will change the structure of our economy and it will, by its very nature, impact on costs. Inevitably, the coal industry—and, in particular, the workers in that industry—will be the industry that suffers the most. Prior to this sitting week, I was visited in my electorate office by Ms Clare Savage from the Energy Supply Association, who undoubtedly understands what the impact on her members will be and the significance of the ETS. She made it clear in our meeting that, while her members wanted to move forward with an ETS for certainty, the impact of this legislation on her members would be catastrophic.

This brings me to the motives of those on the other side. There are two groups on the other side: those who are believers and those who are political opportunists. Some of those on the other side talk about climate change with a religious zeal. Others, like the member for Corio, see the dangers to our economy but understand the politics of the issue. The prophets, including the Minister for Climate Change and Water, talk as if we are at the end of days. One prophet of climate change, the Minister for the Environment, Heritage and the Arts, talks of the imminent death of the Great Barrier Reef and irreversible changes to the Murray-Darling Basin. The minister suggests that the simple act of introducing an ETS will miraculously save these two great symbols of our country. He uses these emotive symbols to scare Australians into his religion. But the truth is that using climate change as an excuse means the Rudd government can avoid taking the hard decisions necessary in the Murray-Darling Basin.
The minister for the environment—the least relevant and effective minister for the environment this country has ever had—talks the climate change rhetoric like an apostle of doom. This is a minister for the environment who is now so irrelevant that, when the Prime Minister decided to give the minister for climate change a helping hand on this issue, he looked to the member for Charlton. So this is a minister for the environment with no responsibility for climate change. Simply put: he is irrelevant to this debate. He and the other believers on that side talk in religious terms—about the end of days—in an attempt to make it impossible for anyone to question the approach of the government to climate change. But the truth is that it is healthy to have members of this House and the Senate raise questions and issues about policy directions and decisions, particularly on an issue as big as this. Never before have we had so much abuse directed at members for daring to suggest they might not believe. The word ‘sceptic’ has been written into the speeches of those opposite by the hollowmen, because this is about politics—that is, spin doctoring, not serious policy. They want the legislation passed without even the release of the regulations that implement the policy. That move itself highlights just how political this bill is.

But this does not stop the Labor Party trying to jackboot this bill through. We saw the unprecedented behaviour of the Parliamentary Secretary for Climate Change last week, when he told the Minerals Council that their position of opposing this legislation was unsustainable and said they should get on board or the government would remove any industry assistance. It appears his union training has come in handy. That speech I understand led to some in the audience booing the parliamentary secretary as he left. This was followed up by another verbal assault by the Deputy Prime Minister at the Minerals Council dinner, a speech that has been widely interpreted as a direct attack on the MCA because they have been vocal critics of this government’s approach. Clearly, those on the other side prefer the approach of the AiG, who can be guaranteed to say whatever the government wish when they make policy announcements.

I believe strongly that we should be part of a global approach to addressing pollution in our atmosphere. We should also look to act locally in protecting our great environment. That starts for me with addressing the disaster in the Lower Lakes, something an emissions trading scheme will simply not do. It means making the tough decisions throughout the Murray-Darling Basin to ensure we can sustain food production at the same time as we rescue the basin from disaster. The truth is that I, like so many on this side of politics, believe in conserving our natural resources. I am hopeful for an agreement at Copenhagen later this year. I am positive about the opportunities for renewable and less carbon intensive energy in our country. I am positive about the opportunities for natural gas in our energy future. I am positive about new technologies such as hot rocks, tidal power and biochar in contributing to our future energy mix and carbon reduction methods. I also understand that this will mean the Australian public will pay significantly more for their energy requirements, something this government attempts to sweep under the carpet. I also understand the Australian people do not want us to do is to sell them short. We can do better than this legislation. We can do better than selling out our country for politics.

Ms HALL (Shortland) (11.27 am)—The previous speaker, the member for Mayo, talked about sceptics on the other side of the parliament, and I think he may fit into that category. He also impressed me as a person
who takes a small picture approach to the issues that confront the Australian electorate. He is not prepared to address the causes; he will just look at the problems. It is all too hard, and the easiest way out is to just pretend that climate change does not exist. The Carbon Pollution Reduction Scheme Bill 2009 and related bills are landmark legislation. This signals the start of a new era, an era where the Australian government recognises that carbon pollution is causing climate change. The Rudd government accepts the scientific data—and I say ‘scientific data’ for the sceptics on the other side—that climate change is a reality and that we must act now. Unfortunately, the opposition is still bickering within its party room and trying to decide whether or not it will accept the scientific data. It is difficult to know whether it is the climate change sceptics or the Leader of the Opposition driving the opposition’s climate change agenda. I suspect that it is the climate change sceptics, and the speeches that we have heard in this parliament this morning attest to that.

If we need a little bit more support for that we only have to go to the comment of Barnaby Joyce on the ABC’s AM program on 14 January this year, when he said:

There is no issue about climate change. It’s the extent that humans are affecting it is a debate that I believe is going to go on.

There was also Senator Minchin, who said:

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

So there are obviously senators who do not accept the fact that climate change actually exists. They do not want to change. They want everything to go along the way it is. It is much, much easier to bury your head in the sand and pretend that something does not exist. The only thing about that is that it is not good for Australia and it is not good for the planet that we live on.

As I previously mentioned, the evidence supporting the fact that climate change is caused by carbon pollution is indisputable. We have higher temperatures—the 12 hottest years have been in the last 13 years. There will be more droughts—there will be a 20 per cent increase in droughts over Australia by 2030 unless we act now. There will be more extreme weather conditions—cyclones and floods. I think that what has been happening in that area is very self-evident. We will be confronted with rising sea levels. Those will be impacting on coastal regions, regions like the one I represent in this parliament. Lake Macquarie Council has already prepared a plan that details the impact that climate change will have in that area, and it is quite devastating. Low-lying Asian megacities will be impacted, along with islands in the Pacific. There will be serious impacts on food production and water supply. There are threats to the Great Barrier Reef, Kakadu and the Murray-Darling Basin, as has already been mentioned. There will also be enormous health implications associated with climate change, both in the types of diseases and the impacts that climate change will have on people in the community.

On this side of the House we accept the fact of climate change, as I have already said. This was apparent right from the beginning of this government. The first act of the Rudd government was to sign the Kyoto agreement, because it recognised the importance of climate change and the need to act globally—unlike the Howard government, which buried its head in the sand. The Rudd government has adopted a thorough approach to the CPRS legislation that we are debating today. I am really pleased that the Parliamentary Secretary for Climate Change, the member for Charlton, is in the chamber as I am making this speech because he has
made an enormous contribution to the legislation that we have before us today.

The process started with the Garnaut report. The Garnaut report found that current emission trends would have severe and costly impacts on agriculture, infrastructure and iconic environmental assets and tourism destinations such as the Great Barrier Reef, which I have already mentioned. It also concluded that the cost of inaction would have a greater impact on jobs and the economy than responsible action on climate change. What we have before us today is legislation that highlights responsible action on climate change.

Australia has adopted a three-pillar approach to climate change: reducing greenhouse gas emissions, adapting to climate change we cannot avoid and helping shape the global solution. The Rudd government believes that a CPRS is the most effective way to reduce carbon pollution whilst minimising the impact on businesses and households. The Rudd government believes that you have to have the strength to put in place a carbon reduction scheme, because it is the responsible thing to do. It is in the national interest to pass this legislation. We have a responsibility to the Australian people and to future generations to act on climate change now. The business community, environmental groups and the Australian people expect the parliament to do the right thing and pass the CPRS this year. I emphasise that to the members on the other side of this parliament. This legislation gives business certainty and will enable Australia to go to Copenhagen from a position of strength, with the strong targets we need to deliver through the CPRS.

This legislation, put simply, places a limit or a cap on the amount of carbon pollution that industry can emit and it requires affected businesses to buy pollution permits. The mandatory obligations under the Carbon Pollution Reduction Scheme will commence on 1 July 2011. The scheme will encourage action to reduce carbon pollution from 2010. The government will also delay for one year the provision of transitional assistance under the electricity assistance adjustment scheme, the emissions-intensive trade-exposed assistance program, the household assistance package and the fuel tax adjustments. Elements of the Climate Change Action Fund and investment grants for businesses and community organisations will be rolled out from 2009-10.

The scheme includes all greenhouse gases included under the Kyoto protocol. Emissions from stationary energy will be covered from the start of the scheme. The scheme will cover around 75 per cent of the emissions. Assistance in the form of administrative allocation of permits will be provided to new and existing firms engaged in EITE activities. Permits will initially be provided at a 90 per cent rate for the most emissions intensive activities and at a 60 per cent rate for activities that are moderately emissions intensive. Eligibility thresholds for the assistance are defined in terms of emissions per million dollars of revenue or emissions per million dollars of value added. The rate of assistance per unit of production will be reduced by 1.3 per cent per annum to ensure that EITE activities share in the national improvement.

The global recession buffer will apply to the allocation baseline emissions per unit of output for activities. It also recognises voluntary action, and there is the household assistance package that is covered in the legislation before us today. This legislation is essential to Australia’s future. Treasury modelling shows that Australia can continue to achieve strong trends in economic growth while making cuts through the CPRS. Almost all industry sectors across Australia will
continue to grow. Treasury modelling released in October 2008 demonstrates that economies that fail to act now face long-term losses around 15 per cent higher than those that do act now.

If Australia wishes to be influential in fighting climate change globally, we must pass this legislation and join the 27 European countries, the 28 US states, Canada and New Zealand. Once this legislation is passed, Australia can go to Copenhagen as a global leader in the fight against climate change. I urge the sceptics on the other side of the House, those that are averse to change, to join with the government in support of this legislation and send a strong message to the rest of the world.

Mr Bruce Scott (Maranoa) (11.38 am)—I rise to make a contribution to the debate on the Carbon Pollution Reduction Scheme Bill 2009 and related bills. I believe all Australians, including many of my own constituents in Maranoa, would like us to ensure that we limit any harmful impacts we have as humans on the earth and on our environment. While I believe that the emotive images and the apocalyptic slogans have affected our ability to have a truly rational debate on carbon emissions, I think most people would agree that whether you believe in human-induced climate change or not, it pays to be good to the planet.

In his haste to stand on the winner’s platform, our Labor Prime Minister, Mr Rudd, is rushing ahead with a flawed ETS which will threaten the viability of trade exposed industries, threaten our national economy, cost jobs and ultimately threaten our prosperity and security as a nation. The Prime Minister made his ETS promise when Australia’s economy was strong, the legacy of successful management by the former Liberal-National coalition government, which paid off the previous Hawke-Keating Labor government’s $96 billion debt and returned the budget to surplus. Now the world economy is experiencing a very difficult time. Treasury modelling on the Labor Party’s ETS did not factor in the global financial crisis. It would be economically suicidal for Australia to race ahead of the rest of the world in implementing a cap-and-trade scheme, particularly if our fellow global citizens are not on the same page. This scheme proposed by Labor would further tilt the already unlevel playing field against our exporting industries, including agriculture.

For over a year Labor talked up their green credentials and talked down the economy. That was how they came out of the starting blocks when they became the government of this nation. Australians responded and started to get concerned about the dark economic clouds that were gathering in the distance, so they stopped spending. Then the Prime Minister announced at a press conference in December last year that he had spent half the budget surplus, and then he took some cash from the bank to throw around willy-nilly. Now, as every Australian knows, we are confronted with a $300 billion debt, a $58 billion budget deficit and a personal debt of $9,000 for every man, woman and child, including babies born today.

The Prime Minister wants to impose another tax on the Australian people. Under Prime Minister Rudd’s ETS, export- and import- competing industries will effectively be taxed an extra $12 billion over the next five years. What the Labor Party is doing is sacrificing Australian jobs at the altar of this deeply flawed ETS. Australia produces only 1.4 per cent of the world’s carbon dioxide emissions, yet the Prime Minister wants to beat his chest at the global climate change summit in Copenhagen later this year and say: ‘Look at me. We are taking a great lead. Aren’t we great in Australia?’ This really is no laughing matter.
Treasury modelling on the ETS was undertaken with the assumption that the rest of the world would sign up to be part of a carbon emissions scheme. If we sign up to an ETS before the rest of the world, Australian jobs will go. Industry will go offshore and relocate to other manufacturing countries. The Minerals Council of Australia estimates some 66,000 jobs will go. Xstrata predicts that between 5,000 and 10,000 jobs will go. Research done by ABARE—the Australian government’s own Bureau of Agricultural and Resource Economics—shows that the economic value of farm production in broadacre industries could decline by between 0.3 and 1.9 per cent in 2011.

The dairy farmers in the south-east corner of my electorate around Warwick, Millmerran, Crows Nest, Kingaroy and north of Dalby will be hit with a $9,000 cost if this flawed scheme is introduced, without any chance to offset that cost. The beef industry will see a $60 million tax passed back in the price that they receive for their cattle. The grains industry will face an annual indirect cost of more than half a billion dollars, with no chance to offset that under this flawed model put up by the Labor Party.

This is a flawed scheme which will penalise even those who can help reduce our emissions. For example, for every tonne of greenhouse gases associated with the production of LNG in Australia, between 4.5 and nine tonnes can be avoided in the Asia-Pacific region when this gas is substituted as an energy source for coal. Up to 180 million tonnes of carbon dioxide could be saved each year, but under the emissions trading scheme proposed by the Labor Party the LNG projects which would help prevent these carbon emissions will not go ahead. In my own electorate, between Dalby, Chinchilla, Miles and Roma is the Surat coal basin. There are billions of dollars to be invested in the LNG projects there. Some 35,000 holes alone will be drilled to tap into this coal seam methane, creating thousands and thousands of jobs. All those jobs will be at risk if this scheme passes both houses.

What has concerned me throughout this whole debate on climate change is the focus on agriculture and the methane emissions from farm animals. Sure, we can cut carbon emissions, impose a carbon tax or even reduce our animal husbandry, if that is what the Prime Minister would like, to reduce carbon emissions from animals. But the problem is: where will we get our food? Who will produce the bread, the bacon, the steak, the eggs, the milk and the cereals that our families eat? Where will the fibre—the wool and the cotton—come from for our daily clothing needs? Successful farmers are businesspeople. They are not just farmers; they are owners of food- and fibre-producing businesses. They know how to treat the earth, and they have been doing it for more than 200 years in this country. They know that the environment has a direct impact on the success of their businesses. They have been willing to come to the table on climate change since day one. Yet, for all the rhetoric from this city-centric government, the Labor Minister for Agriculture, Fisheries and Forestry, Tony Burke, has cut funding for rural research in the latest budget. That is the Labor Party’s vision for agriculture: cut agricultural research in the budget and hit farmers with a new tax.

This flawed ETS will have a significant impact on my electorate of Maranoa. In the far west of my electorate lies the Cooper Basin, Australia’s largest mainland oilfield. Above the ground graze cattle which are owned by Australia’s largest cattle companies. Further east lies the enormous Surat energy resource province, Australia’s next Bowen Basin. The towns of Chinchilla, Dalby, Miles and Roma are set to experience significant economic benefit from the devel-
There are three coal-fired power stations in my electorate. I am sure you would be aware of them, Mr Deputy Speaker Slipper. One of them is Tarong, at Nanango, near Kingaroy. That baseload power station is owned by the Queensland government. No wonder the Queensland government want to sell it, with this emissions trading scheme coming forward under the Labor Party. As we hear today, they are going to privatisate everything they can find that is publicly owned. The Tarong, Wivenhoe and Tarong North power stations, the Meandu coalmine and the Glen Wilga coal resource employ some 417 people. All those jobs are at risk. The Kogan Creek power station, another baseload power station which is just near Chinchilla, has a permanent workforce of 40. The Kogan Creek mine, which fuels the power station, has a workforce of 50. The Millmerran power station employs 50 people directly and 150 people indirectly, when you include the employees and subcontractors of the coalmine itself. So there will be job losses if this Labor Party’s flawed scheme has a successful passage through both houses.

We do not have to rush into this. Let us wait to see what happens at Copenhagen. Let us see what the United States does. Even the Canadians and the New Zealanders are saying, ‘Let’s see what happens in Copenhagen.’ They were proceeding down a path, but they have put that on hold. Sensible governments there are thinking of the world economic circumstances and worried about their own economies, so they say, ‘Wait till Copenhagen.’ Even the United Nations does not require countries to have legislation in place before the Copenhagen summit, so why should Australia run the risk of getting it wrong when we can wait, watch and then take a rational, considered and smarter approach to carbon emissions?

The coalition have tried to get the Labor Party to come to the table and talk about our ideas for reducing our global footprint. These include the pursuit of clean coal and renewable energy, biochar, developing agricultural lands in arid regions, boosting the energy efficiency of commercial buildings and homes and revegetating marginal lands. We also propose a government authorised voluntary carbon market, based on the Chicago Climate Exchange, which would allow for the immediate involvement of individuals, communities, industry and business to create bankable offsets.

Let me be clear: we should take all steps to reduce our global footprint. To do nothing is not an option. But to do what the Labor Party would have us do would be to destroy jobs, kill off industries and, at the end of the day, cost this nation dearly. I will be joining my colleagues in supporting the amendment put forward by the opposition. I will not be supporting the flawed emissions trading scheme of this arrogant Labor government.

Mr BUTLER (Port Adelaide) (11.50 am)—It will be interesting to see how long the member for Maranoa supports the opposition leader on this question. The Carbon Pollution Reduction Scheme Bill 2009 is the most important piece of legislation that most of us will ever speak on. It is without a doubt, in my view, the key challenge for our generation of people who are lucky enough to represent Australia in this place. No-one underestimates the degree of difficulty involved in dealing with the challenge of climate change, partly because it requires a level of sacrifice now for the benefit of future generations, and that is always a hard argument to make, but also because the question of climate change is based largely on predictions. Yes, there is some evidence al-
ready about the impact of climate change globally and here in Australia, but largely we are trying to respond to predictions about the impact of climate change in coming decades.

I say for the record that, although cognisant of both of those challenges, I am comfortable with both of them as well. Like many in this place, for some years I have read widely on this question and I am convinced about the integrity of the different IPCC reports. There have been four assessment reports so far, all of which broadly agree that a tipping point of 450 parts per million of carbon dioxide equivalent gases in the atmosphere is something that we need to avoid. Even that will involve a temperature increase in the course of this century of about two degrees Celsius. Anything above that temperature increase, which in and of itself would have significant impacts on Australia, would have impacts that would be far more catastrophic not only for Australia but for the globe. In addition to impacts on weather patterns, agriculture, water resources and the like, any temperature increase above two degrees Celsius or a quantity of carbon dioxide equivalent gases of more than 450 parts per million in the atmosphere puts us at risk of major events such as the melting of the Greenland icesheet, the reversal of the Gulf Stream along the east coast of the United States of America and the collapse of natural carbon sinks such as the Amazon forest.

The time for talk about these issues has finished. There has been lots and lots of talk. It is now almost 20 years since the first IPCC assessment report was handed down in 1990. The Australian Greenhouse Office, as the Parliamentary Secretary for Climate Change reported in his second reading speech, first published proposals for an ETS some 10 years ago. The states and territories, in the face of recalcitrance by former Prime Minister Howard, formed an ETS task force five years ago and now the national parliament has the chance to act—and act it should.

These bills result from extensive consultation by this government going back to the Garnaut review, which undertook very detailed consultations and studies in the 12 months from about April 2008. Those resulted in a green paper that was published with very wide, very detailed proposals for action in June 2008. That was followed by hundreds of meetings and many hundreds of submissions being received by the government. All that in turn was followed by a white paper published in December 2008. It was very detailed in its scope. In March 2009 draft legislation was published which by and large, with the addition of some modifications announced by the Prime Minister on 4 May, is the legislation that the parliament is considering today.

The CPRS is based on a cap-and-trade model. I am convinced, and our side of the parliament is convinced, that this is the right model, particularly as the response to very significant increases in petrol prices over the last few years has convinced me that a carbon tax as proposed by some in the community is not the right model. What is needed is a mandated cap on emissions, and that is what the CPRS delivers. The trade element brings in market mechanisms to ensure that emissions are reduced in the economically most efficient way possible. On a more pragmatic level, the other reason for adopting the cap-and-trade model is that that is the model being adopted around the world. Twenty-seven nations of the European Union already work to a cap-and-trade model. Legislation is well underway in New Zealand and, as we have seen in the last week or two, in the US based on a cap-and-trade model.

The critical ingredient is the cap. Should this legislation pass through this parliament, for the first time ever Australia will regulate
how much carbon and other greenhouse gases are put into the atmosphere from this country. The cap covers CO2, methane and a number of other greenhouse gases and covers about 75 per cent of all emissions from stationary energy, transport, industrial processes and the nastily worded ‘fugitive emissions’ from oil and gas production. These are able to be covered by identifying, as I understand it, only about 1,000 liable entities, which shows the efficiency with which this scheme can be implemented, in contrast, for example, to the way in which the GST had to be implemented across many hundreds of thousands of entities.

The question as to the core controversy is: what is the cap? That will be the subject of the debate leading into the Copenhagen conference. Kyoto uses 1990 as the benchmark, being the year that the first assessment report of the IPCC was delivered. The government is largely using 2000 as the benchmark, although the figures also reflect calculations based on 1990. Those two figures are largely the same because of the big reduction in our emissions through the cessation of the clearing of large tracts of land in Queensland during the 1990s. Kyoto established a target of 108 per cent of 1990 emissions by 2008-12 in Australia, and the minister’s recent releases show that we are on track to achieve that or even better that. But the targets for 2020 will be where the rubber hits the road. We know that a business-as-usual assessment of Australia’s emissions would see our emissions through the cessation of the clearing of large tracts of land in Queensland during the 1990s. Kyoto established a target of 108 per cent of 1990 emissions by 2008-12 in Australia, and the minister’s recent releases show that we are on track to achieve that or even better that. But the targets for 2020 will be where the rubber hits the road.

There are three possible targets set out in the legislation which depend in large part on the outcome of the Copenhagen conference in December: an unconditional five per cent reduction against 2000 levels or four per cent against 1990 levels—in the event that Copenhagen yields an agreement for comparable reductions by advanced economies and that developing countries commit to substantially restraining their emissions; and the more recent government commitment to the more ambitious target of 25 per cent against 2000 levels if Copenhagen yields a global agreement to stabilise emissions at 450 parts per million, an agreement which includes major developing countries agreeing to slow their emissions with a target for them to peak and then to commence to decline. We would want to see a collective reduction of more than 20 per cent against business-as-usual emissions by 2020 in major developing nations as well as a comparable reduction in emissions from advanced economies to the 25 per cent target.

I also ask the community to put the Australian targets in context. These targets are very significant measured as per capita reductions—more significant than reductions which look, in an aggregate sense, to be more significant in Europe and Great Britain because of the population increases that have taken place since 1990 in Australia. That is not the final word. At the end of the day, the environment will recognise aggregate emissions, not per capita emissions. But it is an important part of the story about Australia’s general response.

There is a great deal of detail which I could talk about and I would be keen, if I had the time, to talk more about how the proposed scheme operates; the phase-in and the global recession buffer which are incorporated into the legislation; the impact on households and the way in which the government will recognise voluntary action by households; and, because of a number of industries located in my electorate of Port Adelaide, including power generation and cement, the impact on emissions-intensive
trade-exposed industries. But time does not allow me to do that.

It is a very real pleasure to speak in favour of this legislation. I am confident that it will be the most important piece of legislation I have the honour of speaking in favour of in whatever time I might end up spending representing Port Adelaide in this place. In closing, I would like to pay particular tribute to the Minister for Climate Change and Water, who has worked with one of the most significant public policy challenges any minister has had in front of him or her in the history of this Federation. I think she has done an absolutely outstanding job. I commend the bills to the House.

Mr BALDWIN (Paterson) (12.01 pm)—I rise today to speak on the Carbon Pollution Reduction Scheme Bill 2009 and associated bills. Significantly reducing the global level of CO2 and other emissions in the atmosphere is an issue of great concern and consequence to all of us.

Let us be absolutely clear about it—these are uncharted waters for all. These are uncharted waters for me because I am not a scientist. But one thing that is abundantly clear from the evidence presented is that mankind is definitely adding to the problem—by how much I do not know because there are too many sides to the argument, all proffering different opinions. On one side, we have Professor Ian Plimer, who is disagreeing with the theory of human induced climate change. On the other side, we have the United Nations Intergovernmental Panel on Climate Change stating:

There is new and stronger evidence that most of the warming observed over the last 50 years is attributable to human activities.

What I do know, though, is that prior to the 2007 election the Prime Minister promised to introduce an emissions trading scheme that would produce deep cuts in CO2 emissions but would not disadvantage Australia’s export and import industries. The Prime Minister’s other election promises included establishing an ETS by 2010 and setting a target of a 60 per cent reduction by 2050 from 2000 levels.

However, we now see that the government’s scheme is in disarray. It is rushed. It is bungled. It is deeply flawed because it has been rushed to suit a political timetable and the Prime Minister’s political agenda. It even fails to contain regulations for the operation of this scheme. Failing to wait just six months for the outcome of the Copenhagen conference will see the Rudd government export thousands of Australian jobs, many from my region.

It should be noted that it was the former government that spearheaded the campaign to develop and transfer low-emitting technology to developing countries through the establishment of the then AP6—the Asia-Pacific Partnership on Clean Development and Climate. This partnership came out of the 12th meeting of the ASEAN Regional Forum in Laos and was formally launched in 2006. This is the only international agreement which involved the US, China and India. It also contains South Korea, Japan and now Canada, with all seven countries involved having a history of close bilateral and multilateral cooperation on clean development, energy and climate change efforts.

Unfortunately, for purely political reasons, the Rudd government hindered this program and partnership. Australia on its own, however, will not revolutionise the climate change world. It is an undisputable fact that Australia is responsible for 1.4 per cent of the world’s emissions of greenhouse gases. Australia represents but a tiny sliver of the global greenhouse gas emission pie graph. Any action the government takes on committing Australia to a climate change solution
must be carefully considered. Neither families in my electorate of Paterson nor any other Australian working family can afford to shoulder a disproportionate share of the global burden of addressing climate change. With Australia producing just over one per cent of the world’s emissions, there is no unilateral Australian solution—only a global solution. Voting on Rudd’s emissions trading scheme would put Australians in the position of shouldering that burden alone.

What we the coalition propose to do is work with the largest emitters, such as China and the US, and come up with a holistic approach. As the world’s largest emitter of greenhouse gases, the US have developed a very clear strategy to address their own carbon emissions and to implement their own carbon trading scheme. It is clear that the Waxman-Markey bill currently before the congress offers substantial and considerable protection to US businesses engaged in trade exposed industries. Their bill provides 100 per cent protection to US export- and import-competing industries in any future emissions trading scheme until 2025.

There is obviously a stark difference emerging—with far greater protection for the US than what is on offer for Australian businesses in the Prime Minister’s emissions trading scheme. Under the Rudd government’s current proposals for an emissions trading scheme, Australian businesses will be left out in the cold, Paterson’s businesses will be left out in the cold and Australian exposed businesses will be left disadvantaged against other competing countries in the market. Forcing through the current proposal would be to forgo common sense and would subsequently be the marker of massive risk and uncertainty for Australian businesses over the next 20 years.

Australian trade-exposed businesses will not be on a level playing field with their competitors. The current ETS proposal poses a significant threat to the continued competitiveness of Australian businesses operating in those trade exposed industries. The CPRS is expected to result in a 30 to 40 per cent increase in electricity prices alone, and this will flow through to many everyday products and services.

The tax effect of the CPRS is equivalent to increasing the GST from 10 per cent to 12½ per cent. The difference is that it will be added all the way down the line, unlike the GST, which is rebated until the end user, if consumed in Australia, or rebated so that exports are free of GST. They will not be free of the CPRS. The design of the Rudd government’s CPRS assumes that our major competitors will move to put in place major new taxes on carbon across the economy, including on export- and import-competing industries in the early years.

When we consider all of the information that has been put before us, it is prudent to ask the government if the goal of this bill is to genuinely reduce greenhouse gas emissions or if it is aimed at taking another tax grab from Australian families and businesses, who already have to pay the cost of Labor’s reckless spending. Of the $13 billion that will be collected from affected businesses under this scheme in the first year, how much of that money will be spent by the government on actually reducing emissions? How much will be used to pay off the Rudd Labor government’s $315 billion debt? It is also important to note the recent comments by industry bodies that agree with the coalition on this position. For example, the Minerals Council of Australia statement on 26 May 2009 stated:

The Minerals Council of Australia cannot support the legislation in its current form and therefore backs efforts that will lead to a better, simpler emissions trading scheme that won’t cost tens of thousands of mining jobs.
The only certainty created by the Rudd government’s emissions trading scheme is the certainty of unemployment.

Only recently did the shadow minister for energy and resources, the Hon. Ian Macfarlane, and I meet with local companies in my electorate, including Tomago Aluminium, Bloomfield Collieries and Gloucester Coal, which manage the Stratford and Duralie mines, to talk about the impact that this scheme would have on their businesses. Specifically, I would like to draw the attention of the House to Tomago Aluminium company. Tomago Aluminium currently employs almost 1,400 workers, who reside in and around the Paterson electorate, many actually living in the Paterson electorate. The company operates the second largest smelter in Australia. One of the most significant challenges facing Tomago Aluminium is uncertainty—and the possibility, therefore, of jobs going offshore—as to what to expect from the Rudd Labor government, who were trusted by the Australian people not to subject our trade exposed industries to undue hardship and disadvantage. If the CPRS is not handled carefully, jobs will go offshore to more competitive markets with less environmental restrictions.

I would like to make it clear: the coalition will support an emissions trading scheme, but we believe Australia is going about it the wrong way in the design of the process. The CPRS is not the only option to reduce greenhouse gas emissions. It is also not the best way. It is important to note that there exist a wide suite of practical and effective approaches that could be employed to reduce the levels of CO2 in the atmosphere, approaches that are currently being ignored by the Rudd Labor government, such as: boosting energy efficiency, especially in the commercial building and housing sectors; developing agricultural land in the arid regions; biochar; revegetating marginal land, including reforestation; clean coal; and renewable energies.

The coalition announced in January 2009 that, as part of the Green Carbon Initiative, we are aiming, by 2020, for additional annual reductions of at least 150 million tonnes of carbon dioxide equivalent, encompassing such measures as previously stated. What is astounding is the fact that no other approaches aimed at establishing a price of carbon have been modelled or properly debated. We take this proposed legislation seriously. The coalition has evaluated the government’s legislation and has measured the legislation against the impact on jobs and emissions. The coalition commissioned its own independent review of the government’s white paper, by the Centre of International Economics, a review which received nearly 50 industry and organisational submissions.

In conclusion, the Prime Minister is on a downward spiral on emissions trading, running the enormous risk of going it alone for little or no global environmental gain. The Rudd government’s scheme as it currently stands puts major industries such as our coal industry and Tomago Aluminium, and the jobs that go with them, at considerable risk. It is not a time to gamble with Australian jobs just to gain political mileage. It is time for forethought, careful policymaking and common sense. The government’s scheme is in no shape to be passed, so I ask: why do we need to rush this legislation? The vote must be deferred until later this year, when we have seen the intentions of the rest of the world at Copenhagen and when the US scheme is clearer. This is one of the biggest structural changes to our economy, and we must get it right. We as the elected federal representatives of our electorates have the responsibility for getting it right the first time.
Mr RAGUSE (Forde) (12.12 pm)—It gives me great pleasure today to rise to speak to the Carbon Pollution Reduction Scheme Bill 2009 and related legislation. Like speakers before me, certainly on our side of the House, it gives me great encouragement that we really do understand the need to progress something along the lines of the Carbon Pollution Reduction Scheme. We went to the last election, in fact, with the resolve that we would act on climate change—and we were given that mandate. Climate change is one of the greatest economic, social and environmental challenges of our time. Climate change is real and is having an impact. The government is committed to tackling the climate change challenge through policy and programs that are contemporary and informed by the latest science and policy developments. The government is also working with industry, business and the community to implement a response and policy that will reduce greenhouse gas emissions and build resilience to climate change impacts.

The government went to the last election outlining our agenda for climate change, including the introduction of a carbon emissions trading scheme. I remember well that the now opposition were also planning to implement an emissions trading scheme. What we see now is an opposition divided. They are divided into two groups: the climate change believers and the climate change sceptics. It gives me some encouragement that there are those on the other side of the House who do believe in the way forward and in what we are doing as a government. However, as the coalition they are certainly, on every occasion, talking the need for this legislation down and saying that it should be put on the backburner until they have more information.

Mr RAGUSE—The member for Fadden interjects there, basically agreeing to that position. Information is always important but, unless we actually start the dialogue in a legislative framework, we cannot advance this. We have the scaremongers right across the board, and certainly on the coalition benches, continually talking down the need to make a move right now. The government is getting on with the job.

As a concession, given our concern about the opposition that is being put forward, the government did make a decision to delay the Carbon Pollution Reduction Scheme to allow the Australian economy more time to recover from the impacts of the global recession. However, we have committed to having a system begin by 1 July 2011.

It is worrying, though, that the coalition continually put up a fear campaign. It is always about fear—fear, fear and more fear. In fact there are contradictions in most of the statements that are made by the opposition. The member for Paterson spoke about a range of concerns and issues. The coalition get almost to the point of agreeing with the need to move forward, but then it becomes, ‘Let’s wait and see. Let us sit back and wait for something else to happen.’

I will give a very good explanation on the ground. When we look at our nation-building activities and programs, you can go back some 40-odd years to a time when the City of Brisbane, a major capital city, was unsewered and there were the well-known thunderboxes in the backyards. The then Labor Lord Mayor, Clem Jones, determined that Brisbane needed to borrow quite substantially to move forward and put in that sort of infrastructure, and the Liberal opposition at that time said it would send the city broke and they needed to sit back and wait and decide.

We all know the outcome. After borrowing, the city moved forward and we now
have a very modern city in Brisbane with all the amenities. But at the time a tough decision was made—and it was certainly economically based—to move forward and get some infrastructure built.

The issue of legislation concerning the reduction of carbon pollution is a similar situation. We must act. We must get something in a legislative framework that we can take forward. All those issues—certainly by the member on the other side of the House who has been interjecting—are being debated to allay some of those concerns and give a legitimate way forward so that we are able to debate this in a framework that is declared and where many other stakeholders can get involved. It simply takes it away from the discussion that we have in this particular House.

I would also like to refer to comments that were made by the member for Wide Bay, the Leader of the Nationals. They have shaped themselves up to be the greatest deniers of climate change. I see the contradictions—on one hand quoting Garnaut and talking about the imminent concerns that we will be confronting as a country, yet turning around and then saying that now is not the time, that we cannot go forward now. To say that now is not the time is just not good enough. We do need to advance and we need to advance with a full understanding of the economic considerations.

How do we do that? We must move forward in a legislative framework to be able to consider the options and the economic drivers and opportunities that exist. If you talk to the Leader of the Nationals and his colleague in the Senate, Senator Joyce, it is an interesting discussion. Senator Joyce talks as an expert on climate change to the point that he denies that it is actually occurring. He is a man who has no science background, a man who has for all intents and purposes probably a good accountancy background. But to become the spokesperson for the National Party in the Senate on climate change is laughable. The fact is there is so much information that needs to be put on the table for discussion.

I had the privilege just a week or so ago of opening a conference on the Gold Coast where 200 scientists had come together to talk about biochar and the pyrolysis process that allows matter to be reduced to carbon, to a charcoal base, and then put back to replenish the soil to increase its quality. Many people in the House would be aware of that technology—and I see that the member for Fadden is nodding. It is a technology that we understand can be of use. But we must get this dialogue going and give certainty to scientists generally, or to the scientists in CSIRO, and show some understanding that this may be one of the solutions that will reduce our carbon footprint.

I spoke in the House here on Monday about our nation-building programs and how as a government we had made the decision in severe economic conditions to determine that stimulus to the economy was all about planning and building for our future. I said on that occasion that there was a joke going around the House—we were talking about shovel-ready projects. How do you confuse the coalition over nation building? You put three shovels against the wall and you tell the coalition member to take their pick. That comment was made to me and I repeated that anecdote in the House.

One particular disenchanted member of the coalition said something that was quaintly funny. He said, ‘How then do you confuse the coalition on climate change?’ I gave a few examples. I said that maybe sequestration would do it and asking them questions about their understanding of the technologies. He said no. I said, ‘What about
biochar production?’ and he said no. I was rather confused by this and he said, ‘Look, you don’t have to ask them anything, because they are confused.’ It is clear from the statements that they make in this House and by their lack of support for what we are trying to do that they are confused. We cannot hold off moving forward with this particular legislation.

In my electorate, like all other electorates, we have certain businesses and operations that can be affected if we do not work well towards finding the economic solutions. There are a number of major players—those in agriculture and in meat production certainly. There were a number of positions that they put to us to help us understand their concerns. They understand what we are trying to do as a government in those packages that we are proposing to put forward to support businesses. They are all moving forward and they say to us as a government, ‘Please give us some certainty. Please simply say whether it is on or not on.’ We as a government are saying that it is on, but it is up to the opposition in the Senate whether they ultimately support our move forward.

It is concerning of course because this is all about vision. While we can talk about nation building—and we will on other occasions—unfortunately, the coalition lack vision, and they certainly lack the leadership to take those visions forward. As a government we have proved that we have vision and the tenacity to take these issues forward, and climate change is one of those issues that we have stated firmly we need to move forward. The scare tactics are really concerning because, if we do not act now, we all understand that it will be too late to find economic solutions. This will cost us more in the future if we do not make those decisions, and you have heard our Prime Minister mention that on many occasions. I will not repeat the examples that he gives, but it is clear.

The international community is working towards solutions and, yes, the Copenhagen conference will be very important. As a government we want to have something hard-fixed in terms of our position in going forward. The detail, to a large degree, will be worked through over the next few years in terms of how we as a government, along with the industry and business sectors, not only reduce the carbon footprint but also find the best economic solutions. On those considerations and on that basis, I commend the legislation to the House.

Mr ROBERT (Fadden) (12.22 pm)—I rise to speak on the Carbon Pollution Reduction Scheme Bill 2009 and related bills and to reiterate the call by the Leader of the Opposition for caution and delay before moving to the vote. The issue of climate change is no doubt a significant issue, wherever you sit on the spectrum. It is, though, a scientific and an economic issue. It is not about zealotry and it is not about religious fervour. I remind the member for Forde that terms such as ‘deniers’ and ‘sceptics’ add little to the debate.

Mr Rudd wants this to be a political issue. Mr Garrett wants this to be an issue of fervour and hype. I would rather—and I know the coalition would rather—that we focused on the science. I would rather that we identify what we do know and, importantly, what we do not—that we identify our knowledge gaps, that we seek new information where we have a paucity and, importantly, that we manage risk where we do not know. Whether Australians believe that mankind is causing climate change or not, the role of this parliament is to do everything it can, in the best interests of our nation, to contribute in a most positive way to managing our planet and to ensuring we do not leave future generations burdened down with either enormous government debt in cash terms or a damaged land in environmental terms.
In considering the information we have today—what we have now—notwithstanding the growing body of dissent, what we know now is that the planet must be given the benefit of the doubt and we must respond to the science we have in front of us. I say to our nation: regardless of whether you believe climate change is caused by mankind or not, surely, the goals of any coordinated strategy—such as less or zero reliance on Middle Eastern oil, cleaner air, higher organic content of soil to achieve higher crop yields and a greater reliance on renewable energy to ensure our own domestic energy—are worthy goals, regardless of where you as an Australian sit on the spectrum in respect to climate change.

The coalition’s record on climate change is strong. We established one of the first greenhouse offices in the world. Over the last 12 years, Australia has reduced its greenhouse gases by over 85 million tonnes of CO2, allowing Australia to be one of only a few countries out of 178 states to meet its Kyoto targets. Former Prime Minister Howard may not have signed up to Kyoto, yet he was one of only a few world leaders whose country actually met its targets. What is best—to vainly sign a document with no intention of meeting it, or to stand by your principles and do what is right? In the last 12 years the coalition led and funded a global initiative on forests and climate. We introduced a renewable energy development fund to support emerging technologies and we provided support for individuals and community groups taking action through programs such as the solar rebate, Solar Cities, solar hot water rebates, community water grants and green vouchers for schools initiatives. The coalition has much to be proud of with respect to its record on climate change.

Yet Mr Rudd seems intent on rushing in where not even fools have dared to tread. He now wants this parliament to vote on an ETS, even though, of his own admission, it will be not be implemented for at least 18 months as a minimum and more likely for two years. He wants this parliament to vote on an emissions trading scheme even before the United States of America, which contribute 30 per cent of greenhouse gases, have their bill finally worked out and we know what they are going to do. The Waxman-Markey bill is currently being negotiated in the US House of Representatives, in the congress, as we speak. And, whether we like it or not, the US legislation will set the benchmark across the globe, as you would expect it to, cognisant that its GDP is of the same size as the GDP of the next four largest nations.

The US will set the standard, yet Mr Rudd seems to have the arrogance to think that we should go ahead first, regardless of what the US are doing—even though they will set the standard. I am sure that may be good for Mr Rudd’s aspirations to be Secretary-General of the United Nations, but it makes no sense whatsoever in the debate on climate change. Mr Rudd wants to go forward with an ETS, notwithstanding that it is to be not only before the US do but before even the Copenhagen meeting to thrash out what the environment looks like post Kyoto. Copenhagen should spell out the direction for the global community as to how global agreements will move forward. Mr Rudd wants an ETS before those global agreements are even decided upon.

We have suggested that the ETS must go to the Productivity Commission for a full, frank disclosure of exactly what the impacts will be. Mr Rudd does not want this. He is hiding from the Productivity Commission. If you have to hide something, may I suggest, there is something to hide. If you look at the ETS bill of over 400 pages, there are eight pages on the mechanics of the ETS—only eight pages; that is it. How the ETS will
work out across industry and what the impact will be upon hundreds of thousands of jobs is apparently to be worked out by regulation, with the bill before the parliament simply giving a framework. Mr Rudd is telling us to take him on faith.

The DEPUTY SPEAKER (Hon. Peter Slipper)—Order! I would remind the honourable member for Fadden that, under standing order 64, he ought to refer to the Prime Minister by his title.

Mr ROBERT—The Prime Minister is simply asking us to take him on faith. Well, the nation took him, and his health minister, on faith when he said three times in unequivocal statements that a Labor government would not change the 30 per cent rebate for private health insurance; but that is exactly what they have done. This nation is sick and tired of taking the Prime Minister on faith. We have provided the government with bipartisan support to take to Copenhagen the most important thing required: support on reducing targets by five per cent, increasing to 25 per cent if there is indeed a worldwide agreement. The opposition support an emissions trading scheme as one of the tools in a climate change toolbox. Other issues that should be considered include carbon sequestration, a voluntary carbon market and the use of biochar—and, of course, the Leader of the Opposition has spoken about a green cities initiative with advanced depreciation to achieve efficiencies in energy use. All of these together are strategies needed to manage the risk of climate change. Everything should not be sacrificed on the altar of ETS expediency so that the Prime Minister can look good at Copenhagen.

It is also important that as a parliament we learn from the mixed results coming out of the European Union’s experience with their ETS and acknowledge the dire consequences of not getting it right. The European Union’s emissions trading scheme is the largest multinational emissions trading scheme in the world. It is a major pillar of the EU climate policy. Their ETS currently covers more than 10,000 installations in the energy and industrial sectors, which are collectively responsible for close to half of the EU’s emissions of CO2 and 40 per cent of their total greenhouse gas emissions. Yet the British think tank Open Europe has this to say about the EU’s implementation of an ETS. It says:

The first phase of the EU’s Emissions Trading Scheme (ETS), which runs from 2005 to 2007 was a failure. Huge over-allocation of permits to pollute led to a collapse in the price of carbon from €33 to just €0.20 per tonne, meaning that the system did not reduce emissions at all. Worse still, since some countries (such as the UK) had set tough quotas on emissions, and others set lax targets, the system acted as a wealth transfer mechanism, effectively subsidising polluters in states which were making little effort by taxing states with more stringent allocations. Overall there are about 6% more permits than pollution. However the UK has to buy about 22 million tonnes worth of permits a year, while firms in France and Germany could sell off a surplus of around 28 and 23 million tonnes respectively. Finally, the ETS in phase one was not a real market—instead of auctioning off permits to pollute, member states allocated them free of charge to companies based on how many the government believed they needed.

This created severe distortions—to the point where emissions covered by the ETS rose 3.6 per cent in the UK and by 0.8 per cent across the EU as a whole. What an amazingly effective ETS that was! The world’s first great implementation should teach us lessons. The Prime Minister should learn them. The Leader of the Opposition has moved amendments to defer the vote on the bill until after Copenhagen, until after the US legislation which will set the global
benchmark is known. I urge the Prime Minister to heed some sound and simple common sense.

Mr SIDEBOTTOM (Braddon) (12.33 pm)—I am really pleased to make a contribution on this very important legislation. For the record, scientific concern, so often demeaned and criticised by many opposite, about the build-up of carbon dioxide in the atmosphere started way back in 1861. Improvements in technology allowed for more precise measurements of the level of greenhouse gases in the atmosphere in the latter part of the 20th century and this accelerated this earlier concern. At the beginning of this century the effects of such a build-up, as predicted by the scientific modelling, were being increasingly observed—such as increasing average global temperatures, sea level rise, accelerated glacial melting, intense and prolonged droughts, and increased storm severity. The projected environmental and consequent economic and social impacts of continued adverse changes in these areas are severe to catastrophic. They form the premise for this legislation and the need for significant and coordinated global action to mitigate and reverse these trends. The fourth IPCC report of 2007 further reinforced this case.

The Rudd government is proposing a three-pronged approach, which I believe will set us on the course required. Firstly, we must reduce Australia’s emissions to turn around the impact that we, each and every one of us, are having on the environment. Secondly, we must adapt to the changes we are already seeing in our environment and limit the impact here for the future. Thirdly, and finally, we must play our part in the international community. Indeed Australia is currently responsible for only about 1.5 per cent of global GHG emissions. But, as Professor Ross Garnaut points out, we suffer the full effects of global warming arising from the emissions of other countries. Hence we have a strong interest in seeing effective global policy action to address climate change issues. We are one of the largest per capita emitters in the world and therefore have a global responsibility to mitigate our emissions.

The Carbon Pollution Reduction Scheme is a central pillar of reducing Australia’s emissions, and the main part of this is the cap-and-trade emissions trading scheme. The scheme will create a market price for emissions and an incentive to reduce and control these emissions. It will take us into the 21st century with an economy that values low-pollution outcomes rather than just low cost and high production. The CPRS will give us a target to aim for and something tangible to work with and will measure our progress. The scheme will give us a cost on carbon and provide an incentive for our major polluters to progressively step up to the mark. It will also provide the Rudd government with a means to help reduce the impact on everyday Australians, who cannot be made to carry an uneven amount of the burden. Tackling climate change will cost everyone somewhere, but the Rudd government is determined to make sure that this cost is shared equitably.

The Carbon Pollution Reduction Scheme will also serve to inspire and support those innovators who will further lead us into a new renewable energy future. This can create a raft of low-pollution jobs in new and emerging technologies, from solar and wind through to geothermal energy.

In my backyard we have already seen the economic stimulus that wind energy can create, with the benefits of the major Woolnorth wind farm still being felt in some parts of my electorate. Unfortunately, the huge potential of the wind industry was cruelly cut short by the former government when it failed to support further development of renewables, allowing its renewable energy targets to grind
to a halt. This is something that will soon be addressed by this government, but one can only wonder what difference a vibrant and innovative renewable sector might have made to my electorate in these current, difficult times had it not been starved back in 2004.

Fortunately, interest in this sector has not been totally devastated, and I await with keen interest some anticipated developments. One significant operator raising funds to support renewable energy in my electorate tells me that the main influence of the CPRS on the renewable energy sector is on the stand-alone, long-term viability of the sector. They said:

Without the CPRS, a large majority of renewable energy projects will fail to attract equity and debt, as the expanded RET will only take the projects through to 2030. The carbon price in the CPRS is designed to eventually drive the price of electricity to a point where renewable energy projects can stand on their own without any subsidy. Without the CPRS, the renewable sector will have another instance where there is uncertainty in investment in the sector thus making it more difficult to attract debt and equity.

Because most wind resources are in remote locations and wind energy technology will be the dominant technology to be deployed in meeting the expanded RET, this means that regional areas that could have benefited from such an investment will lose out on such investment and jobs.

This is a great example of the benefits to regional Australia that will flow from this legislation. Taking action on climate change will see the renewable energy sector grow by 30 times its current size by 2050. This can only serve as a reminder of the value that is contained within this legislation. As a result of this, more than 48 per cent of the electricity generated in Australia will be from a renewable energy source by 2050. But the government will not just be hoping that the market picks up on the renewable energy future. Through initiatives such as the Climate Change Action Fund it will be stimulating industry to invest in overcoming climate change.

For those in the street, the hyperbole from the deniers opposite has questioned the need for a scheme. They have made it sound to the uninitiated as though a trading scheme would be a world-first move into the unknown, but let me remind them that schemes are already operating in 27 European countries and that 28 states and provinces in the US and Canada are introducing emissions trading to reduce carbon pollution, as is New Zealand. This is vital in helping us take on climate change now rather than leaving a mess that our kids and grandkids will have to clean up or, possibly, be unable to clean up.

I have already mentioned that taking on the climate change battle will be something that touches everyone’s lives. Prices will change in a number of ways, but the overall increase in the cost of living is expected to be modest. The Rudd government is determined to do everything it can to help people and manage any impact. Pensioners, seniors, carers and people with a disability will receive additional support to help cover increases in the cost of living. Extra support will also be provided to low- and middle-income households as they make their way into the climate ready world. These measures include helping to protect these groups from higher fuel costs and other increases in the cost of living. Our white paper indicated that about 90 per cent of low-income households will receive assistance to 120 per cent or more of the cost of living increases. Along with that, 97 per cent of middle-income households will receive some direct cash assistance and about two-thirds will receive further assistance. Fuel taxes will be reduced on a cent-for-cent basis to offset the price impact of introducing the scheme, with a cut made across the board on currently taxed fuels.
Those in rural and regional areas like my own, along with feeling the direct result of global warming, are expected to feel the impact of the move to tackle climate change more than their urban counterparts. The government has recognised this and will look to provide greater support to regional and rural Australia as we work together towards the challenge. It will also delay the impact on agriculture and fisheries, which are the lifeblood of many regional economies, including mine. Agriculture will enter the scheme no earlier than 2015, giving the sector time to prepare and establish a planned response. Key measures to assist these sectors include measures to help offset fuel costs to heavy vehicle users and transport, recognising their need to use significant amounts of fuel from day to day. I can think of many examples in my electorate where this will be vital to keeping industry vibrant and active while recognising that every one of us has a responsibility to mitigate climate change. The Rudd government is in no way rushing into this, as evidenced by the recent move to delay its introduction by one year to help Australian companies manage the impacts of the global recession.

Delivering crucial reform will help tackle the long-term threat. Protecting our economy and jobs during the global recession is part of getting the balance right. We care about jobs today, and this has been reflected in many parts of the proposed legislation. These include the allocation of free permits to firms involved in emissions-intensive trade-exposed activities. Energy providers are also recognised in the $3.9 billion Electricity Sector Adjustment Scheme. The $2.75 billion Climate Change Action Fund will provide further targeted assistance to businesses, as well as community sector organisations, workers, regions and communities. The government will also establish the $75.8 million Australian Carbon Trust to help all Australians do their bit to reduce Australia’s carbon pollution and to drive energy efficiency in commercial buildings.

For 12 years those opposite have neglected the issue and failed to act. Action during their more than a decade in government would have made for a much easier transition to the new low-pollution economy today. Only the Rudd Labor government has had the courage to step forward and act on climate change. The time for talk is over; it is in the national interest to pass the legislation this year. We make no apology for starting the Carbon Pollution Reduction Scheme with reasonable and responsible targets. Given the global recession, this is the most responsible course of action. Our five to 15 per cent targets amount to every Australian making the same emissions reductions as Europe is asking people to make. This government is determined to meet the climate change challenge, to do everything it can to protect the Australian way of life and to see us prosper into the future. We have a responsibility in this parliament to the Australian people and to future generations.

Mr Morrison (Cook) (12.44 pm)—
The religious phase of this debate on the Carbon Pollution Reduction Scheme Bill 2009 and related bills is over, yet listening to those across the chamber that have spoken before me throughout this day you would think it was still going on. This is not a debate about religion; it is not a debate about belief; it is now a debate about action—the action we need to take—and not about whether we need to take it. Labor do not actually want that debate. Labor do not want a debate on what they are proposing to do. They want to have a debate about these broader philosophical questions.

Labor wish to arrogantly assert to this parliament, to our fellow Australians and indeed to the world that there is only one solution to
addressing our shared commitment to reducing carbon emissions. I stress ‘our shared commitment’ because, in a rare gesture in the history of this parliament, we have a bipartisan position on the carbon reduction targets that have been put forward and offered by the coalition for the government to take to the conference in Copenhagen. But, no, the government have made it quite clear that they believe there is only one solution—the solution of Reverend Rudd—and this position is the one that must be followed or we will go down the path of eternal damnation. This is the language that suits the arguments being put forward by the government, because it does not suit them to have a debate about the specifics of the action that they are putting before this parliament—I should say ‘not putting before this parliament’, because the devil in the detail sits in the regulations. What we are seeing in this bill is a request from the government for a blank cheque—a blank cheque to put this system in place—and ‘just trust us’ on the details that will determine the future of Australian jobs.

There are a suite of tools we need to embrace to reduce emissions. I believe an emissions trading scheme, in one form or another, is one of those tools. Placing a price on carbon, as the Leader of the Opposition has said, is inevitable. However, when and how we do this as a nation is the question. The timing is critically important. Just like in surfing, if you move too early on that wave it will crush you; if you move too late you will miss a genuine opportunity. So this is a debate about the specifics of action, not the question of action, and it is a debate about the sense of judgment on timing.

We must be realistic about the future we embrace and the facts that we are faced with as a nation. Any action will not do in addressing this challenge. It must be the right action. We cannot allow Australians to pay the price with their jobs and their livelihoods for an ineffective and indulgent scheme driven by guilt rather than reason. Australia needs an ETS that suits our circumstances and addresses our needs, a scheme that will cut, not export, emissions and a scheme that will protect, not export, Australian jobs.

The facts are these: we produce 1.4 per cent of the world’s carbon emissions. Our competitive advantage as a nation over more than a century has been built upon our natural resources advantages and our relatively cheap cost of energy as a result. We simply cannot throw that away on some sort of whim or as some form of gesture. The future of carbon trading also will be determined elsewhere. As a small emitting nation these schemes and the future of these schemes will be determined principally out of the scheme to be determined in the United States and in other places. So there is no need for our scheme to be finalised before the Copenhagen conference, which is just six months away. We have committed to the targets which enable the government to go and participate constructively in the debate in the position of leadership that the coalition has afforded them by taking a bipartisan position on this, but there is no need for the details of our scheme to be in place before that conference. There is a delusional view on the part of the government and particularly the Prime Minister about his own level of significance and influence on these matters rather than anything based on any genuine need that is in Australia’s interests. It is not in Australia’s interests for our trading scheme to be finalised before Copenhagen. The government’s scheme is not intended for introduction, as we just heard from the previous speaker, until 2011, and for actual trading in 2012. There is no rush; there is no need. There is no need for this bill to be pushed through this parliament at this time other than for the vain and political motives of a Prime Minister who has simply lost control of his own ego.
These are the things we need to know in order to consider this scheme. We need to know the final design of the US scheme. We need to know the cost of going it alone, and that is the substance of the coalition’s amendments which were put forward by the Leader of the Opposition last night. This is information we need to know to make good decisions in the interests of all Australians. We need to know what the impact of this scheme will be on our growth as a nation for the next five years, 10 years, 20 years. Why? Because if you look at the budget papers you see that the government have forecast an economic miracle—12 years of miracle growth to pay off their absolutely unbelievable yet true level of debt. The government need to provide the information which answers this question: if we introduce this and we go it alone, what is the impact going to be on those economic growth forecasts and how much longer will Australians have to pay off Labor’s debt—how many years, how many generations—as a result of the introduction of this scheme in the way that it is currently designed?

We have some major problems with this legislation. We have a problem with its failure to afford appropriate protections to Australian jobs and export-intensive industries, as have been provided in the US under their scheme—far more generous arrangements. We have a problem with an overly complex scheme that will incur significant compliance costs which will trap business in an ETS compliance bog where they are forced to count every gram of carbon, which is not required under all schemes—there are alternatives. The scheme, as it has been designed, will undermine corporate balance sheets—as outlined by the member for Goldstein. It will introduce in this nation—this of all nations!—the idea of sovereign risk of investments. Who would have thought that, in a country like ours, which has, arguably, the most stable democracy of any in the world, this government could actually come up with a way of introducing a higher level of sovereign risk for major resource investments in this country? No wonder those who are responsible for resources and energy in the government are so sceptical of this scheme. This scheme also fails to provide additional complementary measures to reduce carbon emissions. Renewable energy initiatives—and the Leader of the Opposition has highlighted the issue of green carbon and green depreciation issues such as biofuels and algae as areas of offsets—provide important opportunities, but they are not addressed by this scheme.

In my electorate there are two big issues: the issue of oil refineries—with Caltex who are based in Kurnell—and also the issue of the aviation industry. In my electorate, I have a very high proportion of people who are employed in the aviation and related industries, but particularly in Qantas. My electorate has the highest proportion of Qantas employees of any electorate in the country. Caltex employ 541 employees at the refinery at Kurnell and more than 200 contractors—and often many more than that—who regularly go out and service the site. In their submission to the Senate Select Committee on Climate Policy, Caltex argue that the competitiveness of emissions-intensive trade-exposed industries must be maintained. They say:

Caltex’s two refineries will emit in total about 2.5 million tonnes of carbon dioxide equivalent … annually when the CPRS is in operation. At the CPRS-5 price scenario—

A price of carbon to achieve a five per cent reduction in carbon emissions—

this will result in a permit cost of about $25 million pa in the early years of the scheme, increasing to about $35 million pa (in $2005) by 2020. At the CPRS capped price, the permit costs would be $40 million pa and $60 million pa respectively.
These permit costs will not be recoverable because the prices of petroleum products from Caltex’s refineries are based on import parity and none of the overseas refineries that are our direct competitors … seem likely to adopt equivalent carbon costs for the foreseeable future.

In order to fully maintain international competitiveness, Caltex proposes that activities such as oil refining where prices are completely aligned with import parity should receive a free allocation of permits equal to 100% of Scope 1 and Scope 2 emissions, until such time as all significant import competitors face equivalent carbon costs.

These competitors would include Singapore, India, Korea, Japan and China. And, as we heard from the Leader of the Opposition last night, this is exactly the level of opportunity and protection which is being considered in the US scheme—that, until the rest of the world catches up, the US government is not going to risk US jobs.

In the area of aviation, the Qantas submission to the Senate Select Committee on Fuel and Energy said that the government’s ETS did not recognise aviation as emissions-intensive trade-exposed industry or strongly affected industry and ‘would have airlines pay for 100 per cent of their carbon permit obligations immediately’. Qantas further stated in their submission:

Unlike many other emissions intensive industries, aviation will not be given transitional assistance.

It is the view of Qantas that the impact of the CPRS on domestic aviation ‘will be extensive, as the ability to offset the introduction of a carbon cost is limited’. Qantas said:

The introduction of an emissions trading scheme would effectively increase the cost base of airlines, just as the rising cost of fuel has, with associated negative implications for regional communities and the tourism industry.

This legislation is just not done—it is not ready; it is undercooked. It is not ready to go, and it should not be supported. The government should heed the advice of the opposition. Common sense should prevail. They should put jobs first and they should ensure a scheme such as this reduces emissions and does not just export them, as is the plan.

Mr Hayes (Werriwa) (12.57 pm)—I congratulate the member for Cook on his contribution on the Carbon Pollution Reduction Scheme Bill 2009 and associated bills. I think what he has done for the rest of us is confirm that, under no circumstances, are they on that side of the House in a position to move forward to address the issue of climate change. I guess he is sitting in hot company, with all the various climate change deniers, which I am happy to refer the member to—although he knows them; he sits in the party room with them. He understands that at this stage they remain climate change sceptics. His selective quoting from submissions to the Senate was done for one reason: to try to buy them time.

There are those of us who well remember the election of 2007 and issues such as Work Choices. But what issue was up there with Work Choices? It was climate change. We have a responsibility to the Australian public in that regard. We have a responsibility to future generations to act on climate change and act now. That was the mandate that was given. Maybe the member for Cook and his colleagues over there did not understand what occurred last election. You reckon they would have, although seeing how they have acted on Work Choices ever since and how they wanted to water down the passage of the Fair Work bill yesterday just goes to confirm that there is no environment right for doing things, according to the opposition. And, once again, they are consistently saying that now is not the right time to act. The simple fact is that we are on one of the hottest and driest continents on earth. Australia’s environment would be one of the hardest and
fastest hit by climate change if we did not act.

In the face of the current economic crisis, the Carbon Pollution Reduction Scheme is an effective mechanism through which to provide business certainty about the government’s plan to tackle the issue of global warming. We have been very mindful to protect jobs, particularly in these difficult economic times. One way we have sought to do this is through the proposed one-year buffer. The one-year buffer proposed by the government allows business to weather the current global recession while simultaneously being able to plan for their future investments through more sustainable business practices. Again, that is consistent with the dialogue that we have had with industry. We have sought to support the jobs of today while at the same time putting in place a scheme that will create the low-pollution jobs of the future. That is the responsible activity of government. I cannot believe that we are still having this argument, but the cost of inaction will have a far greater impact on jobs and our economy than any responsible action taken on climate change now.

Our approach is in contrast to the great climate change sceptics on the other side of the House. I would like to note a few recent comments—there is a pattern which emerges here. It was only last week that the member for O’Connor was cited from an interview at the doors as indicating that the majority of those in the party room were against taking action. As a matter of fact they did not believe that climate change was a factual event.

Senator Cory Bernardi said this:

But exactly what is causing climate change and what—if anything—should we be doing about it should remain the subject of debate? … We need to question the prevailing orthodoxy of belief … That comes from the good Liberal Party senator from South Australia, only to be matched by Senator Abetz from Tasmania—a senior office holder in the Liberal Party, as I understand it, and also on the opposition front bench in the Senate:

There is no doubt that weeds pose … a challenge much clearer, more present and possibly more serious than the unclear challenge which climate change may or may not pose to our biodiversity …

That could hardly be the comment of anything but a climate change sceptic. Following this pattern, when John Howard led the government, the science and technology committee—I forget what the actual topic was that they handled—had a majority of Liberal Party members. They had a report authored by the member for Tangney, Dr Jensen. He indicated that there was no real substance to the issue of global warming. He went on to cite what was occurring on Pluto and Mars and other places throughout the universe to try and back his point up. They actually included that in a report presented before this parliament when they were in government, just before the last election. It is absolutely fanciful for anyone to take seriously that over there there is not a paddock full of climate change deniers.

We know that they are locked into their way and now they want to delay, delay and delay. Less than 12 months ago, the Leader of the Opposition said he would ‘move on emissions trading schemes come what may’, and he emphasised that his position on climate change was ‘not conditional on international action’. Notwithstanding that, he reckoned at that point in time that we must consistently move forward in this country.

To some extent that is consistent with the views he expressed when he was the environment minister in the Howard government. But now we know that he has been forced in his own party room to delay any decision on climate change. He is now arguing that Australia should wait until after the passage of
bills on emissions trading in the United States and wait until after Copenhagen in December, where other countries are going to sit and determine what they are going to do. No wonder people in this country have a cultural cringe. Here is the Leader of the Opposition and he wants to talk about anyone doing anything provided it is not us. If you look at all his commentary to date you will find he wants to wait for the passage of the US bills and wait for Copenhagen—that, by the way, is the last in a long line of about six or seven excuses as to why we should not take any action when it comes to climate change.

It is true that the world is going to come together and attempt to deal with things cohesively and collaboratively in December of this year. But if we are going to have a real voice there, we cannot go there on the basis of ‘just wait’ and ‘suck it and see’. That is what we have been asked to do. It is a little bit like what the former opposition spokesman on Treasury wanted to do about the international global financial crisis and its impact on us here in Australia. I do not have the exact quote but I am sure I am not far off the mark in saying that at that stage he said, ‘Let’s wait and see what happens.’ We did not want to wait and see how deleteriously the Australian economy could be impacted. They did not want to be looking at stimulus; they did not want to be creating demand; the opposition wanted as a policy position: ‘Let’s wait and see what happens.’ If anything, this has got to be the party of inaction, inertia and incompetence.

The opposition may refuse to acknowledge how important it is to provide certainty in relation to the position on CPRS. When they do that they are certainly not reflecting the views of the business community. This bill’s importance has been recognised by various areas within the business community and principally by those at the sharp end of this. Companies such as Santos, Shell and BP—companies that I have had an association with in the past when I worked in the hydrocarbon based industries—have acknowledged the importance of it. The business community generally, together with the environmental groups and the Australian public, expect this parliament to do the right thing and pass this CPRS legislation and do it now. Delaying the passage of this legislation will directly undermine investment certainty at a time when business least requires that to occur.

In closing, I would like to refer to the comments of the Business Council of Australia in a recent media release:

In the interests of business certainty, the BCA calls on the Senate to pass legislation this year to establish a Carbon Pollution Reduction Scheme …

It is regarded as a necessary step to enhance future profitability and investment confidence that we establish this scheme and we do it now. Not only does this bill provide the crucial balance between economic stability and environmental sustainability but it is an act of responsible behaviour on the part of our current generation.

There are many other things I would like to talk about but time is now going to be against me. I would like to conclude by saying the Carbon Pollution Reduction Scheme Bill 2009 and its associated bills create an essential national emissions trading scheme to meet Australia’s commitment to its objectives under the United Nations Framework Convention on Climate Change and the Kyoto protocol. This period of economic uncertainty has presented the opportunity for effective, efficient future planning. That is what these bills do and I commend them to the House.
Mr LINDSAY (Herbert) (1.08 pm)—Mr Deputy Speaker, before I begin my contribution, I would like to make an announcement to the parliament. The Maroons will win the State of Origin tonight and the Cockroaches will be flogged.

This bill is called the Carbon Pollution Reduction Scheme Bill 2009 but the subtext is that 1,870 Townsville jobs are at risk. That is the subtext for me as the member for Herbert, representing Australia’s largest tropical city. I am fed up with the politics of the Rudd government’s emissions trading scheme. The focus has to be on what is best for Australia, what is workable and what will protect jobs while reducing emissions. The focus must not be on the politics of this.

For these reasons, the coalition have a different approach to a CPRS. We are not focused on spin and political advantage. We are doing something that is hard. We are focused on delivering the most sensible public policy position. Even under the former Prime Minister, the coalition supported the adoption of an ETS. I hear this constant claim from the government that we are climate change deniers. I remind the parliament that, even under John Howard, our policy was to have an emissions trading scheme. We still have that policy and no amount of Labor spin can alter our resolve. No one will alter my resolve to protect jobs in Townsville.

We are not climate change deniers but what we are is a party that wants to get the best outcome for our country. Rather than rush headlong into this, we want to get the best outcome. The best outcome only comes when you know what the United States is going to do, and when you have certainty about the US position, because the rest of the world will follow the US. If we jump in too early, we may end up with a scheme that in fact disadvantages our trade-exposed industries. What is the sense in that? How can the government argue against a position that best protects Australian industry and Australian jobs?

The only way they can argue is on the basis of getting some kind of political advantage. The government know that they have bipartisan support in going to Copenhagen to say that Australia will support an emissions target and that both sides of politics support the same target. They know that. There is no downside in going to Copenhagen not having this legislation passed. The upside for the government is to say to the electorate, ‘We are working on climate change and the opposition is delaying.’ The opposition is not delaying; it is just being sensible. I hope that the Australian public will understand that.

The Minerals Council of Australia report about job losses under an ETS predicts that Townsville will lose 1,870 jobs by 2020 and that the total job losses for North Queensland will exceed 3,500. We have got to be very careful of that as a parliament. The Leader of the Opposition was right to observe that this legislation has almost no supporters. The business community have almost unanimously complained about its job-destroying provisions, while the environmentalists, on the other hand, have complained that it does not go far enough and is not effective in reducing emissions.

It is a poorly conceived scheme. It was poorly put together in haste, with inadequate analysis and consideration. It is therefore vital that climate change is approached in a fair and balanced way. This bill shows that the Rudd government do not have that commitment. Their position will cost Australian jobs and send businesses offshore. If Labor’s emissions trading scheme goes ahead in its current form, the Minerals Council of Australia estimates that by 2020 over 23,500 mining jobs will be lost. These are unionists. This is the Australian Labor Party—a branch
Queenslanders will suffer most, with 11,440 job losses by 2020. This is almost half the total number predicted and a great burden on Queensland. In their haste to implement this Carbon Pollution Reduction Scheme, the Rudd government are ignoring the devastating effect it will have on North Queenslanders.

Australia produces only 1.4 per cent of the world’s carbon dioxide emissions. It is clear that the Australian solution does not solve the world problem. There must be global effort and a global agreement. I do not think anybody would disagree with that. But this is why the coalition is committed to providing support to the government in the targets that Australia takes to the climate change conference in Copenhagen in December. The government can represent a united Australian position at this meeting for a reduction in emissions of five per cent from 2000 levels by 2020 and up to 25 per cent reduction with a global agreement. The Copenhagen conference is only six months away; Australia must wait until global efforts on climate change can be assessed. It is the sensible thing to do and would ensure that Australia can get its emissions trading scheme right. A vote on the scheme should be deferred until after the Copenhagen conference.

When the Treasury modelling on the ETS was released, it did not consider the effects of the global financial crisis. It assumed all countries would be part of a global agreement. The modelling was only on Labor’s ETS; it did not consider alternative schemes. We in the coalition are very concerned that the full impact of the Rudd government’s ETS has not even been considered. I think I will have colleagues on the government side of the parliament who feel for this point that I make and will be privately concerned that the government’s ETS has not been properly considered.

This is a concern that has been echoed by the Australian Chamber of Commerce and Industry. They have said that they see no reason for the CPRS legislation to be rushed through parliament this year. They caution that it is more important to first fully consider the financial impact of the scheme. The government should take this advice.

The government’s emissions trading scheme legislation is flawed. In its current form it will negatively impact on regional Australia. The beef and sugar industries will see a $60 million tax through the price they receive for their products. The grain industry, with low levels of emissions, will be forced to absorb indirect costs of half a billion dollars every year. This would be in addition to the tariffs they must pay in other countries, ranging from three per cent in the United States to 45 per cent in the European Union and 70 per cent in Japan. This ETS would place an additional burden on the Australian grain industry.

The government are attempting to rush this legislation through the parliament without a thought for the dramatic economic consequences it will have. This is unsurprising from a Labor government which has committed Australians—again, without thought—to $315,000 million of debt. Australia is seeing reckless spending the likes of which we have never seen in the history of our country: $315,000 million—extraordinary.

Mr Rudd’s emissions trading scheme does not consider the impact of the global financial crisis. It will cost Australian jobs and will hurt the economy. The scheme places an effective $12 billion tax over five years on Australian import and export industries. Are you really going to vote for that? Mr Rudd and Senator Wong announced changes to the
scheme on 4 May—my birthday; I am 23! These changes do little to correct the problems with the ETS and merely increase its complexity. The Rudd government are rushing a flawed scheme for their own political purposes.

Because it is vital for there to be a global agreement, it is important to look around the world. In the United States the draft legislation on emissions trading fully protects US import and export competing industries until 2025. This protection will not be removed until 70 per cent of global output in the industry occurs in countries which have a similar emissions trading scheme. The Rudd government are not considering the position of the United States. In doing so they demonstrate the flaws in the ETS we are talking about today, and they put our industry at a disadvantage vis-a-vis other world industries.

The Centre for International Economics review of the government’s white paper on their emissions trading scheme reveals that it will tax Australia’s largest employers and risk Australian jobs. Labor has not considered any alternatives, even in light of the GFC.

The coalition’s Green Carbon Initiative announced by Malcolm Turnbull in January aims to achieve additional annual reductions of a minimum 150 million tonnes of CO2 equivalent by 2020. The coalition is committed to considering a full range of measures which will not have the high cost of Labor’s scheme. This initiative shows how committed the coalition is to climate change and how out of touch the Rudd government is when it comes to economic management and business interests.

The Rudd government are getting it wrong. The Senate Select Committee on Fuel and Energy released its report on 7 May and found that the proposed CPRS will not succeed in reducing global emissions and will cost Australia jobs. That is a wake-up call for the government. Australia needs effective legislation that provides real solutions. The government’s CPRS does not achieve this. It is a reckless and rushed bill which will hurt the Australian economy, it is a reckless and rushed bill which will hurt industry in Townsville and it is a reckless and rushed bill that will prejudice the jobs of 1,870 good families in my home city of Townsville. For those reasons I cannot support the legislation.

**Mr CRAIG THOMSON** (Dobell) (1.19 pm)—One thing that is certain, when we talk about the opposition and their position on emissions trading, is that they are not on the same page. We had the Leader of the Nationals’ contribution today where he was virtually saying, ‘Look, this is such a hard decision we shouldn’t make a decision; we should just leave it.’ We had the Leader of the Nationals in the Senate saying they are not even supportive of an emissions trading scheme whatsoever. We had the member for O’Connor saying that two-thirds of the Liberal Party do not even believe in climate change, let alone an emissions trading scheme. So we have inconsistency from the opposition; they are not on the same page.

But I think we probably have them reading from the same book, and that would be a book called *1,000 Reasons Why We Shouldn’t Act in Relation to Climate Change*, because, no matter which story we are hearing from which faction or subfaction of the opposition, we are hearing something consistent, which is: ‘We don’t want to do anything.’ That should not be a surprise to the Australian people; we have had 12 years of them not doing anything in relation to this. But the Rudd government made a commitment to the people of Australia at the last election that we would act in relation to climate change, and that is what we have done, and that is what this legislation, the Carbon Pollution
Climate change presents many challenges for the planet and the country that our children are going to inherit. It also brings specific challenges to the electorate that I represent. For the electorate of Dobell, rising sea levels; the predicted increased occurrences of east coast lows, bringing more extreme storm events; and increased bushfire activity and water shortages have the potential to cause major problems for our region. Dobell extends along the coast just north of the Terrigal Lagoon through to Norah Head. Areas such as the Wamberal beachfront and The Entrance North have been identified as being particularly vulnerable to rising sea levels and greater storm activity. When the House committee on climate change and the environment began their inquiry into the effects of climate change on coastal areas, the first place they visited was my seat of Dobell. Both of those suburbs have recently experienced severe beach erosion that has eroded the yards of private properties and destroyed fences and decking. We also have a lake in the middle of the electorate that, in the last five years, has suffered two major floods. These were meant to be floods that happened once in 50 or 100 years; we have had two in five years.

As sea levels rise, and storm events and surges become more severe and potentially more frequent, it would be not unexpected to lose a number of homes within these areas. Last Friday I was at North Entrance, talking to homeowners who have seen the boundaries of their properties consumed by the sea. A couple told me that they have lost seven metres of their backyard, which were taken away by the severe weather conditions that they experienced only last week. It really brought home the reality of the importance of what we are talking about today—when you see half a backyard disappearing into the ocean. When I was there I saw footpaths hanging out over the edge of a cliff because there used to be a backyard there. This used to be the back path going down the backyard. It has disappeared. This is such a recent event that, when the environment committee visited the exact same spot only 12 months ago, there was a backyard there. It has now disappeared, as with all of these houses at North Entrance.

Carbon pollution is contributing to changes in the world’s climate, resulting in extreme weather, higher temperatures, more droughts and rising sea levels. Everyone needs to do their bit to tackle carbon pollution, and by introducing the Carbon Pollution Reduction Scheme Australia will be a part of the solution, not just the problem. We are taking strong action to tackle climate change by introducing a Carbon Pollution Reduction Scheme while also making sure that the targets we put in place are appropriate and responsible, given the need to support our economy and jobs during this global recession. The community expects the government to make tough decisions in tackling climate change. Tough decisions in this context mean substantial structural changes to the way our economy operates. The government’s CPRS is consistent with these community aims.

After 12 years of climate change scepticism and neglect by the former government, this government is stepping up to the plate and making a number of important changes. These include putting a cost on carbon pollution, which will encourage major polluting businesses to lower their emissions; using the funds raised to assist households to adjust to the scheme, making sure Australian families do not carry the cost of climate change; and building on our investment in renewable energy to create the low-pollution jobs of the future in solar energy, wind farms and jobs using new technologies like clean coal and
geothermal energy. Taking action on climate change will see renewable energy targets grow to 30 times their current size by 2050, creating thousands of new green-collar jobs.

These types of schemes are already operating in 27 European countries and 28 states and provinces of the United States and Canada. They are introducing emissions trading schemes to reduce carbon pollution, as is New Zealand. US President Obama is committed to establishing a cap-and-trade scheme to reduce carbon emissions, with targets of reducing emissions to 1990 levels by 2020 and 80 per cent below 1990 by 2050.

The Carbon Pollution Reduction Scheme will help us tackle climate change to ensure our kids and future generations are not left to clean up the mess. This is the Labor approach: ensuring our kids and our future generations are not left with the economic and legislative structures that are not suitable for the grave environmental challenges that we face. The coalition approach can only be described as the collective sticking of heads in the sand.

It has been well over a decade since the Kyoto protocol was adopted. It has been a year and a half since Kevin Rudd ratified this protocol on behalf of Australia. The Australian community has moved over a relatively long period of time to a clear-cut position that substantive climate change action is required. The coalition still fail to hold even a resemblance of a unified, consistent position on whether climate change actually exists, let alone a plan to tackle it. The coalition are doing the political equivalent of putting a pillow over their head and hoping that the problem of not having a consistent position simply goes away. For 12 years the coalition neglected the issue and failed to act. Action under the former coalition government would have made the transition to a low-pollution economy now that much easier.

My constituents in Dobell are already facing the prospect of increasing prices because of the impact of climate change. Gosford and Wyong councils have been given permission to increase rates of pay to pay for securing water supplies for the future. Dam levels have now only just risen to 32 per cent of capacity, after being close to empty in 2007. Without increased capacity, water storages will always be vulnerable in any lengthy dry spell. With predictions of a new El Nino weather event, the residents of the Central Coast will be looking at extended periods of water scarcity.

Energy Australia has been given permission by IPART to increase energy costs for customers. This reflects the need for increased spending to ensure energy supplies in the future. The Central Coast is lacking in public transport infrastructure, and most residents are forced into their cars for work and/or leisure. Yet many businesses, aware of the prospect of increased energy and fuel costs under a CPRS, are now investing in energy and water saving measures that will mitigate the costs of any price rises. Unfortunately, many of my constituents are not able to do this. Although some residents are utilising rebates under the Energy Efficient Homes program, for many residents on fixed and low incomes, the ability to implement water and energy saving measures is limited. Under the CPRS, residents of my community will benefit in a number of ways: those on pensions and low incomes will be compensated for increased costs associated with the CPRS; business and industry will be looking to offset carbon emissions through such things as community projects around emissions reductions; and through the creation of green jobs.
Importantly, the government will provide substantial assistance to support the jobs of today through an allocation of free permits to firms engaged in emissions-intensive trade-exposed activities; the $3.9 billion Electricity Sector Adjustment Scheme, which will provide a fixed allocation of permits to coal-fired electricity generators over five years; and the $2.75 billion Climate Change Action Fund, which will provide further targeted assistance to businesses as well as community sector organisations, workers, regions and communities. If we do not act, Australia’s economy will be left behind, meaning we will not create the low-pollution jobs of the future. Treasury modelling released in October 2008 demonstrated that economies that defer action face long-term costs that are around 15 per cent higher than those that take action now. So the longer we delay the more likely Australia will miss the boat on the potential to be a world leader in green-collar industries. The longer we delay the more my constituents, many of whom have the least ability to pay, will be paying for the costs associated with climate change.

The government is taking responsible and decisive action to ensure that our kids and future generations are not left to clean up the mess. The demarcation between Labor and the conservatives is clear: from the government there is decisive action to seriously tackle the challenges we face; on the other side there is nothing but confusion and division. I commend the bills to the House.

Mr SLIPPER (Fisher) (1.29 pm)—With the Carbon Pollution Reduction Scheme Bill 2009 and related bills currently before the House the ALP is embarking on an ideological indulgence. Given the fact that the scheme is not due to come into effect for a considerable period of time, there is absolutely no reason for this indecent rush to put legislation on the statute books. Consequently, I cannot support the bills in their present form and I do in fact support the amendment moved by the Leader of the Opposition when he spoke in the parliament recently.

Let us look at what the Leader of the Opposition is suggesting should occur. He is saying that these bills should be deferred until a number of things have happened—things that are really quite reasonable in all the circumstances. Firstly, the bills should be deferred until the Copenhagen climate change summit at the end of this year has concluded and, secondly, until the Barack Obama administration in the United States has clarified its intentions in this area. He also pointed out in the amendment that consideration of the legislation should be deferred until the government has referred its Carbon Pollution Reduction Scheme to the Productivity Commission so that it may conduct a six-month review to assess the national, regional and industry sectoral impact of the CPRS in the light of the global financial crisis; assess the economic impact of the CPRS in the light of other countries either not imposing a price on carbon comparable to that proposed for Australia or imposing such a price after different assumed periods of delay; and conceptually and empirically examine the relative costs and benefits, including emissions reductions, of the key alternative scheme designs against the CPRS. Finally, consideration should be deferred until the Productivity Commission’s reports on these topics have been publicly released.

The government is bringing in legislation that will disadvantage Australia, Australians, Australian industry and Australian jobs all in the heat of the moment because the government wants to be seen to be doing something. It is bizarre to consider that the government of Australia is seriously considering a carbon reduction scheme that will (a) have virtually no impact on the global pollution
levels and (b) cause massive cost increases for business and many job losses.

The government cites and re-cites as a mantra that it is the party of jobs. This legislation, if implemented, will destroy jobs. Given that as far as emitting nations and polluting nations are concerned we are well down the scale, you would think that the government would be waiting to see what the world is doing, particularly as our own scheme does not come in for a considerable period of time. I listened very carefully to what government spokespeople have said in relation to this and I have to say that their response is clearly uninspiring and unconvincing. I do not know what the rush is. Everyone accepts that, as a good corporate and world citizen, Australia must do something to reduce carbon emissions. No-one denies that. But our scheme is not going to come into effect for a considerable period and in between there will be a number of world decisions made, including decisions at Copenhagen and decisions by the Barack Obama administration in the United States of America, and those decisions, whatever they are, could well impact on what we as a country should do as part of our response. This legislation is absolute tokenism—or, more correctly, would be absolute tokenism if it were not for the very serious economic and jobs impact that this legislation will have.

I am advised that the scheme drawn up by the US administration does in fact have built-in protection for jobs. However, here in Australia the government does not seem to be sufficiently concerned to have a rethink about the scheme. It is not prepared to rejig its stance so as to reduce the negative impact on Australians. I find as I go around the electorate of Fisher—and I am sure other honourable members find this as they travel around the country—that, clearly while there is a desire in the community for us to do what we can to combat climate change, there is a very real concern that if Australia goes forward ahead of the rest of the world we might in fact be imposing substantial disadvantages on this nation while not seriously having any impact on global pollution levels.

No government in the world other than this government has been prepared to risk jobs in the way that this government is. The government would like us to wave the legislation through, but the Liberal-National opposition cannot sit back and allow the government to rush headlong into introducing such a scheme without our standing up on principle and making clear the concerns felt right around the country on the impact that this scheme would have on Australia. The only conclusion we have is that the government is not able to think on its feet. The government is woodenly proceeding down a path that is to the serious disadvantage of the Australian community.

On a recent television program debating action on climate change the studio audience seemed to go noticeably quiet when discussions turned to whether or not they would support the scheme if it meant losing their jobs. I can understand why any audience would go quiet when asked: ‘Well, yes, climate change action is a good thing, but would you want it if it cost you your job?’ particularly when any action that Australia takes unilaterally will have virtually no impact on global pollution levels. So people in Australia, people in that studio audience, risk losing their jobs as a result of the ideological action of this government. It is an action by this government that will have virtually no impact on global pollution levels. To me that seems downright stupid.

Australia produces just 1.4 per cent of global carbon dioxide emissions, and the introduction of a radical trading scheme here will have little global impact in the real sense unless it is accompanied by the introduction
of similar schemes by the world’s major polluters. Unless other countries are prepared to implement schemes, Australia will be hanging itself out to dry and this legislation will be on the statute books. I represent a regional area, and the impact on regional communities of an emissions scheme is a telling concern. Research says that some regional communities could expect an impact of 20 per cent on their livelihoods. If that extrapolates to a 20 per cent rise in unemployment in those communities, is the government prepared for that burden? I am advised that the average dairy farmer can expect an increase in costs of between $6,000 and $9,000, and this follows the challenges faced by the industry due to deregulation which resulted in numerous farmers leaving the land and taking their expertise with them. Are we prepared and are we able as a nation to afford the loss of more dairy farmers, possibly increasing our reliance on imports?

The Liberal-National opposition will offer bipartisan support to the government for the carbon abatement targets Australia will take to the Copenhagen climate change conference in December. This means, as has been pointed out by others in the opposition, that the government can go to the conference with a united Australian position, strengthening its hand considerably. They will try and paint us as climate change sceptics, as people who are wreckers and destroyers, who are not interested in combating the pollution of our environment. But we are not saying that we ought not to have a scheme. We believe that Australia ought to have a scheme and yet Australia as a polluter to the extent of only 1.4 per cent of the world’s problem ought not to be putting its neck on the chopping block until we know what the rest of the world is doing. We want to defer a vote on this legislation until after Copenhagen. That is a very important step forward. We will also augment our support for emissions reduction targets with a significant renewable energy support package in the near future.

This is a topic on which one could talk virtually forever. When one looks at the range of organisations in the community attacking the government’s suicidal approach, one wonders why the government does not react to community concern. So I strongly support the amendment moved in this place by the honourable Leader of the Opposition. If that amendment is not backed by the government then I will have absolutely no hesitation in voting for the Australian economy, voting for Australian jobs and making sure that Australia does not hang itself out to dry, that we do not cut our head off to somehow play to world opinion.

Ms Parke (Fremantle) (1.40 pm)—I speak today in support of this historic, necessary and carefully designed suite of bills that will establish in Australia a comprehensive carbon pollution reduction scheme. These bills together represent the first major step taken by an Australian government to deal with the greatest market failure in history—namely, the failure to attribute a cost to carbon pollution.

There are several reasons for that failure. For a long time governments, business and the scientific community simply did not appreciate the effects and the costs of a steeply rising concentration of carbon in the earth’s atmosphere. While the concept of greenhouse gas has been with us since the 18th century and while there is no argument that the human production of greenhouse gas has been increasing exponentially since the Industrial Revolution, the logically consequential notion of anthropogenic climate change has taken longer to arrive.

Now, in the 21st century, we have reached a point, however belatedly, where the strong scientific consensus is that climate change is occurring and that it is being caused by car-
bon pollution for which we are responsible. Accepting and acting on this scientific consensus does not mean there is no room for debate or for further scientific investigation of the issue and its consequences. Indeed, debate and study are needed now more than ever. Nevertheless, there is a sound and growing body of scientific work that sets out the kind of scenario we are likely to face if climate change continues unabated. These include: a significant rise in the earth’s average surface temperature—an outcome which an article in the May issue of the *Lancet* described as ‘potentially the biggest global health threat in the 21st century’; a significant rise in ocean temperatures, which would, among other calamities, greatly accelerate the destruction of the Great Barrier Reef; a significant rise in ocean levels, which would displace millions of people worldwide; and an increase in extreme weather events like cyclones, floods and weather related fires.

In the face of a scientific consensus regarding consequences that are as grave as this, the only reasonable course of action is to first stabilise and then ultimately reduce carbon pollution in the earth’s atmosphere. That is why governments around the world are acting to confront this challenge. It is why the Kyoto protocol agreement came into existence. It is why there are already emissions trading schemes operating widely in Europe and planned to operate in New Zealand and Japan and within more than 25 states and provinces across the United States and Canada. It is also why the Rudd government will keep perhaps its most significant election promise and, with these bills, implement a carbon pollution reduction scheme in Australia.

Those who oppose the CPRS fall into two broad categories. In the first are those who oppose it altogether—those who do not accept the scientific consensus or who think that any action by Australia must only come after the rest of the world is on the way to fixing the problem for us. In the second category are those who understand the necessity of action to reduce carbon pollution but who believe our measures are not sufficient. There are a number of individuals and groups in my electorate, for example, who would prefer to see a much steeper and immediate reduction in carbon pollution. I am not without sympathy for that point of view but I urge those people to recognise the size of the task that confronts us all. This is the beginning and, while for some our proposed CPRS does not go far enough and for others it goes too far, nevertheless the passage of this legislation will deliver two historic and unprecedented achievements: first, the introduction of a trading system in Australia that puts a price on carbon emissions and, second, the commitment to a minimum, unconditional five per cent emission reduction trajectory.

In keeping an election promise to introduce an emissions trading scheme, the government is not fixed on an inflexible, dogmatic approach. This is evidenced by the changes to the scheme that reflect, on the one hand, the circumstances of the global recession and, on the other hand, amendments that will ensure that the efforts of households and individuals to reduce emissions are appropriately reflected in a further reduction of set cap limits. I welcome this latter change in particular because I recognise that the most important driver of change on this issue is the Australian community.

Professor Garnaut, when he delivered his final report of the climate change review, said:

This is a diabolical policy problem, but it has a saving grace. And that is that the extraordinary interest of Australians gives the government a base of support that has not been there in any comparable degree for other major structural
changes in the economy under the reforms of the past 30 years.

We have to keep faith with the Australian community on this issue. My own position was certainly reinforced at a climate change forum that I hosted in my electorate late last year. My constituents want to see action taken by their government, both on their behalf and in support of their own efforts to reduce emissions, and to pursue a low-carbon future for their children.

It is unfortunate that on an issue as important as climate change we have not in this place been able to approach the reduction of carbon pollution and the creation of a green and renewable energy future for Australia as a shared objective, with the contest between political representatives confined to the necessary argument about the details and the methods of reaching that objective. It is unfortunate that the coalition is so divided on this issue, with only one consistent line involving scaremongering about the effect that an emissions trading scheme will have on economic activity in Australia.

It is a fundamentally false dichotomy to frame this as a choice between the environment and the economy. The climate change that is occurring—and that will only accelerate if we do not reduce carbon emissions—can be measured just as easily in terms of economic damage as it can in terms of environmental damage. Indeed, there is a bumper sticker that sums up very well the absurdity of pitting the health of the environment against our own material wellbeing. It says, ‘No jobs on a dead planet.’ This black-and-white simplification—that the economy and the environment are somehow opposite values and that human prosperity can only occur through the consumption and destruction of the natural world—not only is self-defeating but ignores the possibility of making a paradigm shift to another view altogether. There is a widespread view in my electorate of Fremantle that says we can be both economically productive and sustainable. This is a view that sees the significant economic upside to being a country of innovation and a world leader in renewable energy, in energy efficiency and in carbon abatement technology. The Rudd government says, quite reasonably, that it can help the environment and the economy.

Taken altogether, the government has committed $13 billion to clean energy, solar and energy efficient homes programs that will drive the creation of low-pollution jobs, products and services. Working in combination with these initiatives to support a veriginous growth in green industries and green jobs, the CPRS will provide the fundamental framework of opportunity for Australian scientists, inventors, innovators and entrepreneurs who want to take Australia and the world towards a low-carbon and renewable energy future.

I want to take a couple of minutes to talk about the global challenge of addressing climate change. The CPRS is the first major step taken by an Australian government towards meeting Australia’s obligations under the UN Framework Convention on Climate Change and the Kyoto protocol. It will be the strong basis on which we go to Copenhagen this year to further participate in international efforts to address climate change. The issue of responding to the threat of climate change raises squarely one of the great ongoing tasks that confront humankind, and that is to find ways to cooperate effectively as a global community. The consequences of unchecked carbon pollution, to which we give the name ‘climate change’, are a global problem. The atmosphere is shared by all of us; the sea is shared by all of us. Climate change is not something that nations can or ought to confront within their borders alone.
Let us keep in mind too that climate change is not separate from the factors which cause civil and geopolitical conflict. The terrible events in Darfur, which have led to the displacement of more than four million people, are regarded by the UN Secretary-General as having begun with ‘an ecological crisis, arising at least in part from climate change’. We also know that there is a crisis coming in terms of millions of people being forced to migrate, temporarily or permanently, as a consequence of climate change.

In the end, it is accurate to say that appropriate, precautionary action to address carbon pollution and its consequences is in the self-interest of individuals everywhere. Professor Garnaut expressed it very well when he stated:

… there is a solution to the diabolical problem. It is a global solution, to which Australia has much to contribute, and in the achievement of which Australia can make a difference. It is not an easy solution, for Australia or for the rest of the world. There is a chance, just a chance, that humanity will deal with this matter in a way that future generations judge to be satisfactory. So much is at stake, that it is worth a large effort to take that chance. If we fail, on a balance of probabilities, the failure of our generation will haunt humanity until the end of time.

In the final analysis, after making the argument for action, it is worth contemplating the alternative. It is argued by those opposite that we should wait for other countries to take action before committing ourselves to addressing what the overwhelming weight of scientific opinion tells us is a real, imminent and serious threat of catastrophe. But if all nations adopted this reasoning, nothing would occur. It is argued by those opposite that we should wait because our contribution is comparatively small, even though our per capita emissions are among the highest in the world. It is argued by those opposite that we should do nothing because of the cost involved in action, even though all the modelling indicates that the longer we do nothing the more it will cost, even though the business community is calling for certainty and even though, as reported on the front page of today’s Australian Financial Review, Australia’s largest institutional investors have found in an independent assessment that the impact of the government’s CPRS on most companies will be minimal.

This government rejects the position of the opposition, which is based on doing nothing or waiting and which creates fear and puts individual self-interest ahead of the public interest. The Rudd government was elected with a mandate to act on the greatest market failure in human history and a mandate to act on the greatest policy challenge of the 21st century. With these bills, we will act to create a carbon pollution reduction scheme for the benefit of Australia and as part of the global effort to face the diabolical problem of climate change. I commend the bills to the House.

Dr SOUTHCOTT (Boothby) (1.51 pm)—When this parliament takes any decision there are impacts on individuals and impacts on families. It is the role of the parliament to weigh up its decisions, always keeping in mind what will be the impact on Australian families, the impact on workers and the impact on individuals. I find it extraordinary that we are being asked to consider this carbon pollution reduction legislation for a scheme that will begin in 2012, in 2½ years time—a scheme which has already been delayed—without some very important information.

The world will gather at the end of the year in Copenhagen to come up with a global response on climate change, on how the world will act post 2012. Australia contributes only 1.4 per cent of carbon emissions. There is no Australian solution to climate change; it has to be a global solution to cli-
mate change. I find it extraordinary that we have not been told what the impact of this scheme will be on jobs. Anyone who saw the Minister for Climate Change and Water fudging around this issue on *Lateline* would have been horrified. She was simply unable to say what will be the impact, when we expect that there will be one million Australians out of work over the next two years.

Other people have looked at this. Concept Economics modelling has shown that there will be 23½ thousand jobs lost across Australia’s minerals industry by 2020, and 66,480 by 2030, as a direct result of this emissions trading scheme. That is why we believe it is prudent to have the Productivity Commission look at what will be the impacts of this scheme on our national economy, by region and by industry. We believe it is important to know what will be the shape of the global agreement coming out of Copenhagen. We believe it is important to understand what will be the nature of the United States scheme going forward. And we believe it is important that everyone has a very clear idea of what will be the economic impacts of this scheme.

There is no doubt there is enormous community opinion in favour of acting on climate change—there is no doubt. But we need to get the response right, because a badly designed emissions trading scheme would be worse than no scheme at all. One of the most important areas to consider is the energy-intensive trade-exposed industries. They have been glossed over in this legislation. They are exposed to trade and they are a very important part of the Australian economy. A wide range of voices right across the spectrum have been warning of the damage that this scheme will do to Australia’s economy and to jobs.

One of the things about the government is that they talk the talk on jobs but they do not walk the walk on jobs. When it comes to changing our workplace relations framework, they simply will not say what the impact will be on jobs. When it comes to an emissions trading scheme, which will have an impact right across the economy, they will not say what the impact will be on jobs.

I also reject this notion that the Liberal and National parties did nothing in the area of climate change. We were one of the first governments anywhere in the world to establish anything like the Australian Greenhouse Office. We were actually one of the initiators behind the Asia Pacific Partnership on Clean Development and Climate. We had a big role in coming up with ideas like reforesting rainforest in South-East Asia—a direct, practical contribution to reducing the amount of carbon pollution in the atmosphere. In opposition, we have come up with a lot of practical suggestions, including the use of biochar, greater use of geosequestration and looking at the notion of a voluntary exchange. There are a whole range of ideas. I would like to congratulate the shadow minister for climate change and the environment for the ideas that he has been offering.

We have said that the government is free to go to Copenhagen with a bipartisan position to reduce our emissions. But what we do not want to see is a poorly thought-through emissions trading scheme which will have a detrimental impact on working Australians, on working families and on Australian jobs. It is about taking a balanced and prudent approach which will protect the environment but also protect Australian jobs and working families.

The opposition are in favour of an emissions trading scheme but we are not in favour of a poorly designed emissions trading scheme. A poorly designed emissions trading scheme would be worse than no scheme at all. It is for that reason that we moved an
amendment asking that consideration of this legislation be deferred until we have had the Copenhagen summit, until we have some idea of what the Obama administration will be doing in this area and until we have had the Productivity Commission give us a very clear idea of what the impact will be on the economy, on the regions, on industries and, most importantly of all, on jobs.

The SPEAKER—Order! It being approximately 2 pm, the debate is interrupted in accordance with standing order 97. The debate may be resumed at a later hour and the member 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 that the Minister for Foreign Affairs will be absent from question time for the remainder of this week as he is visiting Tonga and Samoa. The Minister for Trade will answer questions on his behalf.

CONDOLENCES

Mr John (Jack) Ross

Mr RUDD (Griffith—Prime Minister) (2.00 pm)—Mr Speaker, I seek indulgence to make a statement to express deep sadness at the passing of First World War serviceman John Ross. I ask the House to join with me today in remembering Mr Ross, who was the last surviving Australian serviceman of the First World War. I would also like to extend my sympathies to his family at this time.

Mr Ross was 110 when he passed away at 3.30 this morning at the Golden Oaks Nursing Home in Bendigo. John, or Jack as he was known, was a clerk when he enlisted in the Australian Imperial Force in January 1918, at the age of 18. When Jack enlisted, Australian forces were fighting battles on the Western Front and in the Middle East. He trained at the Wireless Training School and was posted to the 1st Depot Battalion at Broadmeadows camp in Victoria. While the war ended before he was deployed, Private Ross demonstrated his willingness to serve Australia at this tumultuous time in our history. With the end of the war, and the demobilisation of the Australian Imperial Force, Private Ross was discharged on Christmas Eve 1918. That is a fair while ago. During the Second World War Jack Ross served his country again, as a member of the Volunteer Defence Corps. In civilian life, Jack Ross worked at the Victorian Railways for more than 45 years, retiring in 1964. Jack was a life member of the Australian Labor Party.

It has been more than 90 years since the end of the First World War. We remain grateful to those like Jack Ross who volunteered to serve our country. We will continue to remember and to honour their legacy. Today we mourn the death of Jack Ross. I ask that we also reflect on the service and sacrifice of the 417,000 Australians who served our nation during the First World War and the 61,000 Australians who gave their lives. We will remember them.

Mr Turnbull (Wentworth—Leader of the Opposition) (2.02 pm)—Mr Speaker, also on indulgence, on behalf of the opposition I join the Prime Minister in remembering the passing overnight of Mr John Ross—Jack Ross—Australia’s last remaining First World War digger. In a lifetime of memorable achievements, Jack Ross lived to the great age of 110. Earlier this year, in celebrating this birthday, he became Australia’s oldest man. By anyone’s measure, an innings of 110 ranks as a great achievement. As great as it is, we stand today to record not simply Jack Ross’s longevity but above all his important place in history as Australia’s last serviceman of the First World War campaign.

Mr Ross and the 416,809 Australians who enlisted with him in the Great War, known
then as the war to end all wars, belonged to an extraordinary generation of Australians. They were the first of the Anzac tradition that so many have followed. They were the generation who built modern Australia, with Federation having taken place only a few years before. These men answered the call in their hundreds of thousands and, shipped halfway around the globe, saw some of the most horrific and brutal circumstances that humanity had ever seen fit to visit upon itself. As the Prime Minister has said, Jack Ross enlisted in January 1918, at 18 years and 10 months of age, and due to the armistice later in the year he did not see active service. By the fortunes of history, the war ended before Mr Ross had completed his wireless training and, unlike so many young men of his generation, his life was spared.

That should not diminish Jack Ross’s bravery in the eyes of Australians, when you consider that he took up the call and joined the Australian Imperial Force fully aware of the carnage of Gallipoli and the devastating losses in the trenches of the Western Front. Those dreadful losses had been sorely felt right across Australia, including in his own birthplace of Maryborough in Victoria. He signed up to that war knowing that his decision to do so might very well mean his death. Signing up when he did was an act of bravery. We should not forget in this place that the enlisted men of the First World War represented 38.7 per cent of Australia’s total male population of the appropriate age at the time, making their sacrifice, and that of those left behind, even more profound. This was truly a nation under arms.

As history records, the Great War was sadly followed, too soon, by the Second World War, and Jack Ross again donned a military uniform. In early 1943 he joined the Volunteer Defence Corps, undergoing part-time military training for the defence of his local area. He was discharged in October 1945 with the rank of corporal. For most of his working life Mr Ross was employed by the Victorian Railways, except for a period as the personal secretary to the Hon. Clive Stoneham, MLA for Maryborough and Daylesford. He is remembered as being a proud Labor man, as the Prime Minister noted—he was a life member of the Australian Labor Party—and a justice of the peace.

Twice married, Mr Ross is survived by his daughter Peggy, his son Robert and four grandchildren. Irene, his first wife, passed away in 1971 and in 1974 Jack married Janet Bell, who sadly passed away in 1981. In 1999, the Howard government awarded Jack the 80th Anniversary Armistice Remembrance Medal in recognition of his First World War service and in 2002, as a centenarian, the Howard government also awarded him the Centenary Medal in recognition of his contribution to Australian society.

In farewelling Mr Ross today, we farewell an extraordinary generation of Australians—many of them our own grandparents—our Great War generation, the men of the AIF who sacrificed so much to build the nation we have today. We often use the term ‘nation building’ in this House, but for Jack Ross and his generation nation building was something they lived and breathed, and all too often paid for with their lives. Australia owes so much to this brave war generation and in this place we honour their service again today, as we should on every day that we stand in a free country, here in Australia, a country made free by the sacrifices of so many others. To his friends and family and the many family members and descendants of other Great War veterans, we can never repay their sacrifice and today, to the family of Jack Ross in particular, a grateful nation says, ‘Thank you, Jack.’

CHAMBER
The SPEAKER—As a mark of respect, I invite members to show their concurrence with the remarks of the Prime Minister and the Leader of the Opposition by rising in their places.

Honourable members having stood in their places—
The SPEAKER—I thank the House.

QUESTIONS WITHOUT NOTICE

Economy

Mr TURNBULL (2.07 pm)—Mr Speaker, my question is addressed to the Prime Minister.

Mr Hale interjecting—
The SPEAKER—Order! The member for Solomon is warned!

Mr TURNBULL—I refer the Prime Minister to the 1982-83 recession, when the economy contracted for five quarters, and the 1990-91 recession, when the economy contracted for four quarters. Does he still stand by his statement on Monday that ‘this is the worst recession this country has seen in three-quarters of a century’?

Mr RUDD—Mr Speaker, my question is to the Prime Minister. Will the Prime Minister outline why Australia has avoided a technical recession and how the Australian government will continue nation building for recovery?

Mr TURNBULL—It’s all about me, me, me!

Mr RUDD—The Leader of the Opposition just interjected saying it was all about me, me, me. I presume that is a reference to the Leader of the Opposition. If I were concerned about the member for Higgins, that is precisely what I would be saying as well.

I am still surprised that those opposite cannot bring themselves to say anything positive about what has happened today with Australia registering positive economic growth of 0.4 per cent in the March quarter. We are facing a global economic recession. It is the worst in 75 years, and Australia is still not out of the woods. But today’s figures show that the government’s cash stimulus payments have worked to cushion Australia from the global recession until our infrastructure investments kick in over the medium term. That is our strategy. And Treasurer has confirmed today that, without cash impact of the global recession on Australia. We are not out of the woods yet.

This government has a strategy to see Australia through this recession and to lift Australia out of this global recession over time. We have a strategy being implemented on the ground. I say to those opposite: there are only two people not happy with today’s positive economic data—that is, Malcolm Turnbull and Joe Hockey.
stimulus payments, Australia would now be in recession. In fact, had we followed the advice of the Leader of the Opposition, it follows that the Australian economy would now be in recession had we not provided those cash payments.

Among the major advanced economies, Australia has now the fastest economic growth, the lowest debt and the lowest deficit and is the only one to now not be in recession. These are positive achievements for Australia and it is a tribute to Australians: it is a tribute to small business people; a tribute to the business community; a tribute to workers; a tribute to local communities; and a tribute to tradies because they have gone out there, rolled their sleeves up, not been turned off by negative sentiment and got on with the business of building their businesses, earning an honest day’s dollar and building the Australian economy. That is what the Australian community has been doing, notwithstanding the fact that those opposite, whose heads are now buried in their papers, have been engaged in a strategy to talk the Australian economy down.

There is no doubt that in the future there will be more ups and downs as the global recession works its way through. Growth will continue to be slow for some time, unemployment will continue to rise and we cannot rule out the possibility of further negative economic growth for Australia in the future. These are uncertain, and in fact almost exceptional, times because of the pressures arising from a simultaneous economic downturn across all of the major economies in the world. But let us reflect on this fact: every one of the major advanced economies today is in recession. Twenty-four of the 30 OECD economies are now in recession and 29 of the 30 OECD economies have experienced at least one negative quarter of economic growth. The Australian economy today has registered positive growth in this most difficult of quarters.

Recessions are not avoided by chance; they are the product of the community working together and the product of government action in the economy as well. That is what we have done. Our nation building for recovery strategy has been implemented in three phases: firstly, by providing direct cash payments to pensioners, carers, veterans and families in order to provide stimulus to the economy now—some $21 billion worth of activity in the economy, while the private sector was in retreat. On top of that, we announced a new policy for first home buyers to treble the first home owners boost. Why was that necessary? To also bring about immediate activity in the economy in order to provide stimulus at a time when the immediate impact of the global recession was being particularly felt, in the fourth quarter last year and the first quarter this year.

This is what the government has done by way of concrete action. The result of that action—and again those opposite bury their heads in their papers—is that Australian retail sales are now running at 4.8 per cent above their levels of November last year, contrasting with a 1.1 per cent fall across the major advanced economies in the same period.

Opposition members interjecting—

Mr RUDD—The member for Curtin finds this entire matter of such inconsequence that she just makes meaningless interjections. I would say to the member for Curtin that at times like this the Australian economy is looking for positive economic news. Those opposite only want to engage in talking the economy down.

The second phase of the government’s strategy is to invest in medium-term infrastructure. That is why we are proudly investing in the biggest school modernisation pro-
gram Australia has ever seen in electorates right across this country, Liberal, Labor, National and Independent. Why? Because it is good for the nation. We are investing in social housing and in energy efficiency measures. Why? Because these projects can kick in from the middle of the year onwards in order to provide a second injection of activity into the economy.

The third phase of our economic stimulus strategy—our nation building for recovery plan—is long-term infrastructure. These are the measures announced prior to and in the budget itself—rail, road, port, high-speed broadband, investing in clean energy initiatives and investing in building the university and TAFE infrastructure and research infrastructure Australia needs for the future. In fact, in our total economic stimulus strategy, about 70 per cent of the investment is in nation-building infrastructure. We are doing that in order to make a difference.

These three phases of the government’s economic stimulus strategy are aimed to step in and fill the breach while the private economy is in retreat. That is what governments do at times like this. Those opposite, presumably still free-market fundamentalists, say, ‘Let the free market rip; sit on your hands, do nothing and simply allow the unemployment queues of Australia to grow even longer.’ Whereas the government’s strategy is to act, the approach of those opposite is, ‘Let us not act. Let us sit on our hands.’ That is what those opposite have said. We instead have said, ‘We need intervention in the economy to support growth while the private sector is in retreat.’

The opposition have come to this final point recognising that the Australian government’s economic stimulus strategy is delivering support and have embarked upon this negative, dishonest scare campaign on debt and deficit. The Leader of the Opposition knows the following facts to be true: first, that Australia’s net debt is the lowest of all the major advanced economies; second, that Australia’s AAA credit rating has been reaffirmed since the budget; and, third—and this is out of the mouth of the member for North Sydney and the member for Warringah, and out of his own mouth from time to time—that they, if they were in government, when pressed would do exactly the same. Despite these three facts, the lowest net debt of the major advanced economies—

Mr Pyne—Mr Speaker, I rise on a point of order. The Prime Minister has now been speaking for well in excess of seven minutes. Is it in order for him to have asked himself three questions—

The SPEAKER—There is no point of order. The Prime Minister is responding to the question.

Mr Rudd—When confronted with questions about debt and deficit, the Leader of the Opposition said, and we remember his immortal phrase: ‘It’s not a question of a number.’ But what those opposite know, and he knows himself, is as follows. Firstly, Australia has the lowest net debt of all the major advanced economies; secondly, our AAA credit rating was reaffirmed by the ratings agencies after the budget; and, thirdly, the Leader of the Opposition and his Treasury spokesman have confirmed that their policy on debt and deficit would be virtually the same as the government’s. Therefore, what have they done, given that this undermines every element of logic in their position? They say, ‘Let’s nonetheless run a dishonest, negative scare campaign with one objective—to talk the economy down.

This government is embarked upon a strategy to build the Australian economy up. Those opposite are embarked upon a political strategy to talk the Australian economy down. As I said to the Leader of the Opposi-
tion yesterday, the Australian nation, at a time of external challenge to our economic future and to jobs, expect better of their leaders than engaging in a deliberate campaign to talk the economy down and to negatively affect consumer sentiment and business sentiment, which is precisely his political objective because he believes that is the best way to secure his own tenuous hold on the leadership of his party in the face of a challenge from the member for Higgins.

DISTINGUISHED VISITORS

The SPEAKER (2.20 pm)—Order! I inform the House that we have in the gallery today the former Deputy Speaker and member for Cowper, Gary Nehl. On behalf of members, I convey to him a very warm welcome.

Honourable members—Hear, hear!

QUESTIONS WITHOUT NOTICE

Economy

Mr TURNBULL (2.20 pm)—My question is to the Prime Minister. Does the Prime Minister agree that the positive GDP figure for March is almost entirely a consequence of a substantial decline in imports and an increase in exports, providing a 2.2 per cent contribution to GDP growth from net exports? If so, could the Prime Minister explain to the House how his spending policies over the last six months have influenced an increase in exports and a decline in imports?

Mr RUDD—The regrettable thing about the question from the Leader of the Opposition is that it is about as misleading as their negative campaign on debt and deficit. Do you know why? In the negative nature of the question just asked he left out one key factor, and that is the positive number on consumption—because it did not fit the political script he was seeking to advance. What did consumption do in the Australian economy in the quarter just passed? It rose by 0.6 per cent. That is what happened to consumption. Why does the Leader of the Opposition think that that happened? Did it happen because there were pixies at the bottom of the garden? Did it happen because he was pulling things out of space? No. It happened as a deliberate construct of government policy. The government has acted in the economy to boost consumption.

The Leader of the Opposition never likes being confronted with simple facts. The fact is that consumption has been affected in the Australian economy because we acted on the basis of the advice of the Treasury last October to support households, to support pensioners, to support carers and to support veterans by making direct cash payments to them. That was the strategy we took, and it had an effect on the economy in those two quarters most particularly of concern—the fourth quarter last year and the first quarter this year—and into the second quarter this year. Direct cash payments supporting consumption were the best way ahead. The Leader of the Opposition, again, if he was reflecting honestly on what happened with the retail sales figures in the last week or so, would note the fundamental difference between retail sales being up here, by in excess of four per cent—

Mr Turnbull—Mr Speaker, I rise on a point of order going to relevance. The question was about net exports. If the Prime Minister could stop talking about himself and focus on the economy, we would get a relevant answer.

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

Mr Rudd—Again, it is a sad day when the Leader of the Opposition and the opposition Treasury spokesman are the only two people in Australia unhappy today about positive news for the Australian economy.
That is what is sad about the response being adopted by those opposite. I would have thought that, in the midst of a grave external economic challenge to Australia, those opposite would find it within themselves to actually rise to the occasion and say something positive about the economy.

The Leader of the Opposition’s question was predicated exclusively on the question of net exports, and that is the assumption which I am seeking to confront. It is a false assumption because it omits any reference to consumption. How is consumption being supported? By the direct action of the government. How is that reflected in the data? By a four-per-cent-plus increase in the retail sales data compared with a one-per-cent-plus contraction in average retail sales data across the other major advanced economies. This has not happened by chance. It has happened because the government has acted through deliberate policy. Those opposite, if they were being honest about it, would recognise that fact. That is why the government’s strategy of nation building for recovery will continue in the future, in three phases: cash payments to support activity in the economy in those critical quarters following the implosion of the global economy in the fourth quarter last year; medium-term infrastructure build through the commencement of the biggest school modernisation program in the country’s history; and then our long-term infrastructure investment, which we outlined in the budget most particularly recently.

This is a nation-building strategy for recovery, a positive strategy for Australia’s future, as opposed to a strategy which is entirely political—all about talking the Australian economy down. I would challenge those opposite to rise to the national occasion and be positive, at least for one day, in their negative campaign against the interests of Australian working families.

DISTINGUISHED VISITORS

The SPEAKER (2.24 pm)—Order! I inform honourable members that we have present in the galleries today coaches and players from the Cricket Australia Centre of Excellence and the Australian Institute of Sport’s cricket program, including Greg Chappell, the former distinguished captain of the Australian test team. On behalf of members, I give them a warm welcome.

Honourable members—Hear, hear!

QUESTIONS WITHOUT NOTICE

Economy

Mr TREVOR (2.25 pm)—My question is to the Treasurer. Will the Treasurer outline for the House the national accounts figures released today and what they say about Australia’s performance during this global recession?

Mr SWAN—I thank the member for Flynn for his question. The national accounts today show that the Australian economy has outperformed the other advanced economies in the March quarter. I think this is a tribute to the resilience and toughness of the Australian people. It is a very, very clear sign that the government’s efforts to stimulate the economy are working to support jobs, business and growth in our economy. GDP rose by 0.4 per cent in the March quarter and it is also 0.4 per cent higher over the year. To put these positive figures in perspective, I think it pays to have a look at these outcomes relative to what is going on elsewhere in the world, because I think what is going on elsewhere in the world shows what a positive tribute these figures are—

Mr Laming interjecting—

Mr SWAN—to all hardworking Australians. We have a look around the world at what has been happening and we can see all the evidence of the worst global recession—

Mr Laming—Banking prices!
The SPEAKER—The member for Bowman!

Mr SWAN—in the last 75 years. Japan’s economy contracted by four per cent; the United Kingdom contracted by 1.9 per cent.

Mr Laming—Banking prices!

The SPEAKER—The member for Bowman!

Mr Laming—Banking prices!

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

The member for Bowman then left the chamber.

Mr SWAN—They are glum today, Mr Speaker—they are very glum and cranky.

The SPEAKER—Order! The Treasurer will ignore the interjections.

Mr Pyne—Mr Speaker, I rise on a point of order. I simply ask you, under the standing order which you have just used, why it is that the member for Bowman has been asked to leave the chamber when the member for Solomon was simply warned and not asked to leave the chamber?

The SPEAKER—The only inconsistency I can see in the way that I have treated the member for Bowman is that the member for Sturt gets more favourable treatment. On three occasions he interjected. On two of them I tried to bring it to his attention that I was hearing the interjection and asked him to desist. I think that is a fair cop, because there are some people who are constant interjectors. I repeat: if you look at the standing orders I could actually deal much more savagely with a whole host of people, but I think at the time, in fairness, being the only person interjecting and the person would not desist, I have dealt with him satisfactorily.

Mr Abbott—Would you put me out next time the Prime Minister starts—

The SPEAKER—As I have indicated to the member for Warringah, I am not rewarding him again!

Mr SWAN—I was talking about what is happening elsewhere in the world, in other advanced economies—the very deep and sharp and sudden contractions that have occurred across these economies, not only in the December quarter but they have been repeated in the March quarter. Germany in March contracted by 3.8 per cent; France contracted by 1.2 per cent; Canada—only this week the figures came out—contracted by 1.4 per cent. All up, the major advanced economies contracted by 2.2 per cent in the March quarter. So, while every advanced economy is going backwards, Australia is going forwards. It has the strongest growth amongst all of those advanced economies.

Today’s figures do show that economic stimulus payments have helped to cushion Australia from the global recession. Despite the further deterioration in the global economy, household consumption, as the Prime Minister said before, rose by 0.6 per cent in the March quarter. Without the cash stimulus payments which were made to pensioners, which were made to families, which were made to veterans, which were made to carers, Treasury estimate our economy would have contracted by around 0.2 per cent in the quarter. That is the difference that those opposite simply do not understand, because what that means is fewer jobs lost and thousands of families saved from the loss of a breadwinner. To us on this side of the House, that is what counts—supporting working families, supporting business and supporting demand in the economy precisely at the time that the global economy is contracting so sharply.

But of course, as the Prime Minister said before, we are not out of the woods yet. There is a rocky road ahead, and there are
figures published today which point to that, so we have to be vigilant and we have to continue with the economic stimulus. We can see from the new business investment figures that new business investment fell by 6.3 per cent in the quarter as businesses have begun to scale back spending in the face of sharp falls in global demand and weaker profits. This reinforces the need for our nation-building investment in roads and rail and ports, clean energy and the shovel-ready projects which are going on now—35,000 right across the country, all supporting jobs, all supporting business, all supporting the Australian community. And, of course, we have got the impact of the collapse of the terms of trade. Global commodity prices have fallen by 7.8 per cent in the quarter. That is the largest quarterly decline in 35 years, and that has hit our export earnings hard. While volumes have held up, export earnings fell by $6 billion in the quarter. That is the third biggest fall on record.

So we know the full impacts of this global recession that has still got some way to run and that will continue to impact on employment at home. It will mean more jobs will be lost because of the global recession. But what we are doing here is putting in place phase 1, phase 2 and phase 3 of the economic stimulus to support employment in the Australian economy. Today’s welcome figures bear that out. What we are doing is addressing the challenges that lie ahead for us by putting in place our battle plan for the economic stimulus, which is supporting Australian families at their time of need.

Economy

Mr Turnbull (2.32 pm)—My question is addressed to the Prime Minister. Given the contribution of net exports to the March figures, 2.2 per cent, was more than seven times the contribution from household consumption, 0.3 per cent, how can the Prime Minister continue to claim the positive March GDP result was all his own work? Don’t these figures show that his more than $70 billion of spending, including $23 billion in cash splashes, has been too much debt, spent too recklessly and too soon?

Mr Rudd—It is quite plain that the strategy of those opposite would be to fiddle while Rome burned. Our strategy as a government was to act, and to act on the front foot, and to take concrete decisions on the economy in order to make a difference. What I still cannot grasp is why this Leader of the Opposition, however temporarily he may be there, is still of the belief that the intelligent thing for him to do, both politically and economically, is to continue to talk the economy down. Why he believes that it is good for sentiment in the economy to run a negative and dishonest scare campaign on debt and deficit leaves me completely mystified because those opposite are abdicating any real level of responsibility.

The first part of the Leader of the Opposition’s question went to the reasons why the Australian economy has maintained positive growth in the first quarter. The Leader of the Opposition is not reflecting on the fact that in the answer I gave to the first question in the House today, and earlier in a press conference and in what the Treasurer said as well, we paid direct tribute to the fact that business, small business, workers, tradies, families, communities, and local government are out there acting, despite the negative sentiment being generated by the global economic recession, and making a difference for Australia. They are being positive, in contrast to what the Leader of the Opposition is doing, which is being negative.

Secondly, on the question of net exports, the Leader of the Opposition should also be familiar with the point just made by the Treasurer about the impact that we face in
the future on the terms of trade. It is quite plain that we are under a significant challenge when it comes to changes in the terms of trade and that will work its way through the economy over time. That is why we must continue to work on all the drivers of economic growth. That is why we have been out there investing in housing, social housing as well as the first home owners boost—one of the big drivers of total final demand. That is why we have been out there investing in consumption through the work that we have put into providing cash payments to carers and to pensioners and to others. That is why we have been out there unveiling a public investment strategy for the future to support infrastructure, because that, too, is one of the drivers of total final demand. That is why the government are acting on all these fronts, including the challenge we face with private fixed capital investment. That is why the government, in the budget, announced an increase from 30 per cent to 50 per cent in the special investment allowance for small business through to year’s end to encourage small business to get out there and to take on additional plant and equipment in the period ahead. All these are drivers of total final demand in the economy. We are proceeding across multiple fronts.

What I find absolutely extraordinary in the negative attack which continues to be launched by those opposite is that they cannot even agree among themselves. Once again we have the member for North Sydney and the Leader of the Opposition proceeding in different directions. Asked this morning this question about the impact of the government’s measures on jobs and we have the Leader of the Opposition saying that there has been no positive impact whatsoever. I would suggest that those opposite at least got their script together. The member for North Sydney should also reflect on the fact that he did not get the strategy right on the day after the budget, when he said that their strategy was $25 billion less than ours on debt and deficit. He has not got the strategy right today, when he says that our strategy is creating jobs and the Leader of the Opposition says that it is not creating jobs. I draw their attention to comments today from Paul Brennan, the economist at Citigroup, who said this morning, ‘Front-loaded stimulus to households helps avert technical recession.’ Michael Blythe, the chief economist at CommBank, says:

The Q1 readings provide further evidence that the economic policy is gaining traction in Australian.

The economist at the ANZ Banking Group said:

Today’s solid result suggests that fiscal and monetary policy stimulus has overall been effective in softening Australian economic downturn.

Westpac’s economic update said:

The cash transfer from the Commonwealth government to households last December enabled households to boost spending as households largely spent the December cash payment with
household savings were able to jump to 6.9 in Q4 fell back to 1.8 per cent.

You have all these third-party economists coming out today, not only welcoming the fact that we have had positive growth in this quarter but directly attributing it to what the government has done by way of supporting the economy through cash payments to households on the way through. Again I say to those opposite: why is it that, on a day when Australia has positive economic news, there are only two Australians—the Leader of the Opposition and his Treasury spokesman—who are unhappy? The reason they are unhappy is that it does not fit with their political script to talk the Australian economy down. Our strategy, nation building for recovery, is to build the Australian economy up, and we will continue to implement that strategy.

DISTINGUISHED VISITORS

The SPEAKER (2.30 pm)—Order! I inform the House that we have present in the gallery today former member for Mitchell, from 1974 to 2007, Alan Cadman. On behalf of the House, I convey to him a warm welcome.

Honourable members—Hear, hear!

QUESTIONS WITHOUT NOTICE

Budget

Ms HALL (2.39 pm)—My question is to the Minister for Families, Housing, Community Services and Indigenous Affairs. Will the minister outline the importance of household payments in cushioning the Australian economy from the global recession?

Ms MACKLIN—I thank the member for Shortland for her question because more than 55,000 direct payments were made to residents in Shortland, and today’s national accounts show that the first stage of the government’s economic stimulus plan—the cash payments—has certainly worked to cushion Australia from the global recession. Treasury figures released today do confirm that, without these payments to households, Australian growth would have been negative. Australian pensioners and Australian families have certainly been critical to this outcome, and I would like to say on behalf of the government that we thank them for playing their part. It has been Australian families and Australian pensioners who have helped buffer our economy in this very difficult time.

In December last year, the Australian government provided cash payments to pensioners, to carers, to people with disability, to veterans and, of course, to families. A very large portion of these payments was spent. They certainly helped to support consumer demand through the first few months of this year. Again in February, the government announced further economic stimulus measures and these included additional payments for cash-strapped, low- and middle-income families and other households. This was to immediately help fill in the emerging hole in private demand being caused by the worsening global recession. As a result, in March this year millions of Australians began receiving their payments from Centrelink. These totalled $4.5 billion and included a $950 back-to-school bonus, a $900 single income family bonus, a $950 farmers bonus and a $950 training and learning bonus. All of these payments started to be delivered before the first tax bonuses began in April. It is the case that both the December and the February payments have been important in supporting local businesses in communities right around the country in these first months of 2009. As we have heard from the Prime Minister and the Treasurer, growth in household spending in the March quarter was 0.6 per cent. By contrast, we have seen that the average G7 consumption growth in the March quarter was zero.

At the time that we announced the Nation Building and Jobs Plan we saw an Access
Economics report back in March, saying about the bonuses:
These measures will lift the spending power of households through 2009, providing important support for retailers against the tide of rising unemployment and consumer caution.

This is why the stimulus payments were so widely welcomed—except, of course, by those opposite. All of us on this side of the House remember the excruciating backflipping we saw as the Leader of the Opposition tried to figure out what he thought about the December payments, and then his opposition to the payments that were made in February. If the opposition had had their way, millions of Australian families would not have received their payments in February and March. If he had had his way, the first stage of the government’s economic stimulus plan would not have been able to get on and do the job that it has done. All we see from those opposite is desperate opportunism, more evidence that the opposition has no economic plan.

**Economy**

**Mr HOCKEY** (2.44 pm)—My question is to the Treasurer. I refer to the Prime Minister’s answer a little earlier when he said, ‘You should not let the free market rip.’ Isn’t it the case, Treasurer, that the free market has delivered a massive surge in net exports which added 2.2 per cent to GDP, the largest contribution to quarterly GDP on record?

**Mr SWAN**—Sometimes you do not know where to start with this mob. This is just more voodoo economics from those opposite, who want to deny the undeniable. Let us just go through it very, very simply, because today’s results would not have been possible without economic stimulus. It is the case—and it is demonstrated in the figures today—that the growth that is there has been pushed by very strong consumption. And where did that strong household consumption come from, if not from the economic stimulus and the cash payments to pensioners, to families and so on?

**Mr Irons**—What about exports?

**Mr SWAN**—I will come to exports. But you simply cannot deny the undeniable, because it is there in the figures. That is why I say it is just more voodoo economics. The Treasury estimates that if we had not had the economic stimulus we would have been looking at a contraction in the quarter, and it follows from the figures. So those opposite will try and find any other figure they possibly can to deny the undeniable. It has just got to this absurd level where they are so economically illiterate, they are so politically desperate and they are so negative that they come into the House and deny the undeniable.

It is true that export volumes are holding up, and that is welcome news. It is also true that one of the reasons that yesterday’s accounts were so good is that there has been a spectacular drop in imports, which in fact reflects the whole global recession, which those opposite do not concede exists and will not even concede is having a dramatic impact on our economy. So none of the propositions that they are putting forward in this House actually add up, because they are so politically desperate to somehow deny the undeniable—that economic stimulus has had a strong impact on household consumption. And why is that the case? I think it is the case because of the number of absurd statements that those opposite have been making in recent months. Listen to this from the Leader of the Opposition in a speech on 19 May this year. This is what he said with regard to economic stimulus:

… it didn’t create a single job …

Get that:

… it didn’t create a single job …
Well, tell that to the people working in retail. Tell that to all the people down the supply chain. Tell that to the farmers at the farm gate. It most certainly created more than a single job and it supported a lot more. It supported a lot more jobs elsewhere in the economy. But that is what he said:

... it didn’t create a single job, didn’t create any opportunities, didn’t leave anything behind other than increasing government debt …

Let us deal with this. I will tell you what it left behind: more people employed, less cost to the Commonwealth, less social misery, a more cohesive community, good payments to pensioners who needed it. That is what it left behind. It left behind a better Australia. It left behind a better Australia, where we looked after our families who were threatened by unemployment. We gave them support in their communities because we understand the importance of employment.

We also understand, more than those on that side of the House, how important demand is, particularly to small business. Small business understands how important our economic stimulus and our payments to pensioners, carers and families have been. They absolutely understand it. If you were to walk into any shop in this country and talk to small business owners, they would acknowledge it. That is why the major representative business organisations in this country acknowledge it. That is why most of the economists reporting today have been acknowledging it—the Prime Minister was reading from a selection of them before. But this is all about those opposite denying the undeniable because they are desperate.

We had a flicker of honesty for a moment this morning from the shadow Treasurer. He was on Steve Price’s program and he was asked:

So you’re saying no job has been saved or protected by government policy?

Hockey:

Well, Steve, of course there have been jobs, and of course there have been a lot of jobs.

He went on to say:

I mean, that’s a no-brainer.

You are dead right; it is a no-brainer. It is just one that your frontbench and Leader of the Opposition do not understand, because for them dealing with this global recession is just another cheap political game, when what is at stake here are the lives, the lifestyles, of tens of thousands of people out there and their families, working families, small businesses and the cohesiveness of our community. We are proud of what we have done. We have got a hard road ahead, a rocky road ahead, but we will continue to do the right thing by this community.

Nation Building and Jobs Plan

Ms GEORGE (2.50 pm)—My question is to the Minister for Infrastructure, Transport, Regional Development and Local Government. How is the government investing in infrastructure to support jobs and local communities through the global recession?

Mr ALBANESE—I thank the member for Throsby for her question. Indeed, the economic stimulus plan is supporting jobs right now in the electorate of Throsby through 80 projects worth $43 million: 51 schools, 22 social housing units, seven black spots and two community infrastructure projects worth $7.7 million, including the upgrade of the Albion Park town centre—all of these projects supporting jobs, stimulating the economy, which helps feed into the figures that we saw today.

I say to the Treasurer, I was flabbergasted, frankly, when I was debating the member for North Sydney on Steve Price’s show this morning and the member for North Sydney conceded that it was a ‘no-brainer’ that indeed jobs have been created by the govern-
ment’s economic stimulus plan. After having come in here, day after day, and explicitly denied that this was supporting jobs and stimulating the economy, there he was—confronted and hit by a reality stick on the Steve Price program this morning.

One aspect of the government’s economic stimulus plan in December last year was what we are doing in rail—17 rail projects, with the $1.2 billion that we have injected into the Australian Rail Track Corporation. These projects are underway, with more than 1,000 jobs, stimulating the economy. In the Hunter the upgrade of the freight rail network is worth more than $1 billion alone, together with the investment from the ARTC itself—650 people put to work, 650 families given real assistance right now. Part of the projects are already completed—announced by the government in December, the money flowing through, jobs created and the projects already completed. The Bylong passing loop has been built and completed. Other projects are underway in the Hunter. And other rail work is underway right around the nation. On the works on crossing loops between Sydney and Brisbane, 40 people are employed right now; on the western Victoria track upgrades, 120 people are employed right now; on the Wodonga bypass, 80 people are employed right now; on the Seymour to Wodonga track upgrade, 120 people are employed in regional Victoria right now; and on building passing lanes from Melbourne to Junee, 40 people are employed right now.

But there are flow-on benefits as well, of course, because you need raw materials to go into the production. The concrete sleepers—we are putting in over a million—are employing 240 people in five factories in Geelong, Grafton, Wagga Wagga, Mittagong and Braemar in Western Australia. These factories would have had to be downgraded were it not for the government’s economic stimulus plan. In February we invested $150 million for boom gates for rail crossings—voted against by those opposite, even though they are all in regional Australia. We announced it in February. It took us a while to get it through the parliament, you will recall. But 16 of those have already been completed in Victoria, supporting jobs, stimulating the economy and saving lives. The great thing about our investment in rail is that not only has it been good in the short term, in providing that economic stimulus that has been fed through in the figures that have been released today, but in the long term it improves the productivity of the nation. We will benefit for years and years to come. And we will be able to come out of the global economic recession with a much stronger economy, a much more productive economy, as a result of our investment.

Economy

Mr Turnbull (2.55 pm)—My question is to the Prime Minister. How can the Prime Minister take all the credit for Australia having the lowest net debt of any major developed country, when he inherited from the coalition a nation with no debt at all and cash at the bank?

Mr Rudd—This is the first smile I have seen on the face of the member for Higgins all day! Then again, I understand preselections have just opened in Higgins. Is that right? We will be waiting with interest to see what happens down Higgins way.

The Speaker—Order! The Prime Minister will respond to the question.

Mr Rudd—The member for Higgins, of course, you will recall, sold Telstra, he sold the remaining stake in the Commonwealth Bank, he obtained for himself $50 billion or $60 billion—

Opposition members interjecting—

Mr Rudd—These things, of course, were not relevant to the way in which they
managed the question of Commonwealth net
debt at the time. That is the first point.

The second point I would make is that the
government’s economic strategy is based on:
how do we provide sufficient stimulus for
the economy in the short term, the medium
term and the long term? That is why we have
embarked on a strategy—

Mr Turnbull—Mr Speaker, I rise on a
point of order. It was a very simple, straight-
forward question and the House would ap-
preciate an answer that is relevant to it.

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

Mr Rudd—The government’s nation
building for recovery plan is based on short-
term investments, medium-term investments
and long-term investments, because we were
acutely conscious in October last year—

Mr Pyne—Mr Speaker, I rise on a point
of order under standing order 104. The Prime
Minister was asked about the inheritance of
no debt and cash in the bank. He was not
asked about the—

The SPEAKER—Order! The Manager of
Opposition Business will resume his seat.
With about three or four words since the pre-
vious point of order on relevance, I think that
we should have perhaps listened a little bit.
Reference in the question was made to the
previous government, ‘no debt’ and ‘cash in
the bank’. The Prime Minister is responding
to the question.

Mr Rudd—Just taking the member for
Sturt’s interjection: as of when the govern-
ment assumed office there were $54 billion
worth of Commonwealth government securi-
ties on issue. That is somewhat complicating
of the script that—

Mr Costello—It was a net asset position,
you dope!

Mr Rudd—Oh, I see, now we are talk-
ing about net debt, not gross figures. The
member for Higgins has now entered the
debate. I am sure he will be entering this de-
bate in a more fulsome fashion once he
 nominates for preselection for his seat in
Melbourne!

That is the first point for the member for
Sturt. The second is: in terms of the debt po-
sition which the Commonwealth inherited in
2007, let us not forget the fact that the Telstra
sale of $45.6 billion occurred under the pre-
vious government and the Commonwealth
Bank sale of $6.8 billion occurred under the
previous government. Can I just say that
these factors were alive in what measures
were taken by the previous government on
the question of the retirement of elements of
the net debt that occurred at the time. But
there were $54 billion of Commonwealth
government securities on issue, as the mem-
ber for Higgins would be fully aware.

Then there is the question of debt which
those opposite have raised and, dare I men-
tion it, foreign debt on the part of those op-
posite; foreign debt, which the member for
Higgins said in 1995 was a terrible thing at
$10,000 per head; foreign debt, which, by
the time the member for Higgins had fin-
ished his period as Treasurer, had tripled to
$30,000 a head—10, 20, 30; that is where it
went to. It went to something like $600 bil-
lion. So the great debt truck, which, as the
Minister for Trade rightly said yesterday, if
those opposite had been honest about it,
would have been not just a B-double rolling
around the country but a B-triple because,
although they made a promise to cut foreign
debt to something under $200 billion, by the
time they left office it was something in the
vicinity of $600 billion—$10,000 per head to
$30,000 per head. Those opposite—

Mr Costello interjecting—
Mr RUDD—Oh, does the member for Higgins say that he did not say that in 1995-96?

Mr Costello—No, I said you are a fraud.

Mr RUDD—Oh, the member for Higgins has come to life. He has come to life on the fact that he made a fraudulent undertaking to the Australian people in 1995-96 when those opposite said that they would reduce foreign debt. He did nothing of the sort. It went from about $200 billion to around $600 billion when they left office. On the question of debt those opposite are all over the place.

What they have also made very plain in the debate so far is that when asked these questions, what it all boils down to is as follows: those opposite have said they would borrow either $21 billion less or $25 billion less and would refuse at the same time to back $22 billion worth of government savings. I say to those opposite that ultimately it gets stripped away here. It means that at the end of the day your policy on debt and deficit is virtually identical to the government’s. Those who observe this debate closely know that to be a fact. But, instead, what you are doing is not prosecuting a real policy difference with the government; you are prosecuting a political strategy with one objective: to talk the Australian economy down, because that is the way in which you think your political interests are going to be served in the longer term. The government’s policy of nation building for recovery is one that we will continue to implement. It is the right strategy for Australia. We want to build the economy up, not tear the economy down like those opposite.

Building the Education Revolution

Mr NEUMANN (3.02 pm)—My question is to the Minister for Education, Minister for Employment and Workplace Relations and Minister for Social Inclusion. Will the Deputy Prime Minister outline to the House reactions to the government’s $14.7 billion Building the Education Revolution and the potential education benefits arising from this program?

Ms GILLARD—I thank the member for Blair for his question. I know that he takes an interest in question time every day. What is different today is that we have seen an uncharacteristic interest in question time by the member for Higgins, who interjected during the last question: ‘Is that it?’ Interestingly, it is exactly the same question people are asking about his political career. We will wait for the answer; we will know that very soon.

The member for Blair asked me about a happier topic than the future of the member for Higgins. He asked me about Building the Education Revolution. I know that the member for Blair supports the projects in his electorate and he is well in touch with his local schools, and I know that he is staying in touch with this program right around the nation, where the Building the Education Revolution has funded over 15,000 infrastructure projects valued at over $4.1 billion already. That has been done through round 1 of the Primary Schools for the 21st Century program, in which 1,499 Australian schools were successful in having 2,010 projects approved, totalling $2.8 billion, and under rounds 1 and 2 of the National School Pride program, in which 9,490 Australian schools were successful in having 13,176 projects approved, totalling $1.3 billion.

Today we have seen the opposition in denial about a series of things. They are in denial about the contribution of economic stimulus to the national accounts; they are generally, apart from the member for North Sydney, in denial about the contribution of economic stimulus to supporting Australian jobs; and they are also in denial about the importance of the Building the Education Revolution and they are known to refer to it...
as ‘reckless spend’ or a ‘poor quality spend’. I would ask them to listen to the words of people who actually know about education and the importance to education of modern quality facilities. I refer the House to a letter I received on 25 May 2009 from Kate Mitchell, the Executive Officer of the Box Hill High School Council. That school received $200,000 under round 1 of the National School Pride program. She was very keen to convey her views as an educator about the importance of quality school buildings. She said:

I would like to share with you some of the changes in behaviour and attitude that have occurred as a result of new facilities in that school. She goes on to say:

The children and staff are taking pride in their school environment. Graffiti is less. The amount of rubbish left in the yard at recess and lunch time is significantly less. Kids are flocking to the new facilities, using the new gallery and library and using the new gym.

She goes on to say:

The funding has made a huge difference in terms of how our school community feels. We feel valued, special and proud of our school——

Mrs Bronwyn Bishop—How would you know, Julia?

Ms GILLARD—These are the words of a school principal who wrote to me. The member for Mackellar might like to reflect on that before she interjects.

I have also received a letter from Vicki Rose Graydon, the Principal of Glenleighden School in Fig Tree Pocket in Queensland. I note that that school is in the electorate of Ryan. In her letter Ms Graydon says:

As a small special school educating students with severe primary language disorder, this funding—that is, $850,000—is vitally needed to construct a building to house a library as well as our multipurpose rooms to be used for therapy and manual arts. Our plans are close to being finalised and we look forward to being able to commence construction in the next couple of months. Thank you again for providing funding which enables the Glenleighden School to achieve its mission of supporting children and young people with language disorders to reach their educational and personal potential.

That is a very moving statement. I note, though, that on 4 February the member for Ryan put out a press release which stated that Labor’s second stimulus package which delivered the Building the Education Revolution program is an example of reckless spending at a time when we should be acting prudently. I trust the member for Ryan has got the guts to go to the special school in his electorate and explain his views about how the refurbishments and changes that are being funded by the Building the Education Revolution program at his school are an example of a reckless spend. Obviously, the opposition continue to be in denial about the importance of the Building the Education Revolution program. They are in denial about the impact of economic stimulus on the national accounts. They are in denial about the impact of economic stimulus on supporting jobs and, more than anything else, they are in denial about what the member for Higgins plans next.

Economy

Mr TURNBULL (3.08 pm)—My question is to the Prime Minister. I refer the Prime Minister to his record borrowing plan which will plunge Australia, on his own estimates, into $315 billion of debt. Will the Prime Minister answer this question which he failed to answer yesterday. Will he explain to the House how this unprecedented level of government debt will put upward pressure on future interest rates for all Australians?

Mr RUDD—As I said to the honourable member yesterday, no government, including the previous government, makes future projections on interest rates. That lies entirely
within the preserve of the Reserve Bank, and that should be the case into the future as well. Secondly, we believe that the economic strategy that we are proceeding with is a good strategy for the nation. I would note that fiscal strategy on the part of the government is also being complemented by monetary policy strategy on the part of the Reserve Bank. In the period that the government has been in office we have seen a reduction in official interest rates of 4.25 per cent. I would contrast that to the 10 interest rate rises in a row which happened under the member for Higgins when he was Treasurer, and I am advised that the impact of that on an average family on about a $300,000 mortgage is in the vicinity of $700 and, spread across a 12-month period, something in the vicinity of $9,000. This is a very large amount of money.

I say to those opposite, therefore, that when it comes to the impact of interest rates policy we believe that in the period in which we are engaged, confronting the reality of a global economic recession, it follows that we must therefore have monetary policy and fiscal policy marching in the same direction. We are doing so responsibly in order to provide additional stimulus to the economy. Those opposite have neglected the impact which monetary policy has had on the activity within the economy at present. Plainly, what we have seen in housing sector activity has also been underpinned by the decisions taken by the Reserve Bank. We have sought to complement those measures by others, such as the trebling of the first home owner boost, in order to provide an additional incentive for first home owners to enter the marketplace. Yesterday I read out a letter from one such first home buyer from South Australia who indicated that for the first time, because of the bonus, they were able to enter the housing market and—from memory—to purchase a house which they had spent the previous nine years renting. That is a practical measure.

So whether it is on interest rates policy, monetary policy or fiscal policy we believe we are taking the right course of action for the country. It is called stepping up to the plate. It is called doing the right thing. As those opposite continue to talk about debt, again I would remind them of what Mr Costello, the member for Higgins, said when he was Treasurer back in October 1995:

Foreign debt is a terrible thing. It is now the equivalent of $10,000 per head for every Australian.

Since then, foreign debt has trebled, at $589 billion or $29,450 per Australian. Based on the measure adopted by the member for Higgins, who said it was a terrible thing back then, it must be a really, really terrible thing now because it is now three times as much as occurred under him. But it is not just foreign debt. There was a 460 per cent increase in credit card debt under those opposite, a 340 per cent increase in household debt while those opposite were in office and a 450 per cent increase in corporate debt while those opposite were in office, quite in addition to what happened with foreign debt. Those opposite are engaged in a dishonest, negative scare campaign on debt and deficit. They know it to be dishonest. They still prosecute it because their political objective is to talk the Australian economy down.

**Small Business**

Ms OWENS (3.12 pm)—My question is to the Minister for Small Business, Independent Contractors and the Service Economy. How is the government supporting small business to support jobs and local communities, and are there any other policy approaches?

The SPEAKER—Order! I rule the last part out of order, but the first part stands.
Dr EMERSON—I would like to thank the member for Parramatta for her question about small business and for her ongoing interest in small business. This is the second question that the member for Parramatta has asked me on small business in the last couple of weeks. I have also had questions from other members—the members for Makin, Hindmarsh, Robertson, Franklin and quite a few others—but I want to take the opportunity in the spirit of bipartisanship to wish my counterpart, the shadow minister for small business, a happy anniversary. Happy anniversary to the shadow minister for small business because, almost to the day, it is one year since he last asked me a question about small business.

Mr Rudd—who is it?

Dr EMERSON—the member for Moncrieff, I think. The May budget provides more than half a billion dollars in extra incentives and support for small business and independent contractors. Small business incentives are being boosted by the 50 per cent small business tax break. That small business tax break is being promoted in advertisements. This is an advertisement from Toyota, and other car manufacturers in Australia—Holden and Ford—are all saying that this small business tax break is great for small business; it is great for the automotive industry. Indeed, on television Toyota has described this small business tax break as fantastic. It is a fantastic tax break.

That is just one of the benefits in the budget for small business. This budget and the economic stimulus package incorporated in it have 70 per cent of the spending on nation-building infrastructure, including the biggest school modernisation program in Australia’s history. What does that mean for our tradies? What does it mean for the small businesses who supply the tradies and who supply the independent contractors? It is good news for tradies. It is a tradies package—that is what we call it. By around this time next year there will be 35,000 construction sites around Australia with small businesses, independent contractors and tradies working on those construction sites.

In his budget reply, the opposition leader refused to indicate how the coalition would bring down a smaller deficit and have a lower debt. He had the opportunity to do so, but what he did instead was reaffirm the coalition’s six-point small business plan, which Malcolm Turnbull calls ‘our six-point action plan for small business’. Two of the initiatives in that cost another $6.2 billion. Instead of nominating a lower deficit and a lower debt figure, the opposition leader has added $6.2 billion to the debt. So what is the opposition leader’s position on debt? It is pretty hard to find out. He was asked this direct question: ‘What does the coalition regard as an acceptable level of debt?’ The opposition leader said: ‘Well, it’s not a question of a number.’ It is not a question of a number, but whatever the number is, he is going to add $6.2 billion to it.

The opposition leader has complained about the government’s economic policies, the stimulus packages, the tradies plan and indeed about the Prime Minister. He said of the Prime Minister: ‘He is not helping our economy. He hasn’t created a job—not one job. He hasn’t stopped the economy going backwards.’ He hasn’t stopped the economy going backwards? What do the national accounts show today? The national accounts show the economy going forward, and it is because of the economic stimulus package and the economic strategy of this government that the economy is going forward. Indeed, the Treasury estimates that if it were not for those stimulus payments the Australian economy would have contracted in the March quarter. The Prime Minister is ensuring that the economy goes forward. The op-
position leader says that he has not stopped the economy going backward. Wrong.

The opposition leader also said that the Prime Minister has not created a job. Who is he at odds with here? Everyone on this side of the parliament, because the stimulus package has created jobs. He is not just at odds with everyone on this side; he is at odds with the shadow Treasurer, who was asked this today: ‘So, Joe, are you saying—

Mr Pyne—Mr Speaker, I rise on a point of order. I put it to you, Mr Speaker, that after five minutes the minister is no longer being relevant to the question.

The SPEAKER—The minister will come to his conclusion.

Dr Emerson—Thank you, Mr Speaker. He is such a brute.

The SPEAKER—The minister will come to his conclusion.

Dr Emerson—I will, if the brute would leave me alone for a moment. This has been a miserable question time performance by the Leader of the Opposition. He has failed to nominate an alternative debt and deficit. It is nothing but a scare campaign, which shows that, when it comes to deficit and debt hypocrisy, thy name is Liberal.

Budget

Mr Hockey (3.18 pm)—My question is to the Treasurer. If the government is so concerned about the level of foreign debt, why is two-thirds of its $300 billion of debt being borrowed from overseas?

Mr Swan—They have run out of questions. I got this question a couple of days ago—it is unbelievable—and the answer has not changed: two-thirds of securities issued by the Commonwealth, as was the case under the previous government and as is the case under this government, are issued overseas.

Climate Change

Mr Murphy (3.19 pm)—My question is to the Prime Minister. Prime Minister, will you outline the need for action on climate change and why business certainty is important?

Mr Rudd—I thank the honourable member for Lowe for his question. The latest national greenhouse accounts released on Monday demonstrate that we need to turn Australia’s emissions around. Over the four quarters to the December quarter of 2008, Australia’s national inventory was estimated at 553 million tonnes of carbon dioxide equivalent. That is an increase of 1.1 per cent compared with the corresponding period for the previous year. Emissions from the energy sector have increased by 42 per cent from 1990 to 2007 and by another 1.5 per cent in 2008. To start to reverse this growth into the future, we need to drive investments in renewable energy and clean technology. That is what we are seeking to do through the Carbon Pollution Reduction Scheme.

We have read today that even the Australian coal industry is telling the coalition that they must work with the government. Mr Ralph Hillman, Executive Director of the Australian Coal Association, said today that in Australia we need a scheme that can be passed with bipartisan agreement, urging the coalition back to the negotiation table. He said, ‘The Opposition is ultimately going to have to be at the negotiating table on this.’ We wait for the opposition to demonstrate a positive approach to negotiations. We have also read today analysis from Malcolm Turnbull’s own investment bank, Goldman Sachs JBWere.

Mr Turnbull—Not very kind; if only it were true.

Mr Rudd—They seem to be doing okay, mate. The Leader of the Opposition’s former bank, Goldman Sachs JBWere, have calcu-
lated the earnings impact of the revised CPRS on the S&P ASX 100 and shown that, far from putting companies in the financial trouble that the coalition would have you believe, the CPRS would have a negligible financial impact on Australian companies in the early years.

The Chairman of the Investor Group on Climate Change, which represents investors with about $550 billion under management—including AMP Capital, Colonial First State, Goldman Sachs JBWere and Merrill Lynch—said the following:

Investors see no material earnings risks for emissions-intensive, trade-exposed companies from the early years of a … (CPRS) …

He went on to say:

The Government’s proposed CPRS has sufficient compensation to ensure that company profits and existing investors will not be impacted over the short to medium term…

So said Mr Frank Pegan of the Investor Group on Climate Change, and that is reported today on the front page of the Australian Financial Review.

Mr Hunt—Ask Martin Ferguson who he met with this morning.

Mr Rudd—The member for Flinders continues to interject. I would say the member for Flinders actually needs, together with the Leader of the Opposition, to summon some political courage to finally take on the climate change sceptics in the Liberal Party—led by the member for O’Connor up the back there—but also, most acutely, to take on the climate change sceptics in the National Party, the home of all climate change deniers in the Australian parliament.

The Sydney Morning Herald tell us today what sort of a rabble we have in the opposition on this question at the moment. The report says that the right wing of the party are bristling at the Leader of the Opposition’s new-found commitment to an emissions trading scheme on Sunday. The quote I will read to you is:

Conservatives and Nationals who oppose a trading scheme thought that when the Coalition voted last week to delay a scheme, it was implicit the Opposition would never support one.

That is what the Sydney Morning Herald says today. It also reports an outrage on the part of the sceptics in the party room, and our old friend the member for O’Connor, and Senator Boswell. Again, the SMH revealed that the member for O’Connor, who is smiling at the gallery—they must have got this one right, Wilson—complained that they had been locked into a new position, and Senator Boswell complained that just one week before ‘he had never consented’ to supporting a trading scheme of any description. So, obviously, there is an outbreak of party unity on their part on the question of the future of the CPRS.

But how do we know these reports out of the party room to be true? Again, we turn to reports, this time by Annabel Crabb and Tony Wright, who have alerted us to the fact that the coalition has had to ban mobile phones from its joint party room meetings. There’s a measure for you! As the member for Farrer reportedly said in the party room yesterday:

In the interests of not having it leaked, I am now not going to say what I was going to say …

What was the member for Farrer going to say? I would be rather taken by that. But this is hardly a well-kept secret. Of course, we have had Senator Joyce—he was back at his best yesterday at the doors—contradicting the Leader of the Opposition comprehensively on the emissions trading scheme debate. Just three days earlier, on 2 June, he said the ETS ‘is an absolutely ridiculous, stupid scheme’. This is the ETS that the Leader of the Opposition says that we must have.
The Leader of the Opposition said on one of the weekend programs, I think it was *Insiders*, that he supports an emissions trading scheme. Have I got that right?

**Government members**—Yes.

**Mr Rudd**—Senator Joyce, the leader of his coalition bosom buddies over there in the Senate, has said that the ETS is an absolutely ridiculous, stupid scheme. How do these two positions reconcile? We even have Liberals who have reverted to being public apologists for the flat-earth crew. The member for Mayo, who staffed the former Prime Minister through his years of inaction on climate change, said yesterday, ‘I think that Wilson Tuckey and Barnaby Joyce are entitled to their view.’ We have a bit of collegiate support there from the member for Mayo within the Liberal Party, out there supporting Wilson up the back and Barnaby over in the Senate to make sure that the climate change sceptics’ voice is kept out there alive and well.

So, while the Leader of the Opposition might be out there spruiking in support of a Carbon Pollution Reduction Scheme on the one hand, we have the Liberals split right down the middle, and we have the Nationals split completely from the Liberals on the future of a Carbon Pollution Reduction Scheme. It is impossible, therefore, to know whether they are Arthur or Martha on the question of the future of an emissions trading scheme.

Why is this relevant? It is relevant to whether or not the CPRS will actually obtain passage in the Senate. That is why it is important. There are national interest questions here. Business certainty is necessary. The future of our regulatory environment as it affects the emissions-intensive trade-exposed sector of the economy and other sectors of the constitution is of vital relevance for future business certainty. Those opposite cannot even organise a common position within their party, and cannot organise a common position across their parties, and the business community and the future of the renewable energy sector in this country more broadly is being held to ransom because those opposite cannot forge a common position among themselves.

So again I would say to the Leader of the Opposition on climate change: will the real Malcolm Turnbull please stand up? Is he a climate change sceptic or is he going to support action on climate change—or is he, like the member for Flinders, simply going to disappear into the corner in the hope that the nation at large does not notice? The national interest actually demands some action on the part of the Leader of the Opposition. Take some leadership. Take on the sceptics in your own party. Actually forge a position on behalf of the coalition. Show some leadership on climate change. Instead, what we have is them hauling up the white flag in the face of the climate change sceptics. We need business certainty for Australia’s future.

**Minister for Defence**

**Mr Baldwin** (3.27 pm)—My question without notice is to the Minister for Defence. Given the minister’s obligation under the standards of ministerial ethics set down by the Prime Minister in December 2007, I refer to his press conference on 27 March this year, when he said:

I have obviously gone through my past details over the course of the last 24 hours and I’m absolutely confident that I’ve now disclosed everything that was necessary to be disclosed.

As the minister confessed late last night to yet another breach of ministerial standards, through his failure to disclose free hospitality in Brisbane on 11 June last year, will the minister confirm to this House that he has now disclosed absolutely everything necessary to be disclosed?
Mr FITZGIBBON—I made a full statement to the House on these matters last night, and I simply refer the honourable member to that statement.

Climate Change

Mr BEVIS (3.29 pm)—My question is to the Minister for the Environment, Heritage and the Arts. Will the minister outline the importance of a comprehensive approach to tackling climate change? What is the role of the Carbon Pollution Reduction Scheme in this comprehensive approach?

Mr GARRETT—I thank the member for Brisbane for his question. As the Prime Minister has just pointed out to the House, it is absolutely critical that we have a comprehensive approach to dealing with climate change, and that includes having a price in the market which comes about as a consequence of a Carbon Pollution Reduction Scheme. We need this approach because it is clear that greenhouse gas emissions are continuing to increase, and because the impacts of climate change are increasingly well understood. One example of this is reports this week which show that we have projected increased ocean acidification as a result of greenhouse gas emissions, and with ocean acidification coral reefs are at risk, food security is at risk and local economies are at risk as well. That risk is very relevant to Australia, given the importance of the Great Barrier Reef to our national and regional economies. It is an employer of some 60,000 Australians—a fact that opposition members conveniently ignore in their contributions in this House. By the way, I pay due regard to the contributions by government members in the debate thus far.

Three weeks ago I attended the Coral Triangle initiative at the World Ocean Conference in Indonesia. That initiative points out how critical it is that we take action to address dangerous climate change because of the dependence of people in that region, some 240 million people, on food security and on a healthy ocean in and around the Coral Triangle. We need a comprehensive response to tackling climate change because of the opportunity for green-collar jobs. We have seen analysis from the Climate Institute showing that more than 26,000 jobs could be created if all planned energy projects went ahead. Of course, projects rely on a strong and certain market so that the possibilities and opportunities for businesses to invest in clean energy can be taken up. By refusing to support the government’s CPRS the opposition is refusing to begin to reduce our carbon pollution. I notice a remark from the United Nations Secretary-General when he was speaking to a business summit on climate change recently. He said:

For those who are directly or implicitly lobbying against climate action—read ‘a number of members in the opposition party room’—

I have a clear message: your ideas are out of date and you are running out of time.

I notice also the release from Bradford Insulation welcoming the final insulation guidelines that were announced recently. In that release Bradford point out something very important, and that is simply this: they see the scheme that the government has brought forward ‘as an excellent boost to the economy and the environment’, and they go on to say:

Combined with other Federal and State government stimulus packages such as the Schools Program, Public and Defence Housing and the First Home Buyers Grant, we are experiencing tremendous demand for insulation products driving jobs in the industry and economy generally.

The fact is that this is the way in which we do drive jobs in our economy. We drive jobs in our economy not only by having targets but by having a plan. So I call on the Leader of the Opposition to stop pretending. There is
a lot of confusion in the party room about what his position ought to be. It is time to start being serious about addressing climate change. Australians are demanding it, our economy needs it and our environment is dependent on it. At the moment, only the Rudd government has a comprehensive plan to tackle climate change; it is time the opposition leader got on board.

Minister for Defence

Mr BALDWIN (3.33 pm)—My question without notice is to the Prime Minister. I refer the Prime Minister to the standards for ministerial ethics that he set down in December 2007, and to an interview on 4 May this year between the Minister for Defence and Laurie Oakes. The minister was asked: … what Mark Latham wrote was ‘The full list of largess received by the Fitzgibbon family is yet to be made public’. Is there any more to be made public? The Minister for Defence replied:
No.
Is the Prime Minister satisfied that the Minister for Defence has complied with the standards of ministerial ethics, including making full disclosure on his register of members interests as required by this parliament?

Mr RUD—I thank the honourable member for his question. The minister has plainly made a mistake as far as his declarations are concerned. The minister came into the House last night and made a statement to the parliament concerning that. I refer you also to what the minister has answered in question time today.

Equine Influenza

Mr CHAMPION (3.34 pm)—My question is to the Minister for Agriculture, Fisheries and Forestry. Will the minister update the House on the status of the horse disease response levy bills, policies affecting the horse industry, measures to help deal with future disease outbreaks, and any risks to these measures?

Mr BURKE—I thank the member for Wakefield for his question about this important industry and also for giving me the chance to talk about horses in question time today. We are talking about a $3.6 billion industry—a massive industry that at the time of the change of government had already been brought to its knees through the outbreak of equine influenza. There have been different approaches between the previous government and us as to the best ways of engaging and assisting the horse industry. Members would be aware that at different times some in opposition have claimed that we are not doing enough with on-farm irrigation, and there is often the argument raised on radio that the government are not doing enough with actual on-farm irrigation projects. I do have to say that the previous government had an on-farm irrigation project that did eclipse any of ours—it was $5 million for a single site. I have to say that, sadly, it was not for irrigation areas in the Riverland, and it was not for the Riverina or the Sunraysia—it was for the irrigation of Flemington racecourse. There was $5 million from the department of agriculture for the irrigation of Flemington racecourse, for a minister who, immediately after leaving parliament, just happened to take a job with the Thoroughbred Breeders Australia Association.

The previous government failed to deliver the quality of quarantine systems that industry had a right to expect. For each livestock industry, whether it be chickens, pigs, cattle or sheep, there is a system known as the Emergency Animal Disease Response Agreement, known as EADRA, where industry and government share the costs if there is to be an animal disease outbreak. This was never done for the horse industry, so there was an agreement from the previous government
with the horse industry that we would presume that there was a levy in place and act accordingly. When we came to government, because a levy had not been put in place the government footed the bill in full following the receipt of the Callinan report.

We then went about reintroducing the horse disease response levy bills, which the Australian Horse Industry Council today called to be reintroduced. This is where we did the same for the one area of livestock that had not yet been covered by the emergency disease response. And, where legislation had been introduced for a levy for each of the other areas of livestock by the previous government, it met with bipartisan support. This was not the case for the horse industry, not the case for a $3.6 billion industry that took a $1 billion hit last time there was a disease outbreak. Under the direction of the shadow minister for agriculture, the opposition in the Senate voted to block these bills, which resulted in Australian Harness Racing expressing its disappointment, resulted in the Australian Horse Industry Council describing it as a shattering outcome for Australian horse owners and was best put by the Australian Racing Board, which said:

What makes the Federal Opposition’s actions even worse is that it follows 10 years of procrastination on the issue while they were in office. Minister after Minister in the Howard Government was “going” to do something about a horse disease response levy but it always ended up in the too-hard basket. After 10 years of sitting on their hands while they had responsibility they then commit the ultimate sell out—the new [minister]—

that would be me—

... recognises the size and importance of the horse industry and has put forward a responsible Bill only to see it defeated.

I table each of those media releases.

Make no mistake: if there is another outbreak of equine influenza in Australia, we are not in a position to eradicate it again. This is a massive economic impact on a $1 billion industry, and if there were to be another outbreak, because of the actions of the National Party in making the call that that legislation would be blocked, Australia stands now as one of the only nations in the world to successfully eradicate equine influenza and is now forced into a position, because of irresponsible behaviour in the Senate, where that can never be done again.

You look at the people, and the level of embarrassment that must be there. This is what happens when you have a coalition arrangement. This is what happens when the Liberal Party says that the party that represents the smallest number of country seats in this parliament can make this sort of call and cause this sort of damage to industry. For all of the rural members of the Liberal Party who take an interest in these issues, they are in a coalition arrangement that says they never get to make a policy call in this area. It will always be deferred to the one party where you could take any member of their own backbench and place them on the frontbench and it would be an improvement. Well, not every member of the backbench, but for most of the members of their backbench, you could put them there and it would be an improvement. But it is not just the rural Liberal members who pay the price. One of our largest industries, a $3.6 billion industry recovering from a $1 billion hit from the last outbreak, takes a direct hit squarely at the feet of a coalition arrangement that puts the National Party in charge.

Queensland Government

Mr TUCKEY (3.40 pm)—Mr Speaker, I have a question for the Prime Minister. Is the Prime Minister aware of the proposed action by Anna Bligh and the Queensland government to renege on previous agreements with the Commonwealth to return fuel excise fees
of 8c a litre to consumers in Queensland? As these revenues are raised by and belong to the Commonwealth and are then remitted via the Queensland government to consumers, will the Prime Minister act to prevent this blatant and brazen theft from his own Queensland constituents and working families?

Mr Rudd—I thank the member for O’Connor for his question. They could not even scratch up a Queensland member to ask the question. For goodness sake! What are the Liberal Party and the National Party coming to these days? In terms of the Queensland economy and investment in that economy and what you do, what we have done is put in, through our own nation-building plan, $11.8 billion into the Queensland economy. That is what this government is responsible for. All governments in the face of the recession have to take tough decisions. They have, we have, and we stand by our decisions.

Mr Pyne—Mr Speaker, I rise on a point of order.

The Speaker—The Prime Minister has concluded his answer.

Mr Pyne—He didn’t even address the issue of petrol!

The Speaker—The Prime Minister has concluded. The Manager of Opposition Business will resume his seat!

Ms Gillard—I thank the member for Petrie for her question. I note that she is a great representative of Queensland in this national parliament. I also note that the person from the opposition who asked the last question, the member for O’Connor, is of course not from Queensland, even though the question was about Queensland. I understand from the Manager of Opposition Business that the explanation for that is he did all of the work for the question, presumably reading today’s newspapers, and so we now have proof positive—

Mr Pyne—Mr Speaker, I rise on a point of order on relevance. The minister was asked a specific question by the honourable member from Queensland.

The Speaker—The Manager of Opposition Business will resume his seat. The Deputy Prime Minister will respond to the question.

Ms Gillard—Thank you very much, Mr Speaker, and all I was doing was praising the member for O’Connor and noting that now the future of the Liberal Party relies on his hard work and the member for Sturt’s hysteria—not a great recipe for future success.

The Speaker—The Deputy Prime Minister will respond to the question.

Ms Gillard—in answering the member for Petrie’s question, Mr Speaker, of
course the government is committed to a future with a simple modern award system. We believe in awards; members of the Liberal Party do not. They voted for awards-stripping legislation in government, and they believe in people having the safety net stripped away.

Opposition members interjecting—

Ms GILLARD—They are catcalling now because, of course, they believe in 16-year-old and 17-year-old kids getting ripped off in their first job. That is what happened when they were in government. In delivering this simple modern award system for the future, we are ensuring that there is a measured, sensible transition to the new Fair Work Act and the modern award system. We are enabling the Australian Industrial Relations Commission to have a full five-year phase-in period for changes—a sensible, measured approach; a phased approach for businesses around the country.

Mr Keenan—you can’t be proud of this!

Ms GILLARD—I am asked for reactions to this; I am asked how these changes have been received. I do regret to inform the House that there is much misinformation out there about our simple modern award system and the transition to it. The shadow minister for employment and workplace relations, who is interjecting now, has been responsible for much of that misinformation. I actually complimented the shadow minister last night—that is, I compared him favourably to my other opponent, the member for Sturt. Even today I am prepared to say he does compare favourably to the member for Sturt. Last night when we were debating the transitional and consequential bill to the Fair Work Act he appeared to understand a bit about this five-year period. He had been on the front of the Australian saying he was going to move amendments relating to this five-year period. Then I was able to explain to him that actually the five-year period was already in existence and—surprise, surprise!—it was in legislation that they voted for, indeed in the first bill introduced into this parliament after the election.

We had a discussion last night in the parliament where the shadow minister appeared to understand about this five-year period, even though his system would have been one where state based differences stayed for five years and then there would have been a chaotic drop-dead date where everybody went to the new system over 24 hours. Our system was a gradual phase-in over a full five years. We had an extensive discussion about this five-year period, so you would understand my confusion when this morning on ABC radio the opposition spokesperson on workplace relations said this.

Mr Keenan—I wasn’t on ABC radio this morning!

Ms GILLARD—The shadow minister can make a personal explanation if he wants to deny that these are his words. The quote is as follows:

What the government’s saying is that they are just going to implement these new awards holus bolus on January 1 2010. What that means is if you’re in a state which has a lower award base than another state you’re going to face a massive increase in your operating costs from the 1st of January.

This is absolute rubbish and the shadow minister knows that—and he would have known it when he was saying it, because not 24 hours before we had been debating in this parliament the nature of the five-year transition. Then, in order to whip up fear and hysteria, he deliberately makes a public statement that he knows when he is making it does not replicate the provisions of the legislation or what is happening with award modernisation. He has gone out there to try and scare honest, hardworking small business people into thinking that modern awards
come into force with full effect on 1 January 2010 when he knows that there is a fully available five-year transition period. In fact, he knows that so well that he and his political party voted for it when they voted for our first piece of Fair Work legislation.

Can I say this: Australians should not be misled by the twisting and turning and misrepresentations of the party that so desperately want to keep Work Choices. That is all that this is about—trying to run a fear campaign so that in the next few sitting weeks they can go to the Senate and hold up two pieces of Fair Work legislation to prevent the start of our system on 1 July and ensure that Work Choices lives a few days, weeks or months longer. That is what this campaign is about. It is a campaign of fear, a campaign of misrepresentation and part of their continuing campaign to keep Work Choices—which they will always stand for. They will always stand for ripping the safety net away from hardworking Australians.

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

STATE OF ORIGIN RUGBY LEAGUE

Mr Rudd (Griffith—Prime Minister) (3.49 pm)—Mr Speaker, on indulgence: today, of course, has been a good day for the Australian economy, but tonight will be a good night for football and the State of Origin. It will be a particularly good night if the forces of righteousness, Queensland, happen to win. So I am sure all reasonable members would join with me in saying, ‘Go the Maroons!’ Swanny and I are backing Queensland and people like Burky, Albo, Robert, Joel, Peter, Chris and Tanya are simply mistaken. But this will be a good night. I say to those opposite: we are backing Queensland—a great team. I notice that amongst those opposite the Leader of the Opposition is wearing a blue tie. I am sure he is backing his own side. Good on him. I notice the member for North Sydney is backing Ireland. Are you backing Ireland, Joe? It is going to be a good night—go the Maroons, but may the best team win.

Mr Albanese (Grayndler—Leader of the House) (3.51 pm)—Mr Speaker, on indulgence: as Leader of the House I dissociate myself from that part of the Prime Minister’s comments with regard to who should win tonight. Go the Blues!

The Speaker—Before giving the call to the member for Parkes, may I say: if only the green tie that the member for North Sydney wears applied to this referee as well!

PERSONAL EXPLANATIONS

Mr Coulton (Parkes) (3.51 pm)—Mr Speaker, I wish to make a personal explanation.

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

Mr Coulton—Most grievously.

The Speaker—Please proceed.

Mr Coulton—I refer to the article in today’s Dubbo Daily Liberal with the headline ‘Coulton votes against black-spot funding’ which refers to a press release of yesterday from the Hon. Anthony Albanese. The press release states:

Yesterday in Canberra—
that would be Monday—
Mark Coulton, National Party member for Parkes, voted against $295,000 in funding to address a road black spot in his electorate.
The bill that he was referring to was the Nation Building Program (National Land Transport)—

Mr Albanese—Mr Speaker, I rise on a point of order. The member has to show where he has been misrepresented.

The Speaker—The member for Parkes will explain to the House the misrepresentation.
Mr COULTON—I am getting to that right now. The nation-building transport amendment bill had no appropriations. It was a bill to change the name of AusLink to some other rewriting of history. The minister was misrepresenting to the people of Dubbo the truth of what happened on Monday.

QUESTIONS TO THE SPEAKER

Parliament House: Tour Guides

Mrs GASH (3.53 pm)—In the 13 years I have been in this House, many residents from my electorate of Gilmore have been to see their Parliament House and have been shown around by the wonderful tour guides that we have in this building. Mr Speaker, my question to you is: have there been staff cuts in this department? With over two weeks of notice, I can no longer get a group of my people, who are volunteers, shown around Parliament House in Volunteer Week by our professional tour guides.

The SPEAKER—I will take on board the question from the member for Gilmore and I will get further details about the timing of the visit that she is talking about. There are considerable matters in relation to the Department of Parliamentary Services that the two Presiding Officers have under consideration. I will get back to the member for Gilmore.

PERSONAL EXPLANATIONS

Mr ALBANESE (Grayndler—Minister for Infrastructure, Transport, Regional Development and Local Government) (3.54 pm)—Mr Speaker, I wish to make a personal explanation.

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

Mr ALBANESE—I do.

The SPEAKER—Please proceed.

Mr ALBANESE—Today after question time the member for Parkes, in a personal explanation, suggested that I had put out a misleading press release with regard to the nation-building program and the Black Spot—

Mrs Bronwyn Bishop—Mr Speaker, I rise on a point of order. The standing orders prohibit these matters being debated, and that is precisely what the Leader of the House is attempting to do under the guise of an explanation.

The SPEAKER—The Leader of the House will come to where he has been misrepresented.

Mr ALBANESE—The member for Parkes suggested that I had put out a misleading press release. That is not true. The amendment that he voted for would have failed to allow Black Spot Program projects that were on the national network, including the ones in his electorate, to be funded.

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

Mr LINDSAY (Herbert) (3.55 pm)—Mr Speaker, I wish to make a personal explanation.

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

Mr LINDSAY—Yes.

The SPEAKER—Please proceed.

Mr LINDSAY—Yesterday in the Queensland parliament, the member for Mundingburra claimed that a press release that I put out to the Townsville Bulletin, which was subsequently published in the Townsville Bulletin, was racist. An examination of that press release will show that there are no racist comments whatsoever in it.
MATTERS OF PUBLIC IMPORTANCE

Economy

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

The Government’s failure to control Australia’s public finances.

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

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

Mr TURNBULL (Wentworth—Leader of the Opposition) (3.56 pm)—It is said there are few certainties in life, death and taxes being two of them. But another certainty is that when a government runs up a large amount of debt it will mean higher interest rates and higher taxes in the future. For two days running we have asked the Prime Minister to confirm that the $315 billion of debt into which he is plunging our nation will put upward pressure on interest rates. He has refused to answer that because he knows he dare not because he would then have to admit that his reckless spending, and his reckless borrowing to fund that reckless spending, is going to impose real financial hardship on Australians for many years to come. For many years, decades, we will be paying higher interest rates and higher taxes to pay off this enormous burden of debt.

The government of course seeks to spin its way out of this debt splurge that it has taken us into. We had during the budget week the extraordinary performance of a Treasurer who could not to say what the deficit was. There was an apology for him in a column last Saturday which suggested that it was not his fault; it was just due to a typographical error. Dear, dear, poor Wayne—a line was left out and he overlooked it. How credible is that?

Then we had the even more bizarre week when the Prime Minister and the Treasurer were not prepared to actually say the figure of debt they were taking Australia into. The Prime Minister would say in answer to the question, after a few excruciating exchanges, ‘The number is 300,’ without wanting to say it was $300 billion and it would have to be paid back by Australians. This is all part of a government of spin—a government that has recklessly spent and borrowed its way into a position where Australia is heading towards the highest debt, and it already has the highest deficit it has ever had in its history. And all of this has happened in 18 months. The Prime Minister has tried to justify this by spending on infrastructure, even though he has spent very little on infrastructure and the bulk of the money he has borrowed so far has been given away in cash handouts.

So for weeks he goes around the countryside appearing in a hard hat. We do not know whether he is seeking to impersonate Bob the Builder or audition for a part in the Village People—it is hard to say. But, whatever it is, he pops up there in his hard hat. And this process of impersonation is obviously appealing to him because today he decided to impersonate somebody else. He turned up in the press conference for his ‘mission accomplished’ moment. All he needed was a bomber jacket and an aircraft carrier and he would have been impersonating the former President of the United States. But I have to draw the House’s attention to probably one of the most deluded statements by this most delusional Prime Minister.

Ms Julie Bishop—That’s a big call!

Mr TURNBULL—The deputy leader is right, it is a big call, but I am going to make it. He said today:
Australia has the lowest debt and deficit of all the major advanced economies. And Australia is the only advanced economy as of today not in recession.

Then he went on to say:
The second point which I think we should emphasize is how this has come about.

Fair enough. So I thought: we will hear how it has come about. He will talk about the fact that when he came into government there was no government debt; the government had negative net debt—cash at the bank, in other words. Not a word of that. There is page after page of self-serving self-adulation, but not a word to credit the fact that the reason we have the lowest debt of the major developed countries in the world is because when he became Prime Minister we had no debt at all. That is the reason. It is a tribute to the previous government that we are in the strong position we are today. All of this debt is entirely on the Prime Minister’s head. It is his debt. He spent the cash in the bank and now he is out there borrowing billions a week—borrowing wildly and spending, as we have said, like Paris Hilton on a shopping spree.

He commented today on the figures in the national accounts, which we welcome. The shadow Treasurer and I, at our press conference shortly after that of the Prime Minister and the Treasurer, welcomed that positive figure. It was very, very good to see. But, again, we see a government of spin, because it is beyond argument that the overwhelming contributor to the positive GDP figure was net exports. At the risk of being accused of using props, Madam Deputy Speaker, we can see here the final GDP figure in black, slightly positive, and the various contributions. Overwhelmingly, the positive contribution is from net exports; that is 2.2 per cent. The final result was 0.4 per cent, and 2.2 per cent was from net exports. So exports were up and imports were down. That was the result.

That has absolutely nothing to do with any policy of the government. It has nothing to do with the cash splashes. It has nothing to do with any of their other measures. This is entirely a function of the strength of the Australian economy, a function of a flexible exchange rate. The Aussie dollar depreciated and that contributed to that very positive net export figure. So you would think that a Prime Minister and a Treasurer who were prepared to confront and discuss our economic challenges honestly and accurately would talk about that. But here we have the transcript of the press conference, and the Prime Minister has the chutzpah to take all of the credit for the positive outcome in the March quarter. There is no reference in his remarks at all to net exports. It is a great word, chutzpah, and it is personified, in fact, by the Prime Minister. I will remind the House of the definition of chutzpah. It is defined as being the action of a man who kills his parents and then flings himself on the mercy of the court on the grounds that he is an orphan. A ‘rare audacity’ is what it describes. But there it is: the great result in the March quarter has been contributed by the private sector, by the export industries—that has been their contribution: good on them; well done—and what do we hear about the private sector from the Prime Minister? It is simply that the private sector is in retreat and government has to come to the fore; government, he says, should be at the centre of the economy.

The reality is that the domestic economy still faces very serious challenges. Private capital expenditure fell by 5.3 per cent. Expenditure on machinery and equipment fell by 9.6 per cent. Public capital expenditure by government fell by 2½ per cent. Indeed, capital expenditure by the national government fell by eight per cent. All told, domestic
final demand showed a fall of one per cent. So the driver, as I have said, is in net exports. Exports rose by 2.7 per cent and, more importantly, imports fell by seven per cent. That was the answer to the question of why we had a good result in March. Overwhelmingly, it was because of the performance of the export sector. The Prime Minister has said we had a positive contribution from household consumption, and so we did. But, according to the ABS, the contribution to that final result of 0.4 per cent was 0.3 from household consumption, versus 2.2—more than seven times higher—from net exports.

There was no mention of that in the Prime Minister’s remarks today at all. This is a government that depends simply on spin. Part of their spin is to say that anybody that does not agree with them either has no policy or, worse still, is talking down the economy. If you ask the Prime Minister the most innocent question about the relationship of debt to interest rates or of debt to the sustainability of the budget, or any other straightforward economic question, the immediate answer is: you are talking down the economy. What we see there is the essentially totalitarian personality of the Prime Minister. He reminds me of a dictator who regards any critic of the regime as a traitor.

The fact of the matter is we have a debate about debt and deficit in this country. The Prime Minister is not concerned about the high levels of debt. He says it is not a problem. He says it is not high compared to other countries. That is his point of view; he is entitled to put that. When we challenge that point of view, when we ask a question as to what we have actually got for all this debt, when we remind him of the pristine set of public finances he inherited from the previous government and when we have expressed concern about the heavy interest costs that Australians will have to pay in the future as a consequence of this debt and the heavy taxes they will have to pay and the impact that will have on us recovering from this downturn—when we raise these questions—we are accused of being little short of unpatriotic. That underlines the totalitarian nature of the Prime Minister.

We have this extraordinary confusion in the way he seeks to characterise the opposition. One minute he says the opposition are in favour of doing nothing at all and then he says we are actually secretly in favour of doing everything he has just done. He cannot have it both ways. The truth is, as everyone in the House knows, that when the $42 billion stimulus was presented we were critical of both the size and the composition of the package. We felt it was too big and that it was poorly targeted and we proposed a different set of measures which would have had a net cost of less than half that proposed by the government. So, far from having no policy or the same policy, we have a different policy—one that is focused on growth, one that is focused on small business and one that above all recognises the great danger of imposing on this country a massive level of debt.

We know, and we certainly recognised when we were in government, the consequences of an ageing population. The percentage of Australians over 65, or over 85 for that matter, is going to dramatically increase, and that will impose heavier and heavier burdens on government. We all recognise that. That is why in the previous government the member for Higgins as Treasurer was assiduous in paying off debt, putting money aside, putting money in the Future Fund and taking burdens off future generations so that they were better able to deal with the inter-generational challenges of an ageing population. That was our approach. What we have instead here today is a government that is recklessly throwing debt onto the shoulders
of future generations, heedless of the consequences of this demographic transition.

At the same time, when we ask the Prime Minister, ‘When will the debt be paid off?’—hardly an unreasonable question—we are told, breezily, ‘2022’. Fair enough. That is a long way away. That is a lot of debt to repay. So we ask: ‘What are your assumptions there? What are the surpluses going to be? What are you assuming about growth, about inflation?’ The proposition that all of that debt will be paid off must be based on some assumptions. There must be a spreadsheet somewhere which explains how this can be done. It seems a lot of money to repay in not very many years. We get no answer at all. We are met with the accusation of talking down the economy: how dare the opposition challenge the government. How dare the opposition ask the government to explain how it is going to pay off $315 billion of debt. That is outrageous according to this Prime Minister, and we are accused of talking down the economy.

Let us talk about who talks down the economy. This Prime Minister said only two days ago, ‘This is the worst recession this country has seen in three-quarters of a century.’ In the 1990s we had five quarters of negative growth and three years of unemployment over 10 per cent. He says we are talking down the economy. He said in this House on Monday, ‘This current economic episode is the worst in 75 years,’ and yet, when we put that question to him squarely today, once again we get a speech about how he is for everything and anybody who does not agree with him is for nothing, and once again he refuses to address the deterioration in the public finances of this nation. (Time expired)
that the stimulus packages have not fed into
growth and jobs. They say, and they have said on several occasions—the honourable
gentleman the member for North Sydney said it; his leader has said it—that there is
nothing to show for the stimulus packages. They say we have gone into debt and deficit
and there is nothing to show for it. Well, their entire argument lies in tatters today, mugged
by the facts.

The Australian Bureau of Statistics has announced today that Australia grew by 0.4
per cent in the March quarter. Let us put that in context. In the same quarter the United
States contracted by 1.5 per cent, Japan by four per cent, Germany by 3.8 per cent,
France by 1.2 per cent, the United Kingdom by 1.9 per cent, Italy by 2.4 per cent and the
OECD, on average, by 2.1 per cent. In our own region, in Asia, Malaysia has contracted
by 4.4 per cent, Hong Kong by 4.3 per cent, Singapore by 3.9 per cent and Taiwan by 1.1
per cent. Of the 22 nations in the OECD that have reported for the March quarter, 20 have
reported negative growth.

There are a number of factors involved in the positive growth in Australia, and exports
have of course played their part. But also of vital importance has been the government’s
economic management and economic stimulus. Household consumption expenditure
increased by 0.6 per cent in seasonally adjusted terms. The opposition, which have
spent the last 12 months ignoring the global financial crisis and saying it has no impact
on Australia, now say the only reason we had positive growth was the global economy and
exports. They ignore the global economy for 12 months but today, as they cast around,
flail around, looking for a coherent line of defence, they say, ‘Ah! It’s the world economy.’

The Leader of the Opposition, this morning, in his excruciatingly embarrassing press
conference—I actually had some sympathy for the Leader of the Opposition, trying to
defend the indefensible this morning; it was excruciating—said: ‘The fact is that every
economist, every economic writer in this country, will be making the same observation
that Joe and I have made here today, which is that the biggest factor has been the over-
whelming contribution from net exports.’

Mr Hockey—It’s true.

Mr BOWEN—The shadow Treasurer says, ‘It’s true.’ Let us see how they are going. He said that a couple of hours ago. Let
us see how that prediction is coming along. Michael Blythe, Chief Economist at the
Commonwealth Bank, said:

This reflects the strength of consumption in the first quarter, helped by the government stimulus
packages and the net exports gain also contributing strongly.

So, a balanced view: net exports and the government’s stimulus package. Craig
James, Chief Economist at CommSec, said:

Much of the credit—

Mr Hockey interjecting—

Mr BOWEN—The shadow Treasurer says, ‘Oh, CommSec!’ What would they know!

Mr Hockey—They want people to buy shares. That is what they want.

Mr BOWEN—Craig James said:

Much of the credit for Australia’s resilience must be given to the swift actions of the Reserve Bank
and government in stimulating our economy.

Apparently CommSec is not an independent commentator! Those socialists down at CommSec, you have got to watch them!
Rory Robertson from Macquarie Bank—now there is a bunch of socialists for you!—said:

But the general story is the Australian economy has held up very well in the face of the most sav-
age downturn in a generation, and the reasons for that are (1) the Reserve Bank has taken interest
rates to a generational low, (2) the government has been more aggressive than ever in supporting the economy through expansion.

So that is Macquarie Bank. Then we have Su-Lin Ong, from RBC Capital Markets, who said:

So it clearly looks like the fiscal stimulus and the monetary stimulus have boosted disposable income and helped growth in the quarter.

So we had the Leader of the Opposition a few hours ago saying, ‘Every economist, every economic writer in the country is going to agree with us.’ That prediction was wrong before he had said it, but it was certainly shot out of the water within hours of him saying it. Again we see the Leader of the Opposition’s economic credibility in tatters.

Here is a fact: without the economic stimulus packages of the government, it is estimated that the GDP growth in the last quarter would have been minus 0.02 per cent. So, if the Leader of the Opposition and the shadow Treasurer were in charge, Australia would be in official recession. Well done, Joe! Australia would be in official recession. The opposition want us to believe, on the one hand, that it is all down to the world economy, that the government’s actions have had absolutely no impact on economic growth over the last quarter, but, on the other hand, when it suits them, they say, ‘Australia, of course, should be doing much better than the rest of the world’—and of course we should and of course we are.

The opposition have chosen to throw their economic credibility to the wind. They have chosen to run a campaign based on cheap sophistry. They have chosen to run a cheap scare campaign on debts, and they interchange the figures of gross and net debt when it suits them. They refer to net debt when the Howard government was in office, but they refer to gross debt when the Rudd government is in office. What a ridiculous approach to take, to treat the Australian people like mugs, to say to the Australian people: ‘You can’t understand these complex economic equations. You can’t understand the reason for Australia needing to go into deficit, you wouldn’t understand the fact that revenues have been written down, so we will engage in a cheap scare campaign.’

The problem with that is that it does not stand up to a skerrick of analysis, and the threadbare nature of this argument was made particularly clear, I thought, in a very good opinion piece today in the Financial Review. You might say: ‘Who wrote it—who wrote this opinion piece? Which individual wrote it?’ Well, there was no individual. It was, if you like, an open letter from some of the most credible and respected economists in Australia, people like Fred Argy, Tony Cole, Saul Eslake, Bernie Fraser, John Freebairn, Stephen Koukoulas, Andrew Leigh, John Quiggin, Glenn Withers, the list goes on—all names honourable members would be familiar with as very eminent Australian economists. Does the shadow Treasurer disagree that these are eminent economists?

Mr Hockey—Bernie Fraser?

Mr BOWEN—He says ‘Bernie Fraser’. The former Governor of the Reserve Bank and the former Secretary of the Treasury, what would he know! So it is a list of probably 20 economists—I have not counted them—and the shadow Treasurer says ‘Bernie Fraser’. What would he know? They are probably the 20-odd most credible economists in the country. This is what they had to say:

There is no more effective way to stimulate the Australian economy quickly.

They are referring to the government’s actions:

There is no more effective way to stimulate the Australian economy quickly. The success of this measure can be seen in the relative strength of
Australian retail sales compared with almost any of our peers. In addition the government plans to spend many billions more on infrastructure.

That was before today’s figures, before they were aware of today’s figures. That was just based on retail trade figures. Now, they are further supported by the economic growth figures. They conclude by saying this:

Deploying our strong balance sheet to use otherwise idle resources—or to put it more compellingly, deserted factories and unemployed workers—to build assets that improve our lives and our economy in the future, seems much more appealing; much more commonsensical than retreating into phobias.

What an eloquent way of putting it—not only putting the argument in a very sound economic framework but putting it in a human framework, pointing out that unless the Australian government acted and stimulated the economy we would have deserted factories and we would have more households affected by an unemployment rate much higher than it is. The opposition are fond of saying, ‘It’s not your money; you’re spending money that’s not yours.’ Well, these are not our jobs we are protecting, either; they are the jobs of our constituents.

Mr Hockey—Oh, come on!

Mr BOWEN—These are the jobs of the people who rely on us to see them through this global crisis. They are not your jobs and they are not our jobs; they are the jobs of the Australian people. They are the people who are relying on us to see it through. They are the people who are relying on us to say that the global recession is the worst in 75 years but we will see it through; we will do whatever it takes to stimulate the economy to ensure that we will protect jobs. And in a fleeting flicker of honesty this morning the shadow Treasurer admitted that the government’s actions have supported jobs.

There are more tough times to come. We are not through this. This is not the end of the global recession. Today’s figures are not a cause for celebration across the land, but they are an indication that we are getting through. They are an indication that we are seeing the worst of the global crisis and we are getting through better than anybody else. There are tougher times to come. We do unfortunately expect unemployment to rise more. But Australia is better positioned to get us through these tough times, with a government that is prepared to take action. We are better off with a government that is prepared to engage in a conversation with the Australian people about the challenges facing us. We are better off with a government that is prepared to say, ‘We need a deficit, and we do not apologise for protecting and supporting jobs.’ We are better off with a government that is prepared to take the tough decisions, rather than with the cheap opportunists who sit opposite, who have thrown away all the economic credibility that they would say they built up over 11 years—thrown it away in a cheap attempt to score political points in the face of the gravest economic crisis facing the nation.

The Australian people know that they are better off with a government of realists rather than a government of opportunists. Not only do the Australian people know it; every economic commentator knows it, to paraphrase the Leader of the Opposition. Every credible economist and economic writer in the country knows that the opposition’s argument is laid threadbare for all to see and that their credibility lies in tatters. For 12 months they have flailed around trying to find a coherent economic argument. For 12 months they have changed from position to position. They said, to start with, ‘We support the first economic stimulus package,’ and then they said, ‘Oh, it’s not working; we’re seeing unemployment go up, we’re seeing economic growth go down—we now oppose it.’ Then we had the second economic stimulus pack-
age and they said, ‘We don’t support that; we support tax cuts instead.’ The shadow Treasurer’s predecessor said, ‘We support broad and sweeping tax cuts which will reduce the deficit’—just before she got dumped as shadow Treasurer, unsurprisingly; but it is a view from which the current Treasurer has not dissociated himself. They actually support broad and sweeping tax cuts which would increase the deficit and increase debt. And now they have settled on the argument that the debt and deficit are too high. They have settled on the cheap argument that Australia is in too much debt: ‘We’ll ignore Australia’s debt levels compared to the rest of the world; we’ll ignore the size of the deficit compared to that of the rest of the world; we’ll ignore the fact that the government has brought down a deficit of less than five per cent of GDP when the average for advanced countries around the world is nine per cent— we’ll ignore all that; we’ll just run this cheap argument.’ In these difficult times the Australian people look not only to the government for leadership; they look to this parliament for leadership. What they see from our side is leadership. What they see from that side is cheap opportunism.

Mr HOCKEY (North Sydney (4.26 pm)—From the very beginning of the major economic downturn, when we had the collapse of Lehman’s, the government has sought to define this as the worst financial crisis in 75 years. And that argument morphed into a domestic threat, rather than it being an external threat which needed to be dealt with. I cannot help but reflect on two things: firstly, the economic data which was released today; and, secondly, the broader issues relating to the direction of the economy.

Firstly, there was some interesting data that was released today, apart from the headline GDP figure. I want to draw the attention of the House to page 9 of the national accounts, which has a table reflecting the terms of trade. What you will note is that the terms of trade actually continued to grow over 2008 to record levels—so much so that, as of today, the terms of trade are far more favourable to the Australian economy than at any time during the so-called mining boom during the years of the Howard-Costello government. The terms of trade today, on this graph, are more favourable to the Australian economy than at any other time under the previous government. That is today. And that, of course, has helped cushion the Australian economy from the full impact of the global economic downturn.

Secondly, the Australian financial system does not have major financial institutions in distress—in fact, all four of the major Australian authorised deposit-taking institutions are in the top 12 of the world’s performing banks. That is something that has not been achieved before. It would have been extraordinary to suggest that Australian financial institutions would have a bigger market capitalisation than the 800-pound gorilla Citigroup, which has over 300,000 employees and a balance sheet of enormous scale. It would have been extraordinary to believe that the Australian banks would be larger than Citi, but that is what the global financial meltdown has done—it has changed the dynamics. So (1) Australia has had incredibly favourable terms of trade; and (2) it has had extremely well performing financial institutions. And, when it comes to the public finances, it was the coalition that left this government in the very best shape directly as a result of getting the budget into surplus, with hard yards all the way along but particularly in the 1996 budget—which many of us well remember.

Thirdly, this government inherited an economy with strong fundamentals such as low unemployment, even though it has risen dramatically from four per cent to trend un-
employment of 5.5 per cent, and they have inherited a vibrant small business economy.

So when the results came out today it was perfectly clear that the government, through its massive cash splash, has not only put Australia into a level of debt that we have not experienced since World War II but may have bought itself a little bit of time to claim that it can get through a technical definition of a recession. But when you actually look at the details of the figures you can identify that, even though on this occasion Australia, thankfully, has avoided the technical definition—more the media definition—of a recession, the fact of the matter is that there are some fundamental issues that are of concern.

The government has been quoting a number of economists. There are only two economists who, two weeks ago, were predicting that this would be a positive quarter: Barclays and Deutsche Bank. I declare an interest in Deutsche Bank, although I do not often agree with Tony Meare. The interesting assessment from Tony Meare at Deutsche Bank today is:

**The things that matter—demand and income—were exceedingly weak in quarter one as the table presented below suggests. While the absence of two consecutive quarters of negative GDP growth will confound the media’s simplistic technical definition of a recession, the detail of the report clearly reveals the progression of Australia’s recession that commenced in the third quarter 2008 and is continuing into mid-2009 as the corporate sector increasingly retrenches.**

It is a very interesting piece. To add to it, take UBS, another major global bank. UBS said:

However, the weak state of the economy in early 2009 is evident when extracting the external sector, which added 2.2 per cent to GDP in the quarter. Domestic demand fell one per cent. Non-residential construction was down 4.3 per cent. Housing investment fell 5.6 per cent. Equipment investment was down 9.6 per cent.

The government say that everything is okay—mission accomplished, they have done it all. Yet the fundamentals behind the headline figures are a major ongoing concern.

JP Morgan, another not inconsequential major global bank, said that business investment tumbled 6.1 per cent and that the seven per cent slump in import volumes in the March quarter contributed, as did the overall net export figure, to the very significant improvement in the GDP. The most interesting detail in the JP Morgan advice is that the details of the GDP report painted a rather gloomy picture.

Economists will argue, but the fundamental point is that we are now all arguing today about how deep the hole will be. There is a hole and it is deep and someone is going to have to help Australians to get out of the hole. The only way you can get Australia out of this hole is if you have the capacity to lift people out of adversity when it really matters. It is perfectly true, I think, from this data to now recognise that our economic destiny is closely linked—even more closely linked—to Asia than it is to Europe and the United States. This is the interesting thing that comes out of today’s data. You can have an extreme economic meltdown in Europe and even in Japan and the United States, but Australia’s economic future is very closely linked with that of our Asian neighbours.

The fundamental point we are arguing about debt rests on our capacity as a nation to come out of this downturn. What we cannot discount under any circumstances is that our friends and our neighbours in Asia, who are both our clients and our competition, will throw everything at the economic recovery: lower wages than anything paid in Australia and lower taxes than anything charged in Australia. They will stimulate their economies aggressively to come out of this eco-
nomic downturn, and the Australian government will not have any juice in the tank to be able to compete in our region with our clients and our neighbours. Why? Because Australia is a massive importer of capital, and, given that the world got into these troubles by borrowing too much money, it simply defies logic to believe that when governments borrow too much money there is not a consequence. Yet the government here expects us to believe that. There will be a cost. The greatest cost—the consistent cost—the cost that no economic data can wave away is the debt that this government is accruing. The repayment of that debt will be the greatest economic challenge over the next few years because we need to have the capacity to repay that debt whilst preserving the jobs that are going to keep Australian families with growing personal wealth.

Dr KELLY (Eden-Monaro—Parliamentary Secretary for Defence Support and Parliamentary Secretary for Water) (4.36 pm)—I must admit I am completely flabbergasted by the proposition in this matter of public importance. When I first read it, I have to confess that I thought it was referring to the Howard government and that we were missing a word there, because of the extraordinary record of mishandling of public finance by the Howard government. But no, it turns out the opposition are talking about the Rudd government. It is just another example of the depths of hypocrisy to which they continue to sink in avoidance of a real, fair dinkum debate about the economy, demonstrating their continuing progress towards irrelevance on this essential economic debate.

It is worth while examining their credibility in the administration of public finances. It is quite an interesting story when we look at their track record in this respect. It seems that not a week passes without another ANAO report coming out which refers to yet some more interesting statistics and information about the Howard government’s administration of public finances. I recall that just recently there was a report released on the Howard government’s advertising expenditure. It makes very interesting reading and is particularly interesting for me because it related to the role of the Special Minister of State, as he was then, in administration of those matters. I remind the House that that report highlighted that between July 1995 and November 2007 more than $1.8 billion was spent on government advertising and nearly half of that outlay occurred in the last four years. In 2007, government departments and agencies spent $254 million on campaign advertising. I remind the House that in 2008 under the Rudd government that expenditure was slashed to $86.6 million. That is a saving of close to $170 million.

But I do not want the House to listen to me on this. I think we should go to a more independent commentator on that Australian National Audit Office report. On 13 March this year, Bernard Keane had some interesting comments to make on the ANAO report and in particular on the Ministerial Committee on Government Communications, which was chaired by the then Special Minister of State. The audit report really focused on that mechanism because, in reality, the MCGC was not supposed to have the authority to spend money on advertising. That was supposed to lie with individual ministers and department officials with delegated powers to spend money. But the MCGC made many decisions about advertising campaigns, often overriding advice from the departments. This is what the ANAO focused on. The MCGC was spending money with no authorisation. This was a matter on which the ANAO received explicit advice from the Australian Government Solicitor. They received comments from the former Special Minister of State, who said that, because the relevant
portfolio ministers attended each meeting of the MCGC, in effect it ensured the decision was being made by someone with authorisation to do so. The ANAO very politely, as Bernard Keane commented, said in a footnote that as part of the audit they examined the complete records of 63 of 66 MCGC meetings held about the campaigns and extracts of the records of the remaining three meetings. The ANAO found no evidence that portfolio ministers attended MCGC meetings.

It was very interesting that the ANAO were interested in the Work Choices advertising campaign. We all remember that Work Choices campaign. What a wonderful expenditure of government money! I show exhibit A just to remind us of that wonderful investment of public money! We must remind ourselves that $120 million was wasted on that campaign. Bernard Keane pointed out that the MCGC ensured that the Liberal Party’s closest friends in the advertising industry got in on the action. None of the tenders for the Work Choices campaigns was put to the market, Bernard said. He said they were either offered by invitation or given directly to a firm without tendering and that only one of the eight major contracts was the subject of a proper assessment as is required under the web of accountability. It is also interesting to note the comments that Bernard made—

Mr Anthony Smith—Who’s Bernard?

Dr KELLY—Bernard Keane, the journalist, also highlighted that anybody who reads those 200 pages of the ANAO report on government advertising will never again refer to any credibility on the part of the Howard government on the management of finances. It is important to remember also that Lindsay Tanner and John Faulkner, the successive ministers, got rid of the MCGC when we got into government.
with the same rigour that was applied to our 2007 election undertakings.

The ANAO report’s scathing condemnation of the Howard government was summarised in the line that they fell short of acceptable standards of public administration. That is a clear condemnation. But, more than that, we found that $110 million or a third of the program’s funds were pumped into just 10 coalition seats. Contrast that with this government’s record on allocations of infrastructure expenditure around the country. We also know that $2 million of that Regional Partnerships money went to Bondi. What a suffering, difficult region Bondi must be! The only cows I have ever seen in Bondi are cash cows. It was gross mispending of a fund that was meant to support regional Australia.

Let us have a look at the record of this crew in relation to the largest strategic management of public finances. ‘Those Howard years were characterised by a failure to align fiscal and monetary policy.’ Those are not my words; they were the subject of a great deal of commentary by the former Treasurer, the member for Higgins, who had a lot to say about his failure to rein in the former Prime Minister and line up fiscal and monetary policy. What was the outcome of that failure? Ten interest rate rises in a row. The income of the family household was chewed up by those interest rates. Let us refer to the record of this government in lining up fiscal and monetary policy since we came into office.

I would like to highlight their record in relation to the Regional Partnerships program through some examples. These examples will show how the Howard government had no idea of how to invest public finances to deal with a strategic situation. A couple of examples from Eden-Monaro illustrate this. There was one private business in particular, a bakery in Eden, for which funding was provided. That business went bankrupt and the workers were dudged. The government, under the Special Minister of State, received another application from the same businessmen, who wanted to set up a bakery in Nimmitabel. Unfortunately, that bakery went bankrupt as well—two bankruptcies in a row. (Time expired)

Mr ROBERT (Fadden) (4.46 pm)—Fiscal failure, deficit and debt are simply parts of Labor’s DNA. Labor’s failure in public finance has not just started recently. We can trace it right back to the last election—not to mention the $96 billion debt under the former Keating Labor government. In November 2007, Prime Minister Rudd was elected with some fanfare. Indeed, people had some hope, albeit misplaced. In the May budget of 2008, they proudly stood there and told of a $20 billion surplus. Yet the underlying elements in the budget showed $15 billion of coalition spending axed but $30 billion of new Labor spending starting. And here the fiscal indiscipline began.

The out years in the forward estimates showed expenditure rising by 2009-10 to 5.5 per cent of GDP, the highest out year expenditure in modern history. Yet sneakily they changed the deflator to look at what the growth would be in real terms away from non-farm GDP to CPI so that the growth would not look as large. How is that for being upfront and honest with the Australian people? Yet within 12 months, by December 2008, the government were $14 billion in debt—in 12 months. We all knew that Labor like to spend; we all knew that a debt position was an inevitable outcome. It is in their DNA; it is programmed into who they are—but in 12 months, in 52 weeks? How do you take a country into such horrendous debt, $14 billion, in 12 months alone?

The May budget this year showed that indeed the deficit for this financial year—when
a surplus of $20 billion was so proudly hall-marked—will now be $32 billion. The out years will show another $188 billion, for a combined $220 billion in the next four years plus the current financial year, with deficits through to 2016-17 and a peak debt of a staggering $315 billion. When you add in the ill-thought-through and ill-conceived ideas of Ruddnet and Ruddbank, you are quickly approaching $400 billion. The Prime Minister had no ticker for the truth and could not say the word ‘billion’, and will now have to confront the Australian people and say, ‘I’m putting you into hock for over a third of a trillion dollars.’ The numbers are staggering.

To pay back the debt by 2022—which was the year that the Prime Minister proudly stated here in the chamber—would require eight years of growth at something like 4.5 per cent of GDP and a minimum of six years of growth at 1.5 per cent of trend. Six years of such growth is something that has never been seen before in the history of the nation, and years like that have occurred only twice in the last 30 years and not once in the last 10 to 11 years of economic sunshine.

Indeed, the government’s failure to control funds and their failure to control public finances can be seen by the fact that since the government were elected and through this financial year and over the forward estimates there is $124 billion in new Labor expenditure. That means that from election night the Prime Minister has been spending new Labor expenditure at $10 million an hour. Can you see it? The Prime Minister goes to sleep in the Lodge for his eight hours, or he is on a plane flying somewhere—he has spent a quarter of the time overseas. He gets in the plane, has something to eat, he abuses a stewardess and then goes to sleep for eight hours and in those eight hours, he racks up $80 million of debt.

Mr Byrne—Mr Deputy Speaker, I rise on a point of order. I do not know what personal reflections on the Prime Minister have to do with the argument about debt. They are inappropriate and I would ask the member to speak about the matter that is being debated.

The DEPUTY SPEAKER (Hon. BC Scott)—That is not a point of order. It has been a very wide-ranging debate on both sides.

Mr ROBERT—Following his tirade, the Prime Minister wakes up after eight hours sleep. In those eight hours, while has he been thinking of the food that he wished that he had had, he has racked up $80 million of new Labor debt. I can only imagine what the debt position would be if indeed a hairdryer was not available on the plane. Labor cannot help but spend. It is in their DNA; it is who they are. They have no intention of paying the debt off. Their move is to go into structural deficit. (Time expired)

Mr SIDEBOTTOM (Braddon) (4.51 pm)—The coalition enjoys slandering the Australian economy, as we have just seen. But the latest economic data shows that, despite a global recession, our economy remains comparatively strong. Let us look at the national accounts March quarter 2009 figures. In the face of the worst global recession in a lifetime, Australia recorded 0.4 per cent GDP growth for the March quarter—against all the odds and to the surprise of most of the economic commentariat. In these worst of times, today’s result is off the charts compared to other economies. Of the 22 OECD economies that have reported March quarter outcomes, 20 have contracted. G7 economies slowed by an average of 2.2 per cent. The unemployment rate decreased by 0.3 per cent to 5.4 per cent and retail sales rose 0.3 per cent in April. Household consumption spending rose 0.6 per cent in the March quarter.
Without the household stimulus payments, which the opposition leader and those opposite opposed—and continue to denigrate, as demonstrated in this House today—Treasury estimates the Australian economy would have shrunk 0.2 per cent in March. In other words, if we had followed the advice of the Leader of the Opposition, Australia would be in recession right now. Indeed, looking at the glum faces and the slouched body language of those opposite today, you would think they were disappointed we were not in recession and our economy was not worse off—no denying it. Have a look at the TV pictures tonight on the news and look at your body language. You are so, so disappointed.

Mrs Hull—I was happy!

Mr SIDEBOTTOM—Indeed you are happy. You are happy because the economy was indeed in growth. So I am glad you support it. I would like to hear you speak about it a bit more often.

So I ask: who indeed is out of control in this place? We have a Leader of the Opposition whose party is totally out of control on climate change. We have an opposition caucus which is out of control, if you go by the fisticuffs in the caucus room—

Mr Anthony Smith—We don’t have a caucus.

Mr SIDEBOTTOM—the coalition party room, with an opposition leader who cannot control his own mob. If you cannot control your own party, you cannot control the nation’s finances.

Mr Anthony Smith interjecting—

Mr SIDEBOTTOM—if you cannot govern yourselves on the other side, you cannot govern the country, and no amount of shouting by the member opposite is going to change it. The opposition leader’s ‘sit on your hands’ approach to leadership and to the economy is just not right for Australia. The Leader of the Opposition has totally lost control of his own party, and he is desperate to blame others for his own leadership problems. He knows that every day he delays the government’s Carbon Pollution Reduction Scheme he is costing taxpayers in the long run. Every day he delays on climate change he is putting at risk billion-dollar industries like agriculture, tourism and public health. The school and community infrastructure projects he and those opposite have opposed are all about jobs, jobs and more jobs. And the member for Riverina, of course, says she is happy—happy to oppose jobs and more jobs—

Mrs Hull interjecting—

Mr SIDEBOTTOM—Meanwhile, the Leader of the Opposition and all those that support him, like the member for Riverina, continue to crow about the government debt. At the same time they oppose fair and reasonable savings measures like changes to the private health insurance rebate and the seniors health card. The question of what level of debt he and they would incur of course remains unanswered.

Well, you cannot have it both ways. Tough economic times require that responsible governments make tough economic decisions, and that is exactly what the Rudd Labor government is all about. Today’s figures demonstrate that we are indeed doing the right thing by this economy. That is why we have the good and positive growth figures that we have today. We are very proud of that, but there is a lot more work to do.

The DEPUTY SPEAKER (Hon. BC Scott)—Order! The discussion is now concluded.
CARBON POLLUTION REDUCTION
SCHEME BILL 2009
Cognate bills:
CARBON POLLUTION REDUCTION
SCHEME (CONSEQUENTIAL
AMENDMENTS) BILL 2009
AUSTRALIAN CLIMATE CHANGE
REGULATORY AUTHORITY BILL 2009
CARBON POLLUTION REDUCTION
SCHEME (CHARGES-CUSTOMS)
BILL 2009
CARBON POLLUTION REDUCTION
SCHEME (CHARGES-EXCISE)
BILL 2009
CARBON POLLUTION REDUCTION
SCHEME (CHARGES-GENERAL)
BILL 2009
CARBON POLLUTION REDUCTION
SCHEME (CPRS FUEL CREDITS)
BILL 2009
CARBON POLLUTION REDUCTION
SCHEME (CPRS FUEL CREDITS)
(CONSEQUENTIAL AMENDMENTS)
BILL 2009
EXCISE TARIFF AMENDMENT
(CARBON POLLUTION REDUCTION
SCHEME) BILL 2009
CUSTOMS TARIFF AMENDMENT
(CARBON POLLUTION REDUCTION
SCHEME) BILL 2009
CARBON POLLUTION REDUCTION
SCHEME AMENDMENT
(HOUSEHOLD ASSISTANCE)
BILL 2009
Second Reading
Debate resumed.

The DEPUTY SPEAKER (Hon. BC Scott)—The original question was that this bill be now read a second time. To this the honourable member for Wentworth has moved as an amendment that all words after ‘That’ be omitted with a view to substituting other words. The question now is that the words proposed to be omitted stand part of the question.

Mr ZAPPIA (Makin) (4.57 pm)—Last night we had the Leader of the Opposition come into this chamber and desperately try to keep faith with his party room sceptics and faith with the Australian people, who expect government action on climate change. What we saw the opposition leader present to parliament was not an environmental strategy but a coalition political strategy. Whilst the coalition is united in its opposition to this legislation, it is bitterly divided on the question of climate change and the need for any form of legislation.

We saw an opposition leader agreeing that we must act on carbon emissions but not having the courage to either take on the climate sceptics in his own party or make the hard decisions required. That is what the opposition leader did for about the seventh time last night, by putting off making a decision. He put off making a decision until after the Copenhagen conference in December, until after the US passes its own legislation and until after a Productivity Commission inquiry—with terms of reference that could lead to an open-ended inquiry that could drag on indefinitely. This is not a six-month delay, as opposition members would have people believe, but an ongoing delay, because it will continue until there is unity in the coalition party room, and there will never be unity in the coalition party room on this issue.

The opposition leader agrees with the targets set and argues that all we need to take to Copenhagen is agreed targets. If we all agree that a scheme should be brought in then let’s get the framework in place regardless of whether it is a five per cent, a 15 per cent or a 25 per cent target, because targets without the mechanism in place to implement them become empty words.
On 17 March I attended the Science meets Parliament function here in Parliament House, where the keynote address was given by Dr Penny Sackett, Australia’s Chief Scientist. Dr Sackett had just returned from a major conference in Copenhagen attended by some 2,000 climate change scientists from around the world. In her speech, Dr Sackett summed up the Copenhagen conference outcomes on climate change, and she said:

The newest science, based on more, better and a larger spectrum of data, illustrates clearly that the earth is reacting more quickly to greenhouse gases, tracking along the worst case scenario of the IPCC report.

Dr Sackett’s comments highlight both the urgency and the reality surrounding the issue of climate change. Dr Sackett is Australia’s Chief Scientist. If we cannot have faith in the advice of the nation’s Chief Scientist, then who do we look to for scientific advice? Yet we have members opposite who refuse to accept that our climate is changing, who refuse to accept that elevating greenhouse gas emissions are contributing to climate change, and who refuse to accept that for the sake of our children and future generations we have a responsibility to act on greenhouse gas emissions and to act now.

As a member of the House Standing Committee on Climate Change, Water, the Environment and the Arts, which is inquiring into the effects of sea level rise on coastal Australia, I have had the benefit of hearing evidence presented to the committee by a number of Australia’s experts on climate change—scientists from universities, the CSIRO, the Bureau of Meteorology and oceanographers. Every one of those scientific experts had a similar message to that of Dr Penny Sackett, and that message is that the world’s climate is changing, that human activity is contributing to that change, that our climate is warming, that if greenhouse gas emissions continue to rise temperatures will also rise, that if temperatures rise ice in the Arctic and Antarctic will melt, that melting ice combined with expanding, warm ocean water will cause catastrophic sea level rise and that warmer temperatures will also lead to more frequent extreme weather conditions such as heat waves, floods, tropical cyclones, storm conditions and tidal events.

If current climate change trends continue, the human and environmental costs will be substantial. We already have had glimpses of the kind of devastation that we can expect more of, with the recent Victorian bushfires, the Northern Australia floods, the demise of the drought-stricken Murray-Darling system and the cyclones in the USA. These events are real and when they occur no human intervention will control or prevent them. Yet human intervention in stabilising greenhouse gas emissions around the world is possible and, on the best advice available, would make a difference in stabilising the earth’s climate. The choice about whether we act on climate change or not is very clear. If we get it wrong by overreacting, the result will be a cleaner, greener environment. If we get it wrong and we fail to act—or act too late—the result will be catastrophic. The choice in my mind is crystal clear.

But there is another strong argument in favour of acting now. Every delay adds considerably to the cost of introducing a scheme, and to the environmental and social costs already being borne by society. The argument being peddled by some industry sectors and used by opposition members to oppose the Carbon Pollution Reduction Scheme Bill 2009 is that it will cost jobs. What those people are neglecting to factor in is, firstly, that climate change is already costing jobs. Many more jobs are at risk, and the economic costs of readjustment or repair are already massive. Just look at the costs associated with the Murray-Darling Basin, the Northern Australia floods or the Victorian
bushfires. Secondly, there is unlimited opportunity for new job creation as we transition to a greener economy. One has only to look at employment in the solar and wind power industries and other lower emission energy industry sectors to see the jobs growth potential—a potential that is expected to drive around $19 billion in renewable energy investments over the next decade once a 20 per cent renewable energy target is implemented. Thirdly, we read in the papers only today that, while some industry leaders are talking publicly about massive job losses, they tell investors the impact of the emissions trading scheme will be minimal. In question time today we heard the Prime Minister highlight that independent business analysts were rejecting the cost to industry being claimed by some.

Let me briefly outline the Rudd government’s proposed Carbon Pollution Reduction Scheme. The scheme will commence on 1 July 2011. A greenhouse gas reduction target of between five and 25 per cent has been adopted, and it is conditional on global agreements being reached in Copenhagen in December. The cost of carbon will be set at $10 a tonne for the first year. Market prices will apply thereafter. An amount of $3.9 billion will be made available to provide transitional assistance to energy-intensive trade-exposed industries. An Australian Carbon Trust, expected to raise $75.8 million, will be established to allow households to directly assist in reducing Australia’s emissions. A $6 billion household assistance package will be provided to assist householders with increases in energy costs. Petrol and agriculture will not be included in the initial scheme. A $2.75 billion package will be allocated to help businesses, community sector organisations, workers, regions and communities to move to a low-pollution future.

Our objective should be to stabilise global greenhouse gas emissions, currently at around 380 parts per million, at no more than 450 parts per million by 2050. The natural range for those emissions over the last 800,000 years is between 172 and 300 parts per million. Similar schemes are already operating in 27 European countries, and 28 states and provinces in the USA and Canada are introducing emissions trading schemes. Per capita, Australia is the sixth largest polluter in the world. We have a responsibility to the Australian people and to future generations to act. We have the capacity to act. It is regrettable that the global financial crisis has overshadowed the environmental crisis facing the world and compounded the complexity of bringing in this legislation. We hear the cries, ‘Now is not the time to introduce this measure.’ In truth, there will never be a good time because whenever this measure is brought in there will be some pain for some sectors of the community. The reality is that at some stage it has to be brought in, and it should have been brought in over a decade ago. Had it been, we would not have been in the predicament we are in today. More importantly, the sad truth is that time is not on our side. This measure needs to be brought in as quickly as possible, and I commend the legislation to the House.

Mrs HULL (Riverina) (5.07 pm)—The Rudd government have put into this House rushed and bungled chaos in the form of an ETS which does not take into consideration the many options that are available that could be more effective. The government’s immensely complex Carbon Pollution Reduction Scheme would seriously disadvantage our export- and import-competing industries and cost us thousands of jobs, kill our investment and yet not produce any meaningful CO2 abatement. Under the Rudd scheme, Australian export- and import-competing industries will be effectively taxed an extra $12 billion over five years that they simply cannot pass on. And, if we move too far
ahead of the world, any cuts in Australia’s emissions will not necessarily have a global impact.

Take the LNG industry. The proposed scheme would perversely prevent up to 180 million tonnes of CO2, one-third of Australia’s emissions, being avoided each year because of gas projects that will not go ahead. For every tonne of greenhouse gas associated with the production of LNG in Australia, between 4.5 and nine tonnes are avoided in the Asia-Pacific region when this gas is substituted for coal in generating electricity. Natural gas is part of the global solution, not part of the problem, yet the scheme significantly penalises LNG exports. It makes no sense at all.

The Rudd scheme involves generating permit revenue of nearly $13 billion from year 1, a massive increase in taxation. This will see a huge administration set up to churn these billions of dollars back through the economy, with the government picking winners as to who gets compensation and who does not. The government’s scheme will inhibit new resource projects to get off the ground in Australia. Companies will have to be spoonfed by the government’s free quota of permits just to make their investment competitive. This is at a time when we need to be rejuvenating our economy. We are in the midst of the most terrible credit crunch in 80 years, so the capacity of companies to source the finance to buy almost $13 billion worth of permits is highly challenging.

I believe that the general public has no concept of the real cost of the Rudd government proposed scheme in this legislation, the Carbon Pollution Reduction Scheme Bill 2009 and related bills. The design of the scheme means that any actions by individual Australians or families to reduce emissions will do nothing to reduce the overall output of greenhouse gases. It will just allow more emissions by industries to go up to the cap. There is little or no acknowledgement from this government that households and small to medium businesses will face unprecedented rises in energy costs associated with the introduction of this scheme. And the plan fails to include any option for energy-saving initiatives that will assist to reduce the impacts of these price rises.

I believe that the effect of any CPRS on small and medium sized businesses must be taken into consideration before the government locks into a scheme. Crucial areas such as agriculture and Australia’s huge commercial building sector are not in the scheme and are effectively ignored as sources of abatement. The Rudd scheme involves a tax that indirectly and significantly hits the bottom line of these sectors. Over recent months, company after company has publicly indicated that the cost to jobs of the proposed scheme that the Rudd government has in front of this House today is enormous. The Minerals Council has found over 66,000 jobs will be lost or forgone, and even Ford Australia believes that the ETS will drive jobs overseas.

But let us talk about the regional impacts, because that is primarily my concern at the moment. Research commissioned by the New South Wales government into the regional impacts of the government scheme found that regional centres across Australia could shrink by 20 per cent under this Rudd government scheme. I ask you, Mr Deputy Speaker Scott: who is looking after the people? When does food security get considered? Food security and water security are the biggest issues confronting Australia and the world. Even now we have the ABARE report titled Effects of the Carbon Pollution Reduction Scheme on the economic value of farm production stating:

Even if the agriculture sector is not a covered sector under the [Rudd] CPRS, agricultural pro-
ducers will face increased input costs associated with the use of electricity, fuels and freight and may face lower farm-gate prices for their goods from downstream processors. These will have implications for the economic value of farm production.

The report reveals a drop in income for beef producers of 22 per cent; lamb wool incomes will drop by 17 per cent—this is ABARE, an Australian government department—grain growers’ income will drop by 14.5 per cent. Every family needs a farmer who is producing food for survival, but who is looking after the farmers’ survival? Not the Rudd government, not this ETS.

And where are the voices of the members of the government who are Labor regional members? Where are their voices talking about looking after their local constituents who are going to be impacted by the ABARE report that was presented just two days ago? Where are their voices? The member for Leichhardt, Jim Turnour; Dawson, James Bidgood; Capricornia, Kirsten Livermore; Flynn, Chris Trevor; Richmond, Justine Elliot; Page, Janelle Saffin; Hunter, Joel Fitzgibbon; Macquarie, Bob Debus; Bendigo, Steve Gibbons; Wakefield, Nick Champion; Lingiari, Warren Snowdon; Franklin, Julie Collins; Lyons, Dick Adams; Bass, Jodie Campbell; Ballarat, Catherine King; Blair, Shayne Neumann; and Braddon, the surly Sid Sidebottom. Basically, here we have a group of people who are simply voiceless; they are silent on the issues that are affecting their constituents. They do not want to read these reports because they may have to acknowledge that they have not got the courage to stand up in the best interests of the people that they represent.

The critical area of agriculture is not in the scheme and has been effectively ignored as a source of abatement: there is no recognition of the fact that we have to eat. As one learned constituent of mine in the Riverina said:

We should accept that we need to eat and then put our efforts into improving how we produce food in a more carbon beneficial way, thus increasing our ability to sequester carbon through a variety of carbon sensitive measures.

The latest proposed US legislation explicitly excludes agriculture from the cap, but it explicitly includes agriculture in the opportunities to develop offsets to create a revenue stream for farmers. No such action has been taken by the Rudd government. There is a clear indication that the US is heading towards the development of a market based scheme in concert with voluntary, regulatory and incentive based measures. Such possibilities have been totally ignored by the Rudd government. Take the recycling industry. Visy employ thousands of people in regional areas. They have publicly stated that the Rudd government’s proposal will seriously disadvantage their business, because recycling is not recognised under the CPRS that we are discussing here today. Visy’s renewable steam energy is not counted in emissions offsets. Can you believe it?

I firmly believe that Australia is going the wrong way on the design of the emissions trading scheme. The government’s ETS is not the only option to reduce greenhouse gas emissions. To begin with, an effective emissions trading scheme should be designed to protect the competitiveness of Australia’s competing export and import industries. As well, an emissions trading scheme is not an end in itself. It is only part of the solution—one tool in the climate change toolbox. There exist a wide suite of practical and effective approaches that could be employed to reduce levels of CO2 in the atmosphere, but these approaches are being absolutely ignored. They include boosting energy efficiency, especially in the commercial building and housing sectors; soil carbon; biochar; and
revegetation of marginal land, including reafforestation. The government is rushing ahead with a scheme that will undoubtedly impact on jobs enormously. Jobs will be lost under this scheme.

The questions are: will the proposed CPRS be effective in substantially reducing global emissions? Who is looking after food security? Not the Rudd government. What will be the short- and medium-term impact of the CPRS on the economy and on jobs? Why are we allowing Australia’s trade exposed industries to be disadvantaged compared to their competitors, unlike in the much cited European emissions trading scheme? What other approaches or scheme designs have been investigated that may be more effective without crippling Australian industry? As Rupert Murdoch has suggested, Australia’s emphasis should be on practical solutions. He said:

The ultimate solution is not to punish the Australian economy by imposing standards that the rest of the world will never meet.

Mr TURNOUR (Leichhardt) (5.18 pm)—I rise to support the Carbon Pollution Reduction Scheme Bill 2009 and related bills, a historic economic and environmental reform for Australia. For the first time in this nation’s history, we will be moving to place a cap on carbon pollution. We are not doing this alone. The United States, Europe, New Zealand and other countries are moving to introduce emissions trading schemes—27 countries in the European Union and 28 states in the United States. We know that the US congress is now looking at legislation and the United States President is committed to an emissions trading scheme. We do not need to act alone; we need to act in concert with the world. But we need to show leadership and we need to demand leadership of the world. I welcome the efforts of the new United States President.

When we were elected the Rudd government delivered on our commitment to ratify the Kyoto protocol. This legislation further demonstrates our commitment to take action on climate change. The CPRS, our emissions trading scheme, is designed to dovetail with emissions trading schemes being developed in other parts of the world. It is the result of detailed policy development. We had the Garnaut report. We have had a green paper and a white paper. We have had draft legislation. Now we have brought this final legislation before the parliament. Throughout this process we have listened and responded to the need to protect jobs while we build the carbon constrained economy of tomorrow. The scheme has been delayed for a year in response to the global recession. It will now be starting in July 2011. There will be a phase-in period including a fixed price on carbon of $10 for the first year and, following this, an auction based scheme. The phase-in period recognises the real need for us to protect jobs as we move to this carbon constrained economy.

We understand that industry needs certainty and time to transition to the new carbon constrained world that we are moving towards. That is why emissions-intensive trade-exposed industries will receive considerable assistance as part of the scheme’s introduction. This has been increased as a result of the global recession over the first five years of the scheme. The Rudd government understands the concerns of business and does not want these industries to be forced to close down and move overseas, effectively moving pollution to another jurisdiction. The government has responded to industry concerns and the need to protect jobs. Industry needs and is demanding certainty. The passing of this legislation will provide that certainty.

You do not need to believe me; listen to what the industry groups have said. In a me-
In the interests of business certainty, the BCA calls on the Senate to pass legislation this year to establish a Carbon Pollution Reduction Scheme...

The Australian Industry Group, also in a media release on 4 May 2009, said:

Ai Group supports the passage of the CPRS legislation this year… This is critical to establish the degree of certainty business requires in assessing medium and longer-term investment decisions. It is particularly important in the current context because of the central role that business investment needs to play in recovery from the recession.

Businesses are calling for this to go through to assist our recovery from recession. They need to take long-term investment decisions, some of them up to 30 years, and they are looking to us to bring this legislation before the House, for the opposition to pass it and for it to pass through the Senate.

We also recognise that we need to protect the environment, not only the economy, with this legislation. We have responded to the need to stabilise emissions in the atmosphere at a concentration of 450 parts per million carbon dioxide equivalent or lower, as recommended by the Garnaut report. That is why we increased our target to 25 per cent of 2000 levels by 2020 if there is a world agreement in Copenhagen.

There is a significant event coming up at the end of the year, the Copenhagen conference on climate change, and we are committed to doing what we can. This legislation is an important part of building momentum for that conference. Also, we will take to that conference clear targets that will enable us to work with the world to make that commitment of maintaining concentrations of below 450 parts per million, if we gain the support of other countries around the world.

As the member for Leichhardt, I understand how important it is to take action on climate change. Cairns is home to the World Heritage listed Great Barrier Reef and wet tropical rainforests. Scientists agree that both are at risk from climate change. These icons are not only natural wonders but underpin our community’s economy and way of life. Tourism generates more than $2 billion in economic activity in my region and supports more than 30,000 direct and indirect jobs. Tourism is dependent on these environmental icons. Communities in tropical North Queensland are demanding action on climate change. Businesses and the local community where I come from want the government to take action on climate change and they want the opposition to support that. I would suggest that the opposition, with their continuing opposition and delay to our proposals, need to get out and listen to the community more.

The Rudd government are also moving to support the community to take action on climate change. We need business to do that and we also need members of the community to do that. The stimulus package contains important measures to insulate homes. The government will also be moving to roll out its $10,000 loan scheme in the next few months to assist households create more energy efficient homes. The new mandatory renewable energy target of 20 per cent by 2020 will also continue to support the rollout of renewable energy, including solar energy. The government, though, does recognise that you cannot introduce a carbon pollution reduction scheme without cost to the community. We understand that there will be a cost and we are concerned particularly about the cost to low- and middle-income earners from increasing power generation costs and the flow-on costs to their electricity bills. That is why we have developed a detailed package of assistance, including assistance to help low- and middle-income households adjust
to a low-pollution future. We will be providing support to pensioners, carers and other members of the community who will see their power bills increase. We understand that. That is why we put in place support for those groups—low- and middle-income earners. The vast majority of them will get support and will feel no financial impact as a result of the introduction of this scheme because of the support measures we are putting in place.

Although mandatory requirements under this scheme will not start until July 2011, there are a number of measures that will need to start before then. Regulations on the rate of assistance to emissions-intensive trade-exposed industries will be set, following continued consultation with the industry. The Australian Climate Change Regulatory Authority will be established as a result of this legislation. This authority is critical to the functioning of the scheme and will need time to develop relationships with businesses to ensure that everything is in place when the system is scheduled to begin. Scheme caps will be set before July 2010—after Copenhagen but well before the scheme commences. Landholders will be able to earn permits from increased carbon stored in forests from 1 July next year. Auctions of permits will commence in 2010-11 for the 2012-13 financial year. There is a real need for us to get this legislation through the parliament to create certainty for business and ensure that the new regulatory environment on carbon pollution can be developed. We need certainty for business but, as we know, establishing that regulatory environment and ensuring that those auctions can take place in a timely manner—which is what this legislation does—are essential. That is why it is critically important that we continue to progress this legislation through the House this year.

The Australian government is committed to taking action on climate change. The Carbon Pollution Reduction Scheme is at the centre of this commitment. The opposition has brought forward no concrete plans to tackle climate change and, instead, continues to seek to delay action. The Australian people want leadership on this issue. There is total confusion among the opposition on this issue. I come from Queensland. I just heard a member of the National Party making a contribution a little while ago. In Queensland we have the Liberal National Party, the LNP. Members opposite belong to that party. I am quite confused about what they actually stand for in Queensland.

Malcolm Turnbull appeared on the Insiders program on Sunday, 31 May. Barrie Cassidy asked him:

*Are you still in favour of an emissions trading scheme?*

Mr Turnbull responded:

*Yes Barrie, I am … the world is moving very solidly in the direction of an emissions trading scheme, most notably the Americans. So yes, I’ve got no doubt we will have an emissions trading scheme in Australia. That’s my view.*

So Malcolm Turnbull is effectively out there saying he supports an emissions trading scheme. You would think the opposition would support this legislation, based on those words. And then there was Barnaby Joyce, a day later, saying:

*I have serious doubts that we’ll ever have an emissions trading scheme …*

And I’ve serious doubts that what happens in Copenhagen is going to be of any consequence beyond earnest looks and sweeping motherhood statements and promises that we will do something at some foreseeable time.

Clearly the opposition are divided. They have no policy on this. I do not know what the Liberal National Party in Queensland stands for. The Leader of the National Party
in the Senate, who is from Queensland, is raving on about one thing, while the Leader of the Opposition is saying another. They have no policies. The government needs to get this legislation through the House and the Senate this year. It is clearly in the interests of business and the Australian community. I support this legislation in the House and urge the opposition to provide support as well.

Dr JENSEN (Tangney) (5.28 pm)—I rise to speak on the Carbon Pollution Reduction Scheme Bill 2009 and cognate bills. I will deal with scientific aspects related to this, as well as economic issues and, obviously, Copenhagen. First of all, I think it is very important for all members to realise that, throughout the planet’s history, carbon dioxide concentration has followed temperature changes, not the other way around. Carbon dioxide has never been a driver of temperature in the past. That is like saying that the wheels of the car drive the engine. That is what we are trying to say at the moment. The association between carbon dioxide concentration and temperature is not particularly strong. For instance, in the Palaeozoic era the concentration of carbon dioxide in the atmosphere was nearly 5,000 parts per million. That is about 15 times what it is now, yet the planet was in an ice age.

If you have a look at the historical data, you can see that the IPCC is effectively trying to say that global temperatures have been stable for a thousand years and all of a sudden mankind has got involved and it has heated up. The problem is that there are significant problems with proxy data which is used to get that last thousand years of data. There is a problem called divergence, which is that after 1960, if you did not have temperature records and all you had were the proxy records, what you would assume is that the temperature had gone down since 1960 instead of having gone up. The lead author on this aspect and the leading authority on proxy data is a guy called Keith Briffa. He has this to say about divergence:

In the absence of a substantiated explanation for the decline, we make the assumption that it is likely to be a response to some kind of recent anthropogenic forcing. On the basis of this assumption, the pre 20th century part of the reconstructions can be considered to be free from similar events and thus accurately represent past temperature variability.

In other words, we have got divergence; the proxies do not relate at all to the temperatures. But we will just make the assumption that it is human beings and therefore, because we have made that assumption, we will just say that the rest of it is correct. What a load of hooey.

Then we have got the rate of temperature change: the rate of temperature change is unprecedented. Well, folks, you only have to go back 12,000 years to the end of the Younger Dryas and the rate of temperature increase was 15 degrees per century. It makes the increase of approximately 0.7 degrees over the last 150 to 160 years seem pretty trivial. It is important also to note that, according to all temperature repositories, global temperatures have come down this century and what we are looking at is merely a short period of time. Model hindcasting is the curve-fitting of previous models to sort of say, ‘Well, this shows that it is human beings that have caused it.’ The problem is that their projections have been lousy. All of the IPCC models, all 23 of them for all scenarios, including where carbon dioxide is held constant at year 2000 levels, indicate that temperatures should have increased this century, certainly not decreased. There is no explanation of it by the IPCC.

In terms of sea ice, essentially there has been no change over the last 30 years in the area of the planet that is covered by sea ice, which is different from what people hear. Indeed, Antarctic temperatures have gone
down over the last 30 to 50 years—not up, as people think. The only area of the Antarctic that has gone up in terms of temperature is the Antarctic Peninsula.

Sea level rises are just showing normal rates of increase since the end of the last Ice Age. There is certainly no acceleration in sea levels at the moment. All there is right at the moment is a bounce-back, if you will, from the Little Ice Age.

On storm intensity, global tropical cyclone integrated intensity is the lowest for 33 years. We keep hearing all these horror stories about how dangerous it is going to be, but there has been no increasing trend for hurricanes in over a century.

In terms of scientific certainty, the IPCC fourth assessment report has got a group of radiative forcing components, nine of them, and they ascribe a level of scientific understanding. Two are high, one is medium, two are medium low and four are low—not exactly settled science. For instance, the Indian Ocean dipole was discovered in 1999 but only this year they have actually realised that there is a correlation between the Indian Ocean dipole and droughts in Australia. This was well after the so-called science had been settled. This is a huge issue, yet it was not recognised until this year. In fact, Dr Susan Wijffels, Chief Scientist of CSIRO Marine and Atmospheric Research, has this to say:

“We need to really be keeping track of the system so that our children really do have a proper understanding of what’s going on and they’re not dealing with an inadequate set of information the way we are.

An inadequate set of information. Many scientists, including the IPCC, are sceptical, as are many papers. Indeed, I have got to tell you that I am pretty tired of hearing some of the members opposite talking about deniers and sceptics in derogatory terms when I know damn well from personal discussions with them that they are sceptical.

The Chief Scientist, Penny Sackett, is an exceptionally competent astrophysicist. The interesting thing is that she is making all these religious pronouncements about the effect of climate change—‘We’ve only got six years before we reach the tipping point’ and all the rest of it—yet in discussion she was not even aware that the response of temperature to carbon dioxide concentration is logarithmic. This goes back to 1896 with the original Svante Arrhenius paper, which was called ‘On the influence of carbonic acid in the air upon the temperature of the ground’. This was confirmed by Callendar and others, and the IPCC acknowledges this. The problem is that the constants associated with the logarithmic aspect are all over the place. But a very competent scientist, our Chief Scientist, is making dire pronouncements without actually knowing the details of the science. This is very concerning.

As I have said, models have been hopeless at predicting 10 years into the future, but suddenly they know what is going to happen a hundred years in the future, and in fact the IPCC will even tell you what is going to happen in a thousand years time! Have a look at the report.

There is an issue of prudence—and I will use the example of asteroid strike. Obviously if an asteroid struck earth the results would be absolutely catastrophic and far worse than any climate change that is envisaged. Does this mean that we should be spending very significant fractions of our economy to defend against asteroid strike? Clearly not. The probability of asteroid strike is very low. However, it would be prudent to put money aside to have a sky watch so that we can actually track the asteroids. This is a similar issue with climate change and emissions.
trading. It is a matter of risk assessment, fundamentally a benefit-risk analysis.

We get certainty from the likes of Stern and Garnaut on the economy in a hundred years time. As I have said, the science is certainly not settled. As to the economics, they say they can tell what will happen in a hundred years time—but they could not foresee the financial crisis a mere four years ahead.

If you have a look at the details of the emissions trading system designs of Europe and the United States, you will find that they are suited to their individual circumstances. If you had the entire globe adopting, for instance, the European model, it would significantly advantage Europe over other countries. The same thing goes for the US model. We are the only country that is looking at designing a system to damage our own economy in competition with others. We hear all about these dreams of how we can generate almost all of our electricity by using renewables but, if you have a look at it, Denmark uses 30 per cent renewables and it is very expensive. They are integrated into the European market and that is the only way they can deal with 30 per cent.

We also hear all about these great economic times that we are going to have as a result of using renewables and this green industry that is going to create so many jobs and be so beneficial to the economy. If that is true, why bother with an ETS? Industry would do it anyway. The fact that we need to introduce an ETS indicates that there is going to be significant damage and significant costs.

We need to see what happens in Copenhagen to ensure that we are not relatively disadvantaged for the sake of no improvement in global carbon dioxide emissions. This is something that the government does not seem to have considered. It is interesting that sceptics led by an Australian, Bill Kininmonth, are included in the Copenhagen meeting. It is now part of the formalised process, and this is a good sign.

Finally, on the precautionary principle: given the low certainty of the science but the certainty of losing jobs with an ETS, we must make sure that what we do causes the least damage possible. We should go for the low-hanging fruit, from which we can gain benefits for virtually no cost. We certainly must not go it alone if competitors do nothing and so end up not achieving anything in net global terms apart from shipping Australian jobs overseas.

Ms GRIERSON (Newcastle) (5.39 pm)—I can only say that I am very proud to be standing today in this parliament to speak on the Carbon Pollution Reduction Scheme Bill 2009 and related bills. For me, this is why we are here. As members of parliament, our aim is always to improve the quality of life of both the people we represent and all Australians, but this gives us an opportunity to sustain that quality of life well into the future, and that makes me particularly proud.

We do have to balance needs and that is also our job. We do that in every piece of legislation, and this legislation does just that. I applaud the work of the Minister for Climate Change and Water, Senator Wong, and the assistance of the Parliamentary Secretary for Climate Change, Greg Combet, in being able to draw up, when challenged not just by climate change but also by a global financial crisis, legislation that responds to all needs, balances them in a positive way, recognises and respects all the positions that come to this debate and finds the way forward. They are part of a reformist government, and they have done this particularly well.

Climate change is perhaps not just the greatest challenge we face but the highest priority of this government, and it is one that I support entirely. It is imperative that Aus-
Australia plays a major part in this international challenge. I have just heard the member for Tangney try to use science, which is laudable, to explain his position opposing this legislation. I, on the other hand, explain my position from the experiences of life. I use my experience of having visited China and seeing that country trying to do a very noble thing—create wealth for its people. I have seen that, in doing so, it has relied heavily on fossil fuels, and the emission levels are terrifying. I also use my experiences of the wonderful opportunity I had to visit America and go to FutureGen to see the work that is being done in the coal industry to find clean coal solutions to a problem that is acknowledged, to meet with the US Department of Energy, to go to the UN and talk to the climate change unit there and to see a solar plant in Nevada. I have had the opportunity to see the wonderful efforts of mankind in other countries to know that there is a climate change imperative, it is recognised and it is being responded to. I can only say how exciting it is when necessity comes together with innovation. That is what creates this marvellous world. That is what sets us apart as human beings. So I feel very fortunate to be part of this debate.

Economic modelling projections undertaken by Treasury last year tell us that the consequences of inaction far outweigh those of acting now. Although they were ignored, I applaud the representatives of business who came to the Howard government many years ago with a proposal detailing the need for change. Similarly, the Stern report concluded that action must be taken, and I do not dispute that. Cycles can be in aeons or ages, but our life is short. We see those cycles and those changes and they impact upon us. I represent Newcastle. We have seen the impact of a severe storm event, those one-in-200-years events that are unfortunately becoming too frequent in this country. We see the repetition in Northern Queensland and northern New South Wales of those once-rare one-off events. They have human impact and cause human damage. We do not need science to tell us that. Science has its place and has played its part, but I think all of us, on the basis of the reality we share as human beings, can make some very wise decisions on this. The CPRS white paper of December 2008 reads:

Australia faces a choice. We can either wait and leave our children and grandchildren to face the full impacts of climate change, or we can take responsible action now …

The immediate passage of these cognate bills through both the House and the Senate is imperative. The opposition’s argument that we need to wait until after the United Nations Climate Change Conference in Copenhagen is certainly one of following the leader, and it is an argument that I do not support. I think that argument is really about sustaining a different leadership, a leadership that is under threat and struggling to assert itself in the opposition parties, the leadership of Malcolm Turnbull. It is important, though, that we do not fiddle while the planet burns; it is important that we act now.

It is also important that as a country we lead. That is not a problem; it is something we have done historically and something we should be very proud of. We know that international decisions will be made; we know that international action will be taken. We should be prepared for that. We are doing the right thing by preparing industry and business for those decisions and making sure the way ahead is planned, discussed and collaborated upon, and that the decisions are the best ones to take us forward. It is a true expression of acting in good faith, and that is a position I encourage the opposition to come to.

In economic terms, business and industry do need certainty that this bill will pass so
that investment and growth in jobs can continue. The passage of this bill is also important to drive the investment in renewable energy sources to sustain the energy use that we like in our lives—that we demand in our lives. We cannot have it both ways. We have to make those changes. Certainly business and industry, and coal, in my electorate impact very much on employment, on the economy and on our way of life. Coal is part of our industrial heritage and history. We exported 92 million tonnes of coal last year. That is something we are proud of; it is not something we shy away from in any way. The Rudd Labor government is acutely aware of the vital importance of the coal industry, and so am I. My grandfather was a coalminer who took part in the Rothbury riots. You do not have to scratch the skin of Novocastrians too deeply to find a mining history. Knowing how well the coal industry has collaborated in my area, I do not have any doubt that the $750 million compensation package that we are offering the coal industry can be leveraged in the smartest and best ways to sustain the industry and make the shifts we need to make. Delaying the CPRS for a year as we have done and having a soft start with a fixed permit price of $10 will certainly assist the coal industry, as will the $750 million in transitional assistance.

Newcastle, of course, is home to Tomago Aluminium, OneSteel and the concrete industry. I have been very pleased to assist dialogue between the minister and those companies and I think it has been a very healthy and positive way forward for us. I have great faith in people like Geoff Plummer, the CEO of OneSteel, and Andre Martel, a Canadian, who runs Tomago Aluminium. These are people of vision who will know how to cope with what some portray as a crisis. They also know that relationships with government are terribly important, and the contribution they have made shows in this legislation. I will continue to work with our local industry so that this transition phase is positive and takes us forward in a sustainable way.

Newcastle does not have a problem with being part of the future. We actually make an amazing contribution to the fight against climate change. Members will know of the activist group Rising Tide. They protested at the Prime Minister’s Press Club luncheon and the Treasurer’s post-budget luncheon and they unfurled a banner here. They are also from my electorate. When it comes to climate change, in my electorate the whole gamut of arguments and positions is represented. We are never shy about coming forward, no matter what our position. But we are uniquely positioned to contribute to the fight against climate change, as we have become a centre for smart energy and for achieving responsible emission targets. We have taken advantage of our expertise in energy generation, in smart manufacturing and in the research capacity embedded in the CSIRO Energy Transformed Flagship and the University of Newcastle’s clean energy centre. We have moved very quickly to be part of the solution, not just part of the problem. In January the Minister for Resources and Energy, Mr Ferguson, launched the headquarters of the Australian Solar Institute at CSIRO in Mayfield. Five million dollars was given for a new solar thermal tower and mirror array—a venture in energy generation, not just about solar research. Similarly, I am very proud that the Clean Energy Innovation Centre was officially opened in my electorate in April this year by Kim Carr, the Minister for Innovation, Industry, Science and Research. I look forward to working very positively with that organisation.

Another important initiative to come from Newcastle is Together Today. We are the only city in Australia that measures its emissions every day. Together Today tell me that
Newcastle can exceed the government’s targets at least 12 months ahead of time. We are the world’s first user of a greenhouse gas speedometer. It is displayed in a square in our city for everyone to see every day. For us, responding to climate change is a collective challenge, a real part of our everyday lives in Newcastle. We create the energy and we want to create it in a cleaner and more efficient way; we produce the goods from that energy, which flow out of this country, and we want to do that in a more efficient way; and we enjoy a quality of life that we want to protect. This week, on 7 June, is the second anniversary of the day the coal ship *Pasha Bulker* washed up on our shores. We have seen extreme weather events and we know that what we do today in the House is an important response to those experiences and that it will lead to even greater success in developing a sustainable world.

In concluding I quote the Garnaut climate change review, which said:

> The risk—
>
> of climate change—
>
> can be substantially reduced by strong, effective and early action by all major economies. Australia will need to play its full proportionate part in global action. As one of the developed countries, its full part will be relatively large, and involve major early changes to established economic structure.

... There is a path to Australia being a low-emissions economy by the middle of the 21st century, consistently with continuing strong growth in material living standards ... By the end of the 21st century, and beyond, more so with each passing decade material living standards would be higher with than without mitigation of climate change.

I support the legislation.

**Mr RANDALL** (Canning) (5.51 pm)—I am pleased to be on the record this evening in relation to the Carbon Pollution Reduction Scheme Bill 2009 and cognate bills. The coalition of course recognises the need to take steps towards reducing greenhouse gas emissions, but an effective and responsible approach is needed. The government has run up a bill of $315 billion, or one-third of a trillion dollars, in 18 months, and that is going to take generations to pay back. It has a plan that is likely to cost jobs, drive up inflation, inhibit business growth and investment and hit household budgets.

A global response is necessary, not the response of an overzealous Prime Minister. Cutting Australia’s emissions alone will not solve global warming. The big emitters such as China, the United States and India need to get on board. That is what Copenhagen is about. The global community will look at targets, actions and building an effective global market. But Prime Minister Rudd cannot wait until December because his vanity has got the better of him. An editorial in the *Financial Review* on 28 May this year hit the nail on the head. It says that the government:

> … can afford to delay the passage of the legislation to get the detail right. It emphatically should not be holding the future of the economy hostage to the timetable of one of Prime Minister Rudd’s beloved international conferences.

Rushing the scheme to suit the Prime Minister’s political timetable would damage the Australian economy, cut jobs and result in businesses being exported to places where carbon emissions are free. So what is the result? The biggest polluters just keep polluting and there is little if any reduction in emissions, and developing countries will not have to comply because they are developing countries.

With Australia accounting for only 1.4 per cent of the world’s CO2 emissions and being one of only five countries to meet its Kyoto targets, it does not make sense to rush the CPRS without knowing the outcome of the Copenhagen summit and without the detail
of President Obama’s plan. Canada has made the wise decision to defer its plans until the United States announces its measures. Canada’s action should serve as an example to Mr Rudd. It makes sense to wait for the world’s largest emitter to detail its plans. The US will have a much more powerful seat at the table in Copenhagen to influence the rest of the world, particularly the big-emitting and developing countries. A report in the Age newspaper on 24 November last year titled ‘Developing nations urged to slash carbon emissions’ spelt out that point. It said:

Executive Director of the International Energy Agency Nobuo Tanaka said “Developing countries will generate 97% of the growth in greenhouse emissions between now and 2030. After 2020 Brazil, Russia, India and China must participate. Without some of them it’s simply impossible to achieve the goals of limiting global warming by 2 degrees.”

Mr Tanaka confirmed that even if all the OECD economies reduced their emissions to zero it would not be enough.

I have said time and time again that the best thing you can do for a worker is give them a job. Under this flawed scheme an estimated 70,000 jobs will go. Many companies have already foreshadowed job cuts, including Rio Tinto, Xstrata, Bluescope, OneSteel, Ford and Enviogen. In Western Australia before the last election Mr Rudd promised that his emissions trading scheme would not disadvantage Australia’s export and import competing industries—yet another broken promise, costing export and import industries $12 billion in new taxes over five years and having a major impact on Western Australian operations.

Woodside’s CEO, Don Voelte, said last year that the CPRS would threaten up to $100 billion in new projects, and APPEA warned that the scheme could lead to a fall in growth in the LNG sector of up to 37 per cent. For every one tonne of emissions from LNG production in Australia, the reduction in coal production would save four tonnes in Japan, for example, and up to 9.5 tonnes in China. The Western Australian CCI has warned that the state’s international competitiveness should not be undermined.

In my electorate of Canning, Alcoa employs 900 people at Wagerup and more than 1,000 people at the Pinjarra refineries. These refineries see millions of dollars poured into the local economy. I recently had the pleasure of presenting certificates to those employees who have worked at the Wagerup refinery for more than 25 years. Alcoa’s current carbon footprint is less than half that of its Asian competitors. So we do it far better and far more efficiently. If the CPRS becomes unaffordable for the emissions intensive industries it may become cheaper to take operations offshore. That would cost Australian jobs and the Australian economy and do nothing to reduce global emissions. People in Canning cannot afford to lose the job opportunities that Alcoa offers. The company has already forecast job cuts at its Geelong and Portland facilities.

Alcoa needs to be sure that all emissions-intensive trade-exposed components receive at least 90 per cent credit assistance and that this remains until competitors adopt a comparable carbon price. Earlier this year Alcoa informed me that the cost of buying permits for refining is $25 million and the cost to Alcoa for all its operations with the introduction of the CPRS could be up to $95 million. That is a cost that Alcoa has to bear in full, making them less competitive with international companies that do not have to abide by an ETS. The cost cannot be passed on because the price is set by the London Metal Exchange.

Each year Alcoa exports $5 billion in products and 80 per cent of that stays in Australia. This is where there is a stark differ-
ence in the proposed American scheme. The draft US legislation includes provisions for 100 per cent protection of US export- and import-competing industries in any future emissions trading scheme until 2025, and protection will only be reduced when 70 per cent of the global industry have to abide by an ETS scheme. Doesn’t Australian industry deserve the same protection? If the Americans give their exporting industries that sort of protection, why aren’t we giving it to ours? Do we really want to export jobs and pollution because they do it less efficiently overseas? I can assure you I will be making sure the workers at Alcoa know what is before them if this scheme comes in and affects their jobs and their livelihoods.

Alcoa has already taken indirect action to address climate change. Globally its emissions are down 36 per cent on 1990 levels and the two refineries in Canning have cut emissions by 12 per cent per tonne over the same period. It has invested in energy efficient cogeneration, CO2 sequestration and carbon capture technology. There are two cogeneration plants at the Pinjarra refinery alone. This technology offers energy efficiency of 75 per cent, compared to only 30 per cent for conventional methods, and saves more than one million tonnes of CO2 emissions per year at Pinjarra, compared to coal-fired power. That is equivalent to taking 140,000 cars off the road.

Like Alcoa, BHP’s Worsley Alumina facility near Boddington has extensive revegetation programs to offset emissions. The mine’s capacity, rising from one million tonnes in 1984 to four million tonnes today, makes it BHP’s biggest carbon emitter in Australia. So the additional cost to them will be burdensome. Boddington Gold Mine, also to be in my electorate, is a $3 billion investment, which will make it the largest gold producer in Australia. It will support around 1,000 local jobs. When I visited the mine just a couple of months ago, BGM estimated that, depending on the price of carbon permits, the CPRS would cost anywhere between $15 million and $40 million a year, equating to up to $40 per ounce of gold, which certainly does a lot to their bottom line.

Finally, the coalition acknowledge the importance of taking a unified commitment to Copenhagen—an unconditional five per cent reduction on 2000 levels by 2020 and conditionally up to 25 per cent. But we do propose an earlier start to emissions abatement and the potential to build on the 2020 targets via voluntary action. Based on the Chicago Climate Exchange, our plan means Australians can take steps towards reducing emissions from 1 January 2010 with the knowledge that they will be credited for their work when the CPRS comes into full effect. It is an incentive that will encourage voluntary action. Considering the government has delayed the effective start date of this scheme until 2012, the adoption of these changes would give Australia a head start on meeting targets and would give Australia time to get its CPRS right—saving jobs and billions of dollars in investment. I reiterate: why would Australia put itself in the position of exporting jobs to developing countries which do not have to comply and exporting pollution to those countries which have industries that are far less efficient and are higher polluters than those in Australia? It just does not make sense.

Ms RISHWORTH (Kingston) (6.02 pm)—I rise today to speak on the Carbon Pollution Reduction Scheme Bill 2009 and cognate bills. This bill is important for not only the future of our environment but also the future of our economy. The legislation before us today is yet another example of the stark division within this parliament. On the one hand, you have those on this side of the House who are acting in the national interest, looking at the long term and committed to
Australian jobs. On the other side of the House, you have an opposition which is deeply divided, with the Leader of the Opposition desperately looking to score cheap political points.

On behalf of the people of Kingston, many of whom live in seaside suburbs and many of whom are acutely concerned about water shortages, I can say that they want action on climate change. The Australian people clearly sent this message for action on climate change at the last election. The previous government, led by John Howard, refused to act. In contrast, the Labor Party set out a clear election policy to act on climate change: to ratify the Kyoto protocol and to design an effective scheme to mitigate Australia’s greenhouse gas emissions. This was a policy that was embraced by the Australian people and this course of action was also, we later found out, then privately supported by the current Leader of the Opposition.

Since being elected, the Rudd government has been consulting with groups from all sectors around the country, has developed an emissions trading scheme through a green and white paper process and now presents it to this parliament. It presents today an emissions trading scheme that gets the balance right—a scheme that reduces carbon pollution and supports economic growth. The legislation before the House today not only sets a target range but also sets out clearly how we might achieve this reduction through a cap-and-trade system. Rather than acting in the national interest, the Leader of the Opposition has now quickly changed the position that he held while Minister for the Environment and Water Resources in the previous government. This, one can only conclude, is to shore up his standing within his own party, where we have seen the Leader of the Opposition present no coherent policy. We know that this is because the National and Liberal parties are deeply divided when it comes to climate change. They are divided between those who are and those who are not climate change sceptics. If we do not act, if we continue with the coalition’s policy of ‘do nothing’, then we are condemning ourselves and our children to average temperature rises of just over five degrees Celsius by 2100. Five degrees is a lot considering that just a one-degree rise threatens the Murray-Darling river system and all the Australians who rely on it as a life source.

It has often been said that Australia is one of the countries that has the most to lose from the impact of climate change. The Garnaut review illustrated the severe impact on agricultural production, in particular in the Murray-Darling Basin. Not only agriculture and food production but also our water supplies are under threat from climate change. As I come from South Australia, often considered to be the driest state in the driest country in the world, I believe this threat needs to be taken seriously. Climate change is also predicted to threaten the Great Barrier Reef, the Kakadu wetlands and the Australian rainforest—some of our most important environmental sites but also, we cannot forget, some of the most sought after tourist destinations in the world.

We have heard the coalition say that we should defer—not rush in. First we heard, ‘Wait for America,’ from one member of the coalition. Then we heard, ‘Wait for an international agreement.’ The other proposition was to wait until after a Productivity Commission report. However, the coalition is ignoring that there have already been a number of reviews and inquiries, including a white and green paper process and the Garnaut review. The only conclusion that I can come up with about this delay is that it is a tactic to ensure that there is not a split within the joint party room. By insisting on delaying any scheme or mechanism, the coalition ignores one very important point—that with
delay of the legislation comes uncertainty. Business groups have been demanding certainty and by passing this legislation we will provide certainty to business. This has been clearly called for by peak bodies and business groups across Australia. The Business Council of Australia put out a press release on 4 May which said:

In the interests of business certainty, the BCA calls on the Senate to pass legislation this year to establish a Carbon Pollution Reduction Scheme.

The Australian Industry Group also put out a press release on the same day, saying:

Ai Group supports the passage of the CPRS legislation this year … This is critical to establish the degree of certainty business requires in assessing medium and longer-term investment decisions.

However, it is not only business groups that oppose the delay of the legislation. Residents in my electorate regularly contact me with their desire to see action on climate change. Many of their sentiments are summed up by David Gill of Morphett Vale, who wrote to me and has also spoken to me at street corner meetings in Willunga. He says: ‘The science has leapt way ahead of the policy. There is actually no other issue that anywhere near matches the importance of the climate change response. Please do what you can to ensure that my grandchildren have a decent future.’ In addition to this, more than 40 per cent of respondents of my electorate-wide survey identified action on climate change as a top priority.

Some residents have contacted me wanting even more action than the government has proposed. They want deeper cuts and they want them sooner. But on this side of the House we believe that we have got the balance right. This government has committed to a Carbon Pollution Reduction Scheme, in the most responsible way, that recognises the impact of the global financial crisis on business and also recognises that transition ing to a lower carbon economy will position our economy well for the future.

I have spoken about the impact of climate change on the economy and the environment. But climate change will also impact on our nation’s health. The Garnaut review projected significant health impacts from climate change here in Australia. An increase in dengue fever is just one example, where the incidence of the disease is likely to increase and will lead to the loss of up to an extra 36,000 work days by 2100.

The legislation that is before us today puts in a carbon reduction target range of five per cent to 15 per cent of 2000 levels, with a potential of 25 per cent reduction if an international agreement occurs on a target of 450 parts per million.

We have heard a lot about jobs from the opposition, but what we have not heard about from them is the potential increase in green jobs. The CPRS, in conjunction with the government’s renewable energy target, will provide the opportunity for cutting-edge green jobs such as in solar energy, wind farms and clean coal. As the Treasury modelling has shown, these measures will see the renewable energy sector grow by thirtyfold and in so doing produce thousands of jobs for the long term. An example of one of these companies in my electorate is the Hydragate Sun Farms project. This is a group of young entrepreneurs who have diversified their business from providing high-tech electric gates to installing solar farms, not only providing another economic opportunity but also increasing renewable energy and reducing our carbon emissions. This company is now looking to employ new staff and expand their company. It is one of those good-news stories which we cannot ignore and has the potential to really impact positively on job growth for the future.
In addition, the Carbon Pollution Reduction Scheme also provides for reforestation credits, which will generate economic opportunities across Australia. It also utilises a cap-and-trade system, which will allow flexibility for firms and individuals. Despite what the coalition might have us believe, Australia will not be the first country to introduce an ETS. Twenty-seven of the EU countries have done so, New Zealand has done so and in the United States President Obama has prepared a budget that includes provisions for a cap-and-trade scheme. Also keep in mind that many American states have already introduced their own emissions trading schemes.

The cap-and-trade scheme works by reducing emissions across the economy. Under the CPRS an economy-wide emission cut will be set by the Australian Climate Change Regulatory Authority, which will auction emission units. Firms must provide units equal to their emissions to the authority each financial year.

While the opposition remains divided on whether or not to believe in climate change this government is acting in the long-term interest of the nation by addressing climate change. The Carbon Pollution Reduction Scheme is the foundation of a low-carbon economy. It gets us to where we want to go with our targets and I commend the bills to the House.

Mr WINDSOR (New England) (6.12 pm)—I rise to speak to the Carbon Pollution Reduction Scheme Bill 2009 and related bills and make the point at the start that I will be opposing it—but not because I am a climate sceptic. In fact I believe that the climatic conditions that man has caused are having an impact on the globe. Essentially, I oppose this legislation because of the five per cent that the government is aiming at here. I am fully aware that they suggest that if there are global resolutions they will escalate that to a higher level of 25 per cent, but I believe that to set up a market structure which will quite significantly change the economy in Australia with the only known target a five per cent reduction in emissions is nonsense and should not be done.

In fact, the five per cent emissions target could be achieved without going near a market mechanism at all. If the government is serious about these issues—and I think it is—it has to have a serious look at what the actual agenda is. It seems to me that both sides of the parliament at the moment are actually trying to find some time in this debate. Both sides, even though only one side will admit it, are trying to defer the real debate until a later date—that being the Copenhagen meetings that will take place and the American congress decision on its targets.

I think there is quite a convenient arrangement going on here. We have seen a reduction in speaking times, and other things have been happening between the two sides. The agenda is to shift it. From the government’s perspective it could be seen to have been forced by the coalition and possibly the Greens, who I am told will not support it. They may change their mind; they may negotiate, but I do not think they will support it at five per cent. So the government will have the capacity to say, ‘Well, we tried and it was shifted past Copenhagen because of the parliament.’ That will suit the government’s agenda long-term and I think the government probably should be a little more honest about where it is actually aiming, at this time.

But to bring into this parliament a target of five per cent and set up a market mechanism to achieve that is absolute nonsense when it can be achieved in many other ways. We have heard a number of suggestions from others in the parliament—biochar soil sequestration, vegetation, renewable energy sources, shifting behavioural patterns in
terms of our homes and shifting some of the means of producing food to be more energy conscious. Those sorts of things are happening out there anyway. But they do not fall within a market mechanism. I think the government has made a mistake. Essentially it has developed a model of what it sees as the problem. There is a problem; I agree there is a problem. I am not a sceptic; in fact, I have a private member’s bill before the parliament—it has been here for many months—which calls for a 30 per cent reduction by 2020 and an 80 per cent reduction by 2050. It is called the Climate Protection Bill, not the climate change bill, and there are a number of other issues involved in the bill that work on the possibility that the globe will not solve the problem. What do we do if in fact the problem is not solved? In my view, we have to try to get the best out of the arrangement we are left with—and that in a sense is climate protection.

I will give the House an example of that. We are told by the climate scientists that run-off in the Murray-Darling system—of which the New England electorate is a significant part; the New England electorate has all the storages bar one in the Darling system so it is very significant in terms of the regulated streams flowing west—could reduce by up to 30 per cent due to climate change. When you try to get a climate scientist to actually tell you that, they will talk about trends, about it being hotter and drier and that there will be more evaporation, but up to 30 per cent is one of the numbers they will give you. I have heard people in the National Party say this is all rubbish, it is this and that and we should not go near it. If in fact the climate scientists are right and there is a 30 per cent reduction in run-off in that system, the impact on agriculture will be far greater than provided for by the possibilities of extra prices in terms of methane, nitrous oxide and carbon equivalents—far greater.

I cannot believe that people are not looking at the opportunities in these messages that are abounding on climate change. Only recently during Science Meets Parliament a scientist from Western Australia visited my office. Methane is going to be a problem. The farming community—I am a farmer—is apparently up in arms about how methane is going to wipe animal production off the map. One scientist in Western Australia has developed a legume—I am not a plant scientist—with tannins in the leaf. Being a legume, it partly cures your nitrous oxide problem and when animals eat this plant the methane levels in the gut are much lower. There are enormous opportunities in relation to a lot of these things.

There are soil science issues—and the government is spending some money on some of the soil science issues. The basics of agriculture have been left behind by all governments. The research has moved into other areas. The research has to come back because it left behind the various solutions to some of these problems. The minister has developed this model—and she is doing this on the advice of economists and others—that says, ‘This is the problem and the only way that you will fix it is by a market mechanism.’ I think that is the wrong approach. The market mechanism will be there at some time but we can shrink the extent of the problem before going to the market mechanism, and we have not done that at all. In fact, what we are saying in terms of soil science and the potential to sequester carbon in our soils is: ‘No, it wasn’t at Kyoto; no, it’s difficult to measure. We had better not put it in a market because it might not be there when we want to get it back out again; if there is a very dry period of time it could release at certain depths in the soil.’ All those things may or may not be quite true but why put soil science in a market? We should be
using it to, potentially, solve some of these problems.

Another problem to be solved—whether climate change occurs or not—is the everlasting issue of drought in this country. ‘Climate change’ is the term of the month at the moment; ‘salinity’ was the term six years ago and it has disappeared from the dictionary. ‘Climate change’ is the term of the moment and we have to take advantage of that and put in place some of the technological practices in agriculture particularly that can be part of the solution not only for carbon emission equivalents but also for drought.

The government is in an interesting position at the moment, because it is going to be announcing a new drought policy. I recommend that we do not look at this in the simplistic terms of, ‘If it will not fit in a market, you do not go near it.’ We really do need to go near some of these other things, to do more research and to encourage innovators et cetera irrespective of whether they fit within a cap-and-trade market mechanism. I think there are enormous opportunities. I am pleased that the Parliamentary Secretary for Regional Development and Northern Australia is here, because this is an easy issue around which to create fear. We see our good friend the next candidate for the New England electorate, Barnaby Joyce, wandering about every day of the week creating fear on this issue. I repeat my question: if there is a 30 per cent reduction in the Murray-Darling system, what sort of fear will that create? It will destroy agriculture in that system. Some will say: ‘It will never happen. They’re only scientists. Don’t believe them. Just ignore it. We won’t be here when it does happen.’ That is a fairly short-sighted view.

As a member of parliament—and this may not be the popular view in my electorate—I would rather take some advice from the climate scientists and attempt to do something about it. If we find in 50 years time that it was overkill, we can say, ‘At least it didn’t get worse.’ But if we do nothing and there is a 30 per cent reduction in the Murray-Darling system, we will have done an extraordinary disservice to one of the biggest food bowls of this nation. People are just walking away and using the politics of this as an excuse to lash out at the government. I think the government is doing the same thing in its relationship with the mining industry. Garnaut designed something and it has been butchered like Alby Schultz on a good day.

The DEPUTY SPEAKER (Mr PD Secker)—Order! Members will refer to other members by their proper title.

Mr WINDSOR—I mean the member for Hume on a good day. I do apologise, Mr Deputy Speaker.

Mr Neumann—He’s an old meatworker.

Mr WINDSOR—He is an old meatworker—and he is not that old. The Garnaut report came out with a whole range of recommendations. There have been shifts and breezes blowing. Now we have a five per cent, nonsensical target. It will mean nothing. The Leader of the Opposition is quite right: it means nothing. That is why he is creeping towards it. Their argument is to shift the five per cent target to the other side of Copenhagen and then make a decision. Given that the government is aiming at a five per cent target, I do not disagree with the opposition’s argument. I think we would be better off to defer making a very important economic decision on this until we can get the politics right because, at the moment, this five per cent arrangement is a sheer nonsense.

As I said earlier, there is soil science in terms of biochar. I am not a soil scientist, but I think we should be putting a lot of research into that. Soil sequestration is another issue. An issue we have not addressed and that is
very significant in relation to agriculture in my view is the question of what will happen if agriculture does come in. We are still asking agriculture to supply food to other parts of the world because we oversupply this nation—we oversupply by 80 per cent. Because of our geography in the world, we are a long way away from the people who want our food in many cases. What will happen when a carbon footprint—and the member for Parkes would be well aware of this, as this is in his electorate—is placed on a farmer from Walgett, for instance? There will be the carbon footprint caused by getting the grain from Walgett to the port and from the port to the Middle East. Then we will exchange that money for energy and there will be another boatload of carbon coming back. You cannot get a train to Walgett anymore so the fuel will be carted back to Walgett by trucks so that the farmer can go around and around in circles again to produce food to send over there to exchange for energy. What will that mean in this system? How will that fit in? Who will pay for that?

The very article that they will have transported is starch. Part of the make-up of grain is starch. Starch is carbon. So we will have exported a boatload of carbon. We will have done that for two reasons. We are oversupplied in this nation; we need to export. And we need energy from somewhere else because we are undersupplied in energy. Surely a nation of this magnitude can look at those two things together and look at the options in renewable fuels. I know some people will think, ‘Oh, here he goes with ethanol again,’ I noticed that even in the budget there is money for research into cellulose ethanol. The minister for energy is almost frightened of talking about grain based ethanol—‘Oh, no, we’ve got to use our grain to grow food so we can send it over there to buy energy to bring it back again’—but he does not go into how this cap-and-trade system will impact in 2015 if agriculture comes in. There is no mention of that. He does not really embrace some of the renewable energy resources that are out there. There are opportunities in solar, wind, geothermal et cetera.

Mr Deputy Speaker Secker, you are a farmer. You would be well aware of this. You are an excellent farmer, I am told. There is going to be an argument in a carbon economy about food versus fuel, about profitability and sustainability. There are a number of collision points in these arguments. What if it is more profitable for that farmer at Walgett to grow switch grass, for instance? That is the original prairie grass in America. It is very deep rooted. It does not require a lot of nitrogen, so the nitrous oxide issue is not there. It can sequester carbon at depth in the soil. There is no disturbance of the soil, so there are other impacts and upper level soil carbon issues. There are a whole range of nutrient issues and water infiltration issues.

What if that crop, which is not a food crop, is harvested and converted into cellulosic ethanol? There is funding in the budget for research into that very thing. The land—the minister and others would argue against it at the moment—that should be used for food production, even though it will have a higher carbon footprint, will be then used for fuel production. Are we going to develop land-use policies in this building for this nation that then say to the farming community: ‘No, you can’t grow that, you’ve got to grow food because people are starving to death. And, yes, they can’t pay you anything for it, but that doesn’t matter. You’re an exporter, remember, and you’ve got to grow this product to send to them.’ We have got an extraordinary example in the Sudan. It could produce 600 per cent more food than we can if it used that same Walgett technology, which the member for Parkes would be very familiar with. The Sudan could produce enough food for Africa. So we have got this
nonsense that we are going to have to carry on this long way away food producing, food security stuff, when we are doing nothing at all to help or encourage people in some of those areas where they have much more arable land of equal status.

I raise that issue because I think it is important on a number of levels. If we develop a market mechanism now and then bring agriculture in at a later date, no-one has talked about the issues of how that would work and how it would relate to the options that agriculture may have. In that fairly simple example, the option of using land to grow fuel is much better in terms of the carbon-accounting processes than using land to grow food, which is a negative in terms of carbon accounting. And we have this absolute nonsense where animals, for instance, that are used for food in this world are being considered for taxation. I just cannot believe or comprehend that anybody would even suggest that we take a key protein source off the map by way of taxation. But, if we go down that road, that is exactly where some of these things are going to come from. Some would say, ‘No, if they go to cellulosic ethanol, for instance, we’ll use taxation policy to stop that.’ Are we seriously going to use taxation policy to stop carbon sequestration at depth, to stop soil erosion, to get organic matter going in our soils? (Time expired)

Mr ADAMS (Lyons) (6.32 pm)—It is always good to follow such a good speaker for regional Australia as the member for New England. He is a prime example of the difference between somebody who gives good representation and leadership on this important issue of carbon pollution reduction and those people who claim to represent regional Australia but are showing the woeful leadership both in this House and out in the general public that I think in the long term will be the end of them.

The Carbon Pollution Reduction Scheme Bill 2009 and related bills currently being put forward to deal with climate change are some of the most important bills that have come before the parliament. Whether you agree with the concepts put forward for the global warming argument or you are still sitting on the fence, which we know some are, you would know that change occurs, and when natural change occurs we as a nation have to be prepared to face it head-on and ensure that we can adapt to that fickleness. In designing the Carbon Pollution Production Scheme, the government’s primary objective has been to look at getting the balance right. We need to reduce carbon pollution but not forget that at the same time we need to support economic growth. There has been much discussion around the world, and the general opinion of both those fully in favour and those still sitting on the fence is that we should do something. The argument then comes down to when, and that is what seems to be in dispute.

I must say I am very surprised at the Greens in this debate. To oppose a carbon pollution reduction scheme on the basis that the targets are not high enough is nonsensical. For pity’s sake, we need a scheme. If and when they get into government, they could set a greater target. In the meantime, let us get the scheme ready and operating. The coalition is obviously not going to do anything. By opposing it, the opposition sets the plans back years, if not decades.

At this stage we need to have a practical target, as we must consider the impact on jobs, especially during these difficult economic times. That is why the Minister for Climate Change and Water and the Prime Minister have decided to delay the start of the scheme for one year and commit to a fixed-price phase from 1 July 2011 to 30 June 2012. This gives a trial period, if you like, a period when industry can work out the
best way to deal with this legislation and make properly informed decisions. Industry need that certainty so they can plan investments in new technology and they need a timeline so that they can bring it into operation as the targets come into full force.

Australia has done a lot to be a leader in many fields. We have the opportunity now to set the agenda in dealing with climate change in many areas. In clean coal technology, for example, the Prime Minister has set up an institute which many countries around the world are joining. We do not want to crawl after other nations. We want to drag some of them up with us and forward with us, and probably to sell them some of our technology and create new jobs into the future. So Australia should go to Copenhagen from a position of strength and certainty, with strong targets but ones that we can deliver.

For trade exposed industries the government will be providing free permits to guard against the risk of carbon leakage and, of course, to support their jobs. It will also provide a global recession buffer as part of the assistance package for emissions-intensive trade-exposed industries for the first five years of the CPRS. It will also provide an additional five per cent free permits for the EITE activities eligible for 90 per cent assistance and an additional 10 per cent free permits for EITE activities eligible for 60 per cent assistance. And there will be ongoing assistance for those companies to ensure that there is a smooth transition while they remain fully productive.

Change happens, whether it be climate related or not, and it is sensible to plan for the future. I know from my work with my House committee—where we have an inquiry going on that relates to the rural industry and climate change—about all the issues that come before us which we need to deal with. The rural sector is taking the issues very seriously now, as it is the farmers who are on the front line of climate change. They are looking to manage risk through renewing farm management practices, by improving seasonal forecasting and by spreading risk to sectors better adapted to climate change. It is clear that we need more accurate data and we need to be able to fund more research into rural and regional areas. I believe we need government to be aware of the need for training and modern communications to get the research to those who are struggling to make the necessary changes to improve their viability and productivity. As one of the submissions states:
Australian agriculture has a long history of resilience and innovation, adapting to one of the world’s harshest and most variable climates while supplying dynamic global markets.

Climate change is no stranger to the man on the land but we require constant and ongoing assistance in the form of research and development to ensure we continue to be competitive.

Going back to the business environment, if one starts delving into the direction of many companies, we find that they have already factored climate change considerations into their business plans. Renewable energy has been around for some time now. In Tasmania we have had renewable energy since 1914. We are the ultimate green, renewable energy state. Hydro Tasmania, originally the Hydro Electric Department, was established in 1914, when it was given the task of developing the Waddamana Power Scheme in the Lyons electorate to oversee the general electrification of Tasmania. All over Australia wind power is now being developed through wind farms, and a few wave power projects have also been trialled. I think that the south-west coast of Tasmania would be an ideal place for some of the trialling to occur. I understand that the wave movement there is
what they look for in these trials on wave power.

Many are looking for alternatives to the petrol engine too—not just diesel or gas but also electric cell cars, either powered by traditional electricity, or partly fuelled and partly powered by electricity, or even of course hydrogen power and fuel cells splitting water. None of these are out of the question now. The time has come to really produce alternatives both in transport power and the types of energy required for domestic, commercial and industrial use.

I know we have not got long to go so I will say that there is no option but to support these bills. We must get these bills through both houses of the parliament so that communities, businesses and industries have a baseline from which to work in lowering carbon emissions across our nation. I support the bills.

Mr BILLSON (Dunkley) (6.42 pm)—I rise to speak on the Carbon Pollution Reduction Scheme Bill 2009 and related bills. The debate around the Carbon Pollution Reduction Scheme is, for me, the high watermark of Labor’s triumph of sound bites over sound public policy. We have sat here and we have listened to Labor speaker after Labor speaker trying to completely distort the position of the opposition, trying to point to symbolic issues that are related to, but not at all addressed by, the content of the bill, and trying to have a rerun of some argument that was never factual in the first place. It suggests that for base political purposes the Labor Party wants to push the view that the Liberal and National parties are not interested in climate change and are not prepared to tackle the challenge that is ahead of us.

Nothing could be further from the truth, and one of the things that we need to do is deal with the fiction that is being perpetuated around this debate so that we have some clear air to deal with the fact that, under the Howard government, Australia was positioned to be one of only a handful of countries that would actually fulfil its obligations and responsibilities under the first accounting period of the Kyoto protocol. For our 1.4 per cent of global emissions, unlike virtually any other country you could mention who participated in the Kyoto framework, we will actually meet our responsibilities. That is a record of strength and a position of credibility that Australia as a nation should be taking forward into the Copenhagen negotiations. Instead, we have a government, for base political reasons, trying to erode that record of credibility and achievement in order to try to create some fictitious argument that only they on that side of the House have any interest in, and that is completely inaccurate and a quite dishonest portrayal of the opposition’s position.

I for one have for more than a decade argued that this is a priority, an issue that we need to address—that the activities of humans on the face of the planet have had an impact on our climate and will continue to do so, and that we need to change our ways. I also recognise that there is no scientist who can give a reliable, robust and accurate correlation between certain volumes of emissions and consequences for the climate. No-one can do that. No-one can do that, but what we do know is that humans have made a difference and it is up to us to make a positive contribution at this time of climate change.

What is not agreed, though, is that simply bandying around a piece of legislation with an extraordinary name, the Carbon Pollution Reduction Scheme Bill 2009, is somehow a substitute for practical action. We do not agree with that. Those on this side of the House recognise that to bring about change you need a coordinated, collaborative international effort whereby we as Australia and as Australians do our share and then some.
But alone we cannot bring about the outcome we may all desire. At 1.4 per cent of global emissions, we are in fact a cork bouncing around on an ocean of greenhouse gas emitting activity. We can do our bit on our cork, but bringing about change relies on many others making a commensurate contribution—because the atmosphere does not care where emissions come from; it is about the molecules.

While we might feel self-righteous that we are doing something that no-one else is doing, if our goal is to bring about an improved emissions performance for the globe and reduce the pressures of human activities on climate change, we will not bring about that change. Yet, if you listen to those opposite, by subscribing to this bill—this Orwellian titled bill, the Carbon Pollution Reduction Scheme Bill—somehow that will, overnight, make the rivers run again in Australia, bring rain to the great state of Victoria, enable us in a civilised world to actually water our gardens, have some sort of prospect that our trains will run and all those kinds of things, and mean that the Great Barrier Reef will not be subject to any kind of pressure and the world will fall back into a peaceful, calm state of environmental equilibrium. That is not true. What we need to do is do our share and then some.

This bill is so devoid of the action elements that are required to make an emissions trading scheme work that it could at best be described as a framework. It could more accurately be characterised as a crayon drawing, so devoid is this bill of the meat of the detail of the policy calibrations and settings that will bring about change. And it is not just the opposition that is making that point. The Parliamentary Secretary for Climate Change, Mr Combet—having been recruited in to bring with him his union background and his capacity to monster anybody who disagrees with him—is out there telling business, ‘Take this or you might get a worse outcome.’ What an extraordinary proposition to put forward. As he tries to salvage some kind of relationship with a business community terrified by this bill, he stands in this place and says that there is so much of this that can still change, that is still up for negotiation, that is still to be worked through. Yet we are told that this bill must pass this House before the end of the week—for certainty.

The only thing we can be certain about is that what eventually happens may have very little relevance to what we are discussing now, because the detail will be in the regulations, the way in which this crayon drawing of emissions trading machinery may work at the end of the day: the accommodations that are afforded to those that risk having their industries shut down as activity moves offshore to countries without carbon constraints, the way in which those at the less well-off end of society can cope with the cost impact on their energy bills, the way in which we may make decisions as a nation or the way in which we shape investment and employment opportunities for the future. There is nothing in this bill about those things, yet they go to the heart of actual action. They are the elements of sound public policy, but that is not what we have before the parliament tonight.

We have government member after government member talking about issues removed and remedies that will be delivered miraculously, like a soothsayer coming to town with magic potions, and all we have got is a crayon drawing of a scheme that asks more questions than it actually answers, and we are being told to fall in line. The government is demanding that we fall in line on something that is so devoid of detail, action and information about implementation that it barely deserves the time that it has been given in this parliament. And some of the
reasons why the opposition have concerns have been very well articulated.

There is, in the United States, the Waxman-Markey bill, which you have all heard about. The Waxman-Markey bill does not put just a crayon drawing in place; it actually talks about clean energy, how to promote renewable sources of energy, carbon capture and sequestration technologies, low-carbon transportation fuels, cleaner electric vehicles, smart grids and improving the performance of electricity transmission. It goes to energy efficiency: how to improve energy efficiency across the US economy, in buildings, appliances, transportation and industry. It also lays out some targets, things that are not in this bill.

So fundamental are such things—what the ambition is, what we are trying to achieve—to the negotiations in Copenhagen, so crucial are they for our negotiating position, and the bill before the parliament does not even go there. But we are told that, with the passing of this bill, Kevin Rudd and his entourage will jet into Copenhagen and be so much more credible than they might otherwise be—a complete fiction.

The Waxman-Markey bill also talks about transition issues, where the objective is to protect the US economy and jobs, to promote additional green jobs and to support a transition to a clean-energy economy. They all sound like good things to examine. Most of those are not even contemplated in this bill. And those discussions in the United States that will shape and create the momentum for an international consensus are not resolved. As it stands in the United States, there are even other bills circulating. I think it is Congressman Larson from Connecticut who has a bill that focuses on some of the energy issues. He has got that proposition there. As this is worked through, there are other bills circulating in the US congress.

In the name of credibility the government should recognise that what it has been trying to sell the Australian public about this bill is a complete fiction—that in terms of Australia’s contribution we must make our effort, we must make our contribution, and then some. But to take this government on its word, that somehow this crayon drawing of an emissions trading scheme is the answer, is to be very generous indeed. When you look at tangible actions, you see Prime Minister Rudd, when he was opposition leader, promised this great building, the parliament building, would be powered by green power. We learnt in Senate estimates that it will not be; it may reach 10 per cent.

When the opposition puts out there a voluntary carbon market proposal that will embrace all the good efforts of good people wanting to share in and be a part of this national effort, it is scorned by this government—while industry says, ‘No, this is a good move.’ In individual action and community action, in agriculture, in the commercial building sector, in forms of biosequestration and in energy efficiencies there are gains that can be made.

I commend to the House the opposition’s amendments. They are sensible and they are considered. They try to inject into this debate some analysis, some public policy debate, some weighing-up of options. And they are designed to make sure that, as a cork on the ocean of international emissions, we are not swept away or bouncing off in some direction when the tide is going in the other direction. That is the sensible thing to do. We are well placed with a bipartisan position on targets. We have credibility in that we will meet our obligations under the first Kyoto accounting period, thanks to the Howard government. We know that there is work ahead.
of us. We should get to work and get past this fiction and this fantasy that somehow this legislation will bring about the change government members are trying to suggest to this parliament that it will.

Ms REA (Bonner) (6.53 pm)—I rise to support the Carbon Pollution Reduction Scheme Bill 2009 and related bills this evening. Can I say in response to the previous speaker’s comments: if he describes the government’s legislation as a ‘crayon drawing’, I suggest that the coalition’s position is more like the famous Rorschach test, where you have an ink blot thrown on a piece of paper and every individual is asked to look at it and tell us what they can see. It seems that their position as a coalition is one of individuals looking at unrealistic drawings and trying to dream up something that comes out of their imagination, rather than dealing with the real issues of climate change.

I support this legislation because the sooner we face the economic reality of climate change the better. It is something that I have believed for a long time—and, indeed, was very strongly supportive of as an election commitment during the election campaign. But I do also support the changes in this legislation which accept the reality of the global economic recession and actually put in place a scheme that delays the start by one year, and reduces the price per tonne of carbon to $10 for one year, in acknowledgement that while we are going through difficult economic times our business community, and in fact the whole community, needs a greater period in which to transition towards this scheme.

But for the reason why we need this scheme I need go no further than my own electorate of Bonner, an electorate that is right in the south-eastern suburbs of Brisbane, the fastest growing area in Australia, and a significant part of what makes up the third largest capital city in the country. I often describe the electorate of Bonner as the lungs of Brisbane. It contains some of the most beautiful environmental areas that you would find in any major capital city, particularly at Moreton Bay and on Moreton Island, which is in the bay. It also contains beautiful environmental areas that have been protected over time. It is part of the Koala Coast. It has wonderful creek catchments that provide very significant environmental areas for that local community, all bordered by the Brisbane River. At the same time the electorate of Bonner contains some of the fastest growing suburbs in the city. It has suburbs in areas like Gumdale, Wakerley and Manly West that have grown rapidly—by 3½ thousand people in three years in one suburb. It also contains the Port of Brisbane and Australia TradeCoast.

So what my electorate shows is a snapshot of the challenges that we face—the lifestyle, both environmental and social, that we want to protect within our cities but also the challenges that we meet through population growth and the need to continue to stimulate economic activity and provide local employment. That is why I am very pleased to see the government take the initiative of introducing the Carbon Pollution Reduction Scheme.

But what I cannot support is the amendment that has been put forward by the Leader of the Opposition. I think if you look at this amendment you will see that it demonstrates what we are really debating in this House tonight. We are not debating the need to protect our environment; we are actually still debating whether climate change exists. We are still debating the fundamental science, even though it is now the prevailing view of experts across the world that climate change is a reality, that it has been speed up by human activity but that it can actually be reversed by human action—and that is what we want
to see happen. But, instead, on this day, 3 June 2009, we in Australia are still debating whether climate change even exists and we are still responding to the majority of climate change deniers who exist on the benches opposite within the coalition.

What we are also obviously really dealing with is the massive division that exists within the coalition parties—indeed, I suspect that even within the individual parties, the Liberal Party and the National Party, there are major divisions. So we are listening to speaker after speaker talk about political divisions, denying a fundamental issue, when we should be debating how we can move this country forward to support a global solution on climate change. We must remember: this is the party that would not sign Kyoto.

As a result of those discussions, and as you listen to the debate, particularly from those opposite, you will see many smoke-screens put up by those who desperately want to see action on climate change but who are obviously being held back by the forces within their own parties that will not even accept the need to move. So we hear a lot about voluntary action, about the need for environmental initiatives: ‘Let’s put money into renewable energy; let’s recycle; let’s get people to change their light bulbs; let’s get people to save water.’ But we are not just talking about small changes in human behaviour to deal with environmental issues; we are actually dealing with a massive economic challenge, and that is why the Carbon Pollution Reduction Scheme must be supported.

The reality, as I have said, is that climate change is real. Although individuals and households throughout this country deserve much praise for the change of behaviour that we have seen—from our children up we have seen a whole range of ways in which people are taking individual initiatives to reduce their carbon footprint—the reality is that we need an economic strategy, because unless we start to fundamentally change the way that our industries operate and the way that we do business we will not get the sorts of reductions in emissions that we need to preserve our planet and to sustain our lifestyle.

We also know that there is international action on climate change: there is legislation before the United States; there are 27 governments that have employed emissions trading schemes; and there are all sorts of initiatives across a number of countries, both western and indeed even in the Asian economies, which are in their own way acknowledging that industry has to change its behaviour if we are really going to deal with this issue.

Because of what is, I think, a redundant debate—a lot of time spent on diversions around whether or not climate change exists—we are not as a parliament and as a community actually having the sort of debate on this legislation that we really should be having. What should we be debating? We should be debating the achievable and realistic targets that we can set. We should be debating what is the best bargaining position that we can take to the table at Copenhagen. I love this argument put forward by the opposition that we should wait and see. They said, ‘Let’s wait and see,’ on the economy; we actually said, ‘No, we need to take action now to buffer us against the impacts of a global recession.’ And I think that the figures released today have demonstrated that when governments take action, acknowledge a problem and deal with
it, you actually get positive results. If we had waited to see what was going on, as the opposition leader wanted us to do, we would be in a very different economic position today.

The same applies to climate change and the Carbon Pollution Reduction Scheme. We cannot go to an international bargaining table without a position. We cannot walk in and say, ‘We want to take leadership on this; we as a country are desperate to participate in the global solution to this problem,’ without even being able to put a real position on the table. By the way, this is a lot more than a crayon drawing and definitely not just an ink blot on a screen saying, ‘You tell me what you see in that picture.’ We have got some real details. We need to present them to the international community.

I say in conclusion that I think it is a shame that this debate is still at such a basic level and that we as a parliament cannot actually rise beyond that to have a real, genuine debate about detail. I think it is a major shame that the opposition party in this parliament can create a furphy such as this amendment to justify their own political divisions.

In conclusion, I do support this legislation. This legislation is of course focusing on the very significant green issues that we must face as a country and as a globe. Can I also say: go the Maroons!

Mr OAKESHOTT (Lyne) (7.04 pm)—You certainly know your place as the new kid in town when your speaking slot is right at kick-off time for the major event for the evening. Hopefully we will get to see some of the game later tonight. I have a different view to the previous speaker. The most important issue of the evening is the most important piece of legislation proposed during my short time of eight months in this place and, I suspect, one of the most important pieces of legislation for even the Father of the House, who has been here for over 30 years—the Carbon Pollution Reduction Scheme Bill 2009. This is a fundamental shift in both environmental management and economic management in this country. It is a reflection of some global truths and some national truths that we need to address. Therefore, I will be speaking about some of the underlying principles and possibly some options to improve the package before us.

Not only am I disappointed that probably everyone’s TV in this place is on a different station, so not many people will be listening, but also I am disappointed at the way this bill is being rammed through this House today and tonight. I think it is an unfortunate reflection on this place that here we have one of the most historic pieces of legislation to go through this parliament and all members of this chamber have been told to talk for no more than 10 minutes each or it will be guillotined. That is not the way to put through historic legislation that the government should be proud of and that the parliament deserves to debate at length. All members have obligations to the community and, from a process point of view, I think this is a disappointing reflection on the government. It picks up on a theme, as this same method was attempted with the fiscal strategy response, with the debacle that that turned into for 48 hours. I once again make the point to the executive that respect needs to be given to this chamber and to this parliament and respect is shown by giving the full speaking time to members and a full opportunity for all members to make a contribution on behalf of their communities.

This is a substantial piece of legislation with over 400 pages and, on a rough count, around 20 completely new concepts, each of which could trigger a debate within this chamber amongst friends let alone amongst adversaries. There is a lot of room for short-term political gains through fear campaigns
and for just about everyone in this place to take a preferred short-term political position because of the long-term nature of any benefits of the scheme in the discussion that we are having. But having listened intently to everyone who has debated this topic today—including the Leader of the Opposition, who I thought last night made a considered contribution—I do think the debate so far has not reflected well on the House of Representatives. It has not reflected well on the adversarial style of this chamber. The debate on the detail of the bill has focused on, for want of a better term, kicking the stuffing out of the other side in some sort of poor man’s Gladiators episode where we have the so-called job destroyers on one side and the so-called climate change sceptics on the other. Neither of those is true.

I hope everyone is trying to find a way through this legislation and a way through what is a national and international problem that we face. But, to date, the language used in this debate, from the Prime Minister to the Leader of the Opposition and down, has been more about political positioning than about really dealing with the truths around this scientific problem and the solutions that we could possibly put forward, and this very point is the thrust of the argument that I put before the House tonight. Every now and again something comes along that is too big for the political process and, in all reality, too big for politicians. The climate change issue and our response is an example of such a moment. The battle for the moral high ground, the battle for populist positions, the battle to appease vested interests, the battle for the ballot box and the battle for possible future election mandates all reflect poorly on our collective ability to handle this topic. This language has woven its way into the speeches of everyone from the leaders down and says our collective state of mind is such that, to pinch a line from a movie, we simply can’t handle the truth. If we talk about the truth of this topic, we talk about unpopular problems and unpopular solutions. No-one likes the situation we as a country or as a world find ourselves in. No-one likes having to be more efficient in the way we behave in life or in business. No-one likes those truths and, as a consequence, no-one likes the process to date. No-one likes the scientific evidence that is in from the IPCC. No-one likes what Ross Garnaut has told us. No-one likes what we are doing this evening—debating changes in charges, excise levies, taxation and possibly more costs to consumers on goods and services. No-one likes this, just like no-one in their right mind likes taking medicine because it means we have a headache or a sickness in our body. We might not like the truth, but we cannot sidestep the truth, and the truth is that we have a headache, we have a sickness and we need some medicine both as a globe and as a nation. It is uncomfortable to admit it and it is uncomfortable taking the medicine, but take it we must. I implore everyone in this chamber to recognise that we need help and I implore everyone to take their medicine. It needs to be medicine, not the political poison that has continued to spew out of this chamber today.

I am extremely concerned about the number of times in the explanatory documents, for example, we see referrals to possible election mandates, as if this is the only prism through which this scheme should be viewed. I am extremely concerned about the number of times the Bills Digest refers to this as a Rudd government commitment, and I strongly agree with one of the final comments made last night by the Leader of the Opposition in his response that this is not a political issue but a scientific issue and an economic issue, and I encourage him to stick to that position and hope that he is being fair dinkum in that view.
With that in mind, let us try and put some heads together on this. Point (a): we have both leaders of both major parties indicating an ETS is inevitable. I have heard it throughout today on a regular basis from backbenchers from all sides that the ‘do nothing’ strategy is not an option. Except for but a few, we have common ground amongst all sides on these issues. This is in step with the vast majority of the international community. Point (b): everyone recognises that this is not just an environmental issue but an economic one. It has as much of a foundation in a shift in our economics as it does in responding to some environmental problems nationwide and globally. Point (c): through logical steps I hope I am on safe ground in saying that the vast majority within this place recognise the underlying principle of a market based response to the greatest natural resource management issue of our time. This scheme is a market based response, so any alternative scheme that may or may not be offered by the so-called neocons—I am not sure what they are referred to in the Monthly—or neo-liberals would be and should be mightily similar in its ultimate design and its starting principles. Yes, whilst it is an irony, I hope it is an irony we can all see in a Prime Minister encouraging the market to rip on emissions trading. I would hope this is a point of unity shared across the chamber rather than some cheap debating point about January musings on neoliberals.

Point (d): if we are to accept that we are going to deliver a market based response to this natural resource management issue, as I see it the points of division—if we are being fair dinkum—are not the underlying principles but the politics, which include the many ministerial discretion issues tied into these 400 pages and the many executive government decisions to be taken on some of the key questions within the scheme. If we stop and think about this, why, if we have agreement on everything else, are we not considering what I want to put before the House tonight—the lessening of ministerial power and the lessening of the control of the executive; the lessening of that authority in any future scheme over many of these market based questions; and allowing the market to rip? Why can’t we increase the independence of the decision-making processes and increase the independence of the discretionary processes so that we can truly let this natural resource response do what we want it to do efficiently?

The question that I put before everyone is this: isn’t our role to build a framework based on underlying principles? That has been done. Isn’t it then our role to hand over control of and authority over the detail of that framework so that decisions are made for the right scientific and economic reasons—which is not what seems to be happening to date—rather than for the wrong political reasons? This has been driven home with the backdown by the Prime Minister, the Treasurer and the Minister for Climate Change and Water on 4 May when we saw substantial changes to the nature of the scheme. We now have delays. We now have unknown revenue consequences in the financials of three of the bills in here tonight. It is openly stated that the financials are unknown at this stage.

This has been driven home by much of the debate that we have seen today, which has been all about trying to tag the other side. This has been driven home by the media coverage of this issue as some sort of Senate negotiation process, as a possible double dissolution trigger. This has also been driven home by the Financial Review today, which ran what I thought was an excellent story about the different positions that business is taking in its lobbying of government compared to its commentary to shareholders. We are potentially building a scheme that has
politicians behaving badly, and business is behaving badly as a consequence because of its influence and the power of vested interests within the political process. This has been driven home by the lack of consideration of security of tenure issues raised by a scheme of such significance.

If this is to fly in the long term—for this to work—we need to bring all parties together. No-one is going to invest in something like this with a divided parliament and potentially a divided community. I would not put a zack into any scheme that potentially, in 18 months, might change substantially. I have heard no discussion about and no consideration of security of tenure issues, which are now getting wrapped up and lost in the political process that we are seeing unfold before us.

There has not been one single mention—none that I have heard—of some of the fundamental concepts that we are supposed to be talking about tonight. They are detailed and difficult concepts to grapple with. I would be interested to have an honesty test on this: how many people have sat down and read this legislation? We would all be in for a rude shock if the truth were to come out.

Some of the concepts that we are debating here to do with market considerations are about who sets environmental objectives. The national emissions trajectory and targets are being set by government. Reporting and compliance is largely a government exercise. The nature of the Australian emissions units—Kyoto units; non-Kyoto units—are all being shaped by ministers and government. The auctioning process is a government process. The cap is a government process, along with any assistance, tax and accounting issues, household assistance, complementary measures, the Climate Change Action Fund, pricing, fixed pricing for a year, leakage, trade exposure and the impacts of global influence and other jurisdictions. Any new scientific findings are the bailiwick of government to deal with, along with the scope and coverage of the scheme, any fuel credits, the management of charges, the ratification reviews, greenhouse gas definitions, greenhouse gas thresholds, emissions covered, the obligation transfer numbers and the liability transfer certificates, the synthetic greenhouse gas destruction arrangements, carbon sequestration rights and reforestation units—including amendments that were passed around today on reforestation units and limits. There has been no consideration, but there should be, of the biodiversity impacts of carbon sequestration and reforestation. Then there are forest maintenance obligations, windfall gain tests, power system reliability tests and caps and gateways. I hope that I have made my point.

We are talking about some fundamental concepts and issues that all of us as of today are leaving in the hands of a minister and an executive. They will have huge power and influence over the running of the market. My argument tonight is that we should be designers and then let the market be independently run and controlled. Tomorrow morning or tonight, depending on when the moment is, I will be moving an amendment exactly along those lines to establish independence for this process. We have a Reserve Bank that delivers monetary policy at arm’s length from government; this concept is no different. There will be a need for unpopular and difficult decisions to be made. A political process based on populism is not the place for those decisions to sit. We will get a lesser outcome as a community if we allow that to happen.

I hope consideration is given to that overnight by all sides. Part of that will be getting rid of some of those divisive issues—the cap setting; the targeting—which are the root cause of the divide in the parliament, and
starting to get some unity on the issues that bring us together. It is a market based response. The principles behind it are right. Therefore, we should be able to get a framework out of this place so that we can then, hopefully, for years to come see some good work delivered for the community, for our nation and for the world. I hope that that amendment is considered.

I almost feel like one of the last of the Mohicans in that I think Ross Garnaut is right. It is disappointing that he has been dropped, like a disobedient girlfriend or boyfriend, by the government and that his role and his eminence in delivering a lot of the work over the past 12 months is not reflected in what we are seeing tonight. I feel like I am on a very similar page to him. He commented, I think only last month, that you could go either way on this one now, that it is a ‘one way or the other’ type issue, and that is how I feel. Personally, I could just as easily oppose this scheme as support it. The position I will be taking, though, is to try to get some amendments up to make it a beautiful, wonderful scheme—if that fails, I will still be supporting the legislation, based on the principle that, hopefully, over time, we can improve it. It is not an endorsement of where we are today; it is a hope and a dream—to pinch a president’s line—about where we might take this scheme in the future.

I have consulted widely in my community on this, and there is not a good understanding of the detail contained in the 400 pages. But I think I share a similar view to those who are across it. Tony Doherty, the president of the Manning branch of Climate Change Australia, sent me a very strong email saying, ‘Yep, the current scheme is horrible, but it is a framework that we can work with, and it is much better to have a starting point than to get rid of it altogether.’ I was listening to the member for New England, who ran some arguments very similar to mine. He is opposing this legislation. For the same arguments, I will be supporting the legislation. The government have done good work in building the framework and the underlying principles, but, on the trade-offs, the exemptions, the allocation of various free permits and the five per cent target, we can do better than that as a country and as a parliament. I certainly hope there will be consideration of my amendment when moved.

(Time expired)

Mr GEORGANAS (Hindmarsh) (7.24 pm)—If there is any single issue on which members of the electorate of Hindmarsh write, telephone, lobby, campaign, invest their own hard-earned savings or simply express their opinion in virtual unison, it is our need as a nation to collectively tackle the causes of climate change. Again, if there is any single issue on which the constituents of Hindmarsh speak as one, it is our need to do what we can to leave our world for future generations in a state of which we can be proud.

My electorate of Hindmarsh—and I am sure it is the same with everyone else’s electorate—is not shy about expressing itself. Whether it is through surveys completed during the days of the previous government or during subsequent years—with hardly a blip on the radar to suggest an alternative interpretation—the issue of climate change has consistently been the most concerning and important issue identified by constituents around the electorate as requiring government action. The community has said in no uncertain terms that it does not just want action on climate change; it demands action on climate change. Nothing could be clearer.

As the elected member responsible for representing the good people of Hindmarsh, I am here today to express their views and to
represent their desire and their demand that Australia bite the bullet and get on with a substantial and comprehensive plan and framework with which to decrease the pollution we have been spewing out into the environment for so many years. We need to get on with the legislation to guide the Australian community away from increasing pollution—on which the global scientific consensus is that it is contributing to global warming and the resultant climate change and intensified climatic variability, of which we already have so much alarming evidence. The evidence we are hearing is now regularly, almost invariably, worse than the worst-case scenarios projected by the scientific modelling applications available around the world.

Members of my electorate of Hindmarsh hear this. Members of the communities within Adelaide’s western suburbs hear this. Members of communities all around Australia read this and take it on board and, in good faith, resolve to adopt what measures are accessible to them, to support what actions are known to them and to invest their confidence in a commitment to genuinely reshape the Australian energy market to decrease our national carbon pollution to the levels required for a sustainable future for ourselves and successive generations.

Over recent weeks, one fact has become crystal clear: no Australian can expect any national action to decrease climate-changing pollution from anyone other than the Australian Labor Party. We know that energy demand will be met under Labor’s framework for tackling climate change, and it will be met responsibly, with due regard for the state of our nation, our evolving economy, our fragile agriculture sector and our natural landscape. Energy demand will be met by Australian inventiveness marrying natural and sustainable resources—in which we are so rich—and by the private sector making the strategic investments that will position our economy and our society well for the benefit of future generations. This is a period of our nation in which 20th century technologies, last century’s technologies, are increasingly replaced with the more advanced, effective, efficient and reliable technologies being developed now for the future.

Opposition to action on climate change comes as no surprise. Elements of the energy sector have campaigned on what they have described as the ‘loss of jobs’ that they say will result from the carbon emissions trading scheme. Recently, there was a report that stated as much, but it contained figures that revealed strong and ongoing growth in jobs within their own employment projections. The claims of calamitous ruination are unfounded, pronounced as a device, a tactic, to try and position themselves for unwarranted public assistance. Such assertions clearly deserve no further consideration. Similar campaigns have attempted, and will no doubt continue to attempt, to dissuade the public from continuing their support of action against climate change. Attempts to generate fear of economic penalties among the most vulnerable in our society—those on fixed incomes and government benefits, for instance—and assertions that all the financial incentives to reduce carbon emissions will be passed on to consumers, who will be financially penalised for companies’ continuing reliance on coal, for instance, are equally disingenuous.

Key to Australia reducing our carbon footprint is the domestic sector—the households throughout the nation who consume power in the course of living their everyday lives. The government has included in the architecture of the Carbon Pollution Reduction Scheme a system by which households will be compensated for anticipated increases in the cost of power. The Minister for Families, Housing, Community Services and In-
digenous Affairs introduced the bill written to cover the increasing power bills of those Australians needing additional support. As the minister said:

This bill delivers on the government’s commitments, that:

• pensioners, seniors, carers, veterans, people with a disability, the unemployed, students and others will receive additional support, above indexation, to fully meet the expected overall increase in the cost of living flowing from the scheme;

• low-income households will receive additional support, above indexation, to fully meet the expected overall increase in the cost of living flowing from the scheme; and

• middle-income households will receive additional support, above indexation, to help meet the expected overall increase in the cost of living flowing from the scheme.

This is what the government promised low- and middle-income earners, this is what the government has delivered in the legislation here before us now and this is what the government will ensure accompanies the Carbon Pollution Reduction Scheme, protecting those in our community who need the protection of the government from power price increases.

It is not just Centrelink and Veterans’ Affairs clients and low-income and middle-income families that the government is committed to assisting. Self-funded retirees are front and centre in Labor’s positive thinking and action on this issue of assistance. The senior Australian tax offset will be adjusted to compensate self-funded retirees for future power price increases—those who have worked and saved throughout their lives, dedicated their working lives to saving and investing more than they consume and who are preparing to provide for their own retirement. These are savvy Australians and they will continue to be rewarded for their efforts by this Labor government through the increase in the senior Australian tax offset, which will rise to a level whereby, from 1 July 2011, eligible senior Australians will have no tax liability until their income reaches $31,474 for singles and $27,680 for each member of a couple. From 1 July 2012, eligible senior Australians will have no tax liability until their income reaches $32,948 for singles and $29,547 for each member of a couple.

The domestic sector is vital for the effective decrease in national carbon emissions. Households represent a highly substantial portion of the national energy consumer market, and that is the sector that is capable of making the most substantial, most immediate and most affordable contribution to decreasing our overall power requirements and consequent greenhouse gas emissions. The federal government has already shown its commitment to assisting Australian households to decrease emissions through numerous measures including, but certainly not limited to, the $1,600 subsidy in home insulation purchase and installation. It has been terrific to witness the development of complementary schemes coming from state governments. In South Australia, the Residential Energy Efficiency Scheme has been steadily taking shape with the specific aim of assisting households increase their domestic power efficiencies using less power, smarter. As similar schemes roll out around the nation, we continue to see an amazing uptake of federal government assistance in the purchase and installation of photovoltaic power cells to increase households’ energy self-sufficiency.

It is not just young, green idealists that are active in this area. If there is one group of people within the electorate of Hindmarsh who passionately embrace photovoltaic and similar technology, who are most passionate about making their own personal contribution towards decreasing our national dirty
power consumption, it is the 50-plus age group. Just the idea that their commitment and investment in renewable energy generation may somehow make it easier for the big polluters to continue polluting our world, that their decreasing pollution may just increase the extent to which others can pollute, riled and angered these people and they have demanded political action. Labor is in the business of decreasing greenhouse gas pollution, not just in swapping one sector’s portion for another. The electorate is clear about their expectations, clear in their support for action against climate change and the pollution that contributes so much to it, and clear in their belief that Labor will stick by our principles and commitment to chart a course into a system that will serve us and future generations well for many, many decades to come. I commend the bills to the House.

Mr COULTON (Parkes) (7.35 pm)—I believe this is the most important piece of legislation that parliament has ever had to consider. I have been listening to the debate last night and today on the Carbon Pollution Reduction Scheme Bill 2009 and cognate bills, and I am somewhat disappointed in the simplistic terms in which we are debating such an important issue.

I believe that this legislation has been presented in such a form that it was designed to be defeated so that going to the next election we can have a campaign based on climate change. That distresses me. This legislation has the potential, if it is passed in its current form, to make the global economic crisis look like a walk in the park. It is damaging and ill conceived and has been brought into this place with undue haste. Quite frankly, I have taken quite a deal of offence at the comments that have been made to the effect that anyone who dares question this legislation is a climate change denier or a sceptic. The member for Lyne talked about self-interest. I will put my hand up for self-interest, because this legislation as it stands will have a higher detrimental effect in regional Australia than elsewhere. As I am here to represent the people of my electorate, that is my self-interest.

We are dealing with things that may or may not happen. I heard the member for Isaacs, the opening batsman for the government on this, talk about sea levels rising and whole suburbs of Melbourne disappearing. That may or may not happen with climate change. But this debate is not about climate change; it is about this Carbon Pollution Reduction Scheme. And while many of the points that have been raised may or may not happen, I can tell you one thing that will happen for sure: the day this scheme is enacted, the cement plant in Kandos in my electorate will close. This is a plant that has been there for 100 years. There will be no recognition of the generations of people who have worked there or the fact that the whole culture of the town is based around that cement plant at Kandos, and the lime plant further down the road at Charbon, or the fact that the community of Kandos are great supporters of the Labor Party and have been great supporters of their union. At a time when they are most looking for some sort of help, they are being cut free. It has been said to me, ‘For the sake of expediency, you should pass this and then let the government deal with it.’ I cannot pass something, regardless of where it positions the coalition at the next election, if it is going to damage my community. Not only that but I would have to explain to the people of Kandos why I did not support them and explain to the coalminers in Gulgong, Mudgee, Gunnedah, Bogabri and Narrabri why I did not go in to bat for them and the communities that they represent.

Not only does it affect the mining community; farmers are also being left out of the loop. I was a farmer for all of my life until I
came to this place. I come to this place with practical experience and knowledge of the environment. I do not come here reading speeches that have been prepared by others to toe a certain line. What concerns me is that the farmers of my electorate—like the people of Kandos who are now producing cement much more efficiently with much lower emissions than they were 20 years ago—are producing more food with fewer inputs of fuel and water, and are storing more carbon in their soil than ever before. The great work that they have been doing over decades is not taken into account in this. Indeed, if the carbon that was stored in the soil in my electorate alone—in the black soil plains where at the moment they are planting their wheat crops, because of the way they manage their soil through no-till farming—was taken into account, our balance sheet would look much better. The idea that we should support a scheme and then the detail will be fixed up later is the second oldest lie in history—that is, ‘If you sleep with me tonight on carbon, I’ll love you in the morning.’ They expect the Australian people to have the same amount of trust for that as they expect support and votes for a concept that is very thin on the ground.

We have an accurate measurement of our emissions, but we do not seem to be, as a country, taking into account our positives, our sequestration. As I said, the amount of carbon stored in soil is huge. In an effort to get a better understanding of what was available, I visited a group in the Atherton Tableland about six weeks ago. They are scientifically measuring wood lots that they have planted along waterways and fence lines in that high rainfall area of the Atherton Tableland. They know exactly how much carbon they are sequestering in farm forestry without impacting on the productivity of their farms. We are not taking any of that into account. While I was in North Queensland, I went to James Cook University and I visited Professor Rocky de Nys. Professor de Nys is working on algae and the ability that it has to sequester carbon. Algae grows by 20 per cent a day, so every five days it doubles its mass. At the moment there are plans to co-locate an algae plant with the Loy Yang power station in the Latrobe Valley in Gippsland. That is something that is innovative, that we should be looking at. The algae can be processed for biofuels, for other oil uses. The dry matter can be a high-protein feed or can even be fed back through to the power station. We should be looking at innovative ways; we should be backing Australian innovation to overcome this problem. Government legislation and bureaucracy will not fix a problem as complicated as this.

The other question I would like to ask is: how are our Australian manufacturing companies going to adapt to a low-emissions future if they are being severely impacted financially? If they have to pay 10, 20, 30 per cent tax on top of what they are paying at the moment, how are they going to have the scope or ability to adapt to a changing emissions scheme? The other thing is: if we are taxing energy to change our behaviour, how are we going to explain to our elderly in aged-care homes next summer or the summer after that they have to turn the air conditioning off? At the moment we do not have an alternative. We are taxing energy and we do not have an alternative. We are going to create two Australias. We are going to create an Australia of affluence that will just pay the tax and go on regardless—I do not know anyone in the eastern suburbs of Sydney that will change their lifestyle—while the people of rural Australia, our elderly, our disadvantaged, the ones who cannot pass this tax on, are going to be severely disadvantaged.

With respect to my colleagues who are following, I would leave with this thought: we do not need to rush into this. We do not
need to have a moral fight across this House on this. This is far too important. I would ask this House and the government to back Australia, back its innovation, back its resourcefulness and let Australia solve this problem in a positive way rather than using the bureaucratic sledgehammer.

Mr Danby (Melbourne Ports) (7.45 pm)—It is nice to see you in the chair, Madam Deputy Speaker Vale. It is a great pleasure to rise in support of this historic piece of legislation, the Carbon Pollution Reduction Scheme Bill 2009, and the cognate legislation. I am mindful of the request of the Leader of the House that we keep our remarks on this debate as brief as possible, so I will try to comply. In the time available, I want to make a few basic points about the science, economics and politics of climate change as I see them, but first a few words of history. I am not a newcomer to this subject. More than five years ago, in March 2004, I made one of the many speeches I have made on the environment in this place and urged the then government to snap out of its apathy and make a serious commitment to take action against the threat that climate change poses to our society and economy. I am pleased people have stopped using the word ‘denial’ in relation to climate change. I think that was an unfair characterisation of people who disagree with my views on climate change.

I pointed out that, in my view, there was a threat to the health of the Great Barrier Reef, Kakadu and alpine regions and tourist industries that depend on those great natural assets. I notice the member for O’Connor is here. A number of years ago when there were big floods all over eastern Europe I was making a speech and we had a dispute in the chamber over whether this was due to climate change. In my speech of March 2004, I asked why supporters of the then government seemed to care so little about the 60,000 people whose jobs depend on the health of the Barrier Reef. I pointed out the damage that would also be done to agricultural industries, particularly wheat growers, by the projected increase in temperatures over the next 20 years. I remind members of the National Party, who are so bitterly opposed not only to this bill but to any bill aimed at reducing carbon pollution—which will, it seems, give the coalition a great deal of difficulty in formulating policy in the future—that an increase of one degree Celsius in average temperatures and the associated decline in rainfall would reduce wheat yields by 10 per cent. I would be interested to know whether the member for O’Connor regards that as a fact.

Sadly, the previous government paid no attention to my words—of course, I did not expect they would—but I hoped they might pay attention to the warnings of the overwhelming majority of climate scientists, both in Australia and overseas, who told them with increasing urgency that time was running out for action against climate change. It was only at the end of the term of the previous government, when the honourable member for Wentworth became Minister for the Environment and Water Resources—as the member for Bradfield, who was in the chamber a few moments ago, would remember—that the former government began to take it seriously. That, of course, is why it is very disappointing to see that the minister, now the Leader of the Opposition, is unable to get the coalition to support this very moderate effort by the Rudd government to deal with the issue.

As I said, climate change is a scientific issue, an economic issue and a political issue. Let me comment on each of these three elements. In my view, the basic facts about climate change are no longer a matter of controversy. The evidence is overwhelming that the earth is warming and that human activ-
ity—namely, the generation of greenhouse gases—is contributing to that warming. Let me quote Australia’s Chief Scientist, Professor Penny Sackett, a highly respected physicist as well as our full-time scientific adviser. Last month she spoke at a seminar in this building and said:

... some elements of the global climate are now changing at a rate considerably faster than previously thought. When world political leaders ... meet in Copenhagen in December ... they will ... hammer out a global protocol to meaningfully reduce the greenhouse gas emissions that are responsible for climate change. If they do not act ... and act quickly and decisively, the effects will be devastating. The newest science, based on more, better and a larger spectrum of data, illustrates clearly that the earth is reacting more quickly to greenhouse gases, tracking along the worst case scenario of the IPCC report.

Those who oppose Australia acting to curb greenhouse gas emissions like to argue that as Australia is only responsible for 1.2 per cent of the world’s emissions it does not matter much whether we reduce our emissions or not. There are several points to this argument that I would like to tackle. First, there are more than 190 countries in the world and we rank 18th in the table of greenhouse gas emitters. So we are in the top 10 per cent of emitters in absolute terms. There are only three countries which are individually responsible for more than five per cent of emissions: the United States with 22 per cent, China with 18 per cent and Russia with six per cent. Curbing greenhouse gas emissions requires urgent action by all countries, not just by the two or three biggest emitters.

The second point is that Australia, the world’s driest inhabited continent, has more at stake in this than most other countries. Some of our most vital industries, such as agriculture and tourism, will be ruined if climate change continues unabated. I wonder if National Party members really understand that, if we continue the way we are going, agriculture in the whole of inland Australia south of the tropics will probably become unviable over the next 50 years. If the Murray-Darling system dies, the Barrier Reef dies and tropical diseases and pests expand their range, huge sections of our economy will be destroyed. That is what is at stake for Australia and what we face in our campaign to fight climate change.

The third point flows from this. We have too much at stake in this to join in the game of waiting to see who will go first. Since we have more at stake, we must act first and act decisively so that others follow our example. Last week, the Indian High Commissioner to Australia, Her Excellency Sujatha Singh, said quite bluntly that India would not act on emissions until Australia did. She said:

You cannot have an agreement whereby countries that reach a certain standard of ... development, turn around and tell the rest of the world that what we have ... you can’t even aspire to. we need to grow if we are going to give our 600 million people who live under $2 US a day a decent standard of living. Our per capita emissions will increase, there’s no doubt about it. But I am assuring you that they will never increase to what you yourselves are emitting. So you have an incentive to bring it down. Bring it down, we’ll match it, we won’t exceed it.

I do not blame India at all for taking this attitude. The global climate crisis, like the global economic crisis, was created by developed countries and we must accept the primary responsibility for fixing it. We must of course help China, India and Indonesia to curb the growth in their emissions, particularly with technological advice, but we cannot expect them to listen to our lectures if we are not prepared to do something about it.

This brings me to the bill before the House today. The bill takes the first essential step along the road to an effective response to climate change: it puts a price on carbon. We are one of the most carbon dependent
economies in the world. Our economy is built on cheap carbon. This must change, and the start of that change is to put a steadily increasing price on carbon so that industry and consumers have an economic incentive to move towards sources of energy which do not involve burning carbon.

This legislation is an essential first step. Domestically, by placing a price on carbon, it sends an essential signal to industry and consumers that we are serious about reducing our emissions. Internationally, it sends a signal that we are willing to take the lead so that at Copenhagen we can argue with some credibility for more ambitious targets. The defeat of this legislation would be a disaster for Australia, economically and politically. It would send a signal, domestically and internationally, that we are not serious about climate change, that we are not prepared to do any of the hard work needed for an effective global response and that we value our short-term comfort over our long-term livelihood and indeed the very survival, if the scientists are right, not only of this country but of the world.

Opponents of this legislation harp on its possible effects on employment and investment in carbon intensive industries such as coalmining, aluminium smelting, electricity generation and cement manufacturing, particularly those which are trade exposed. At a time of rising unemployment, I agree that this is a powerful consideration. Of course, employment is something that people in the Labor government take seriously. The people who work in those industries elected a Labor government to safeguard their employment, not to be put at increased risk.

There are several things to say about this. The first is that the government has been at pains to design legislation which provides as much assistance as possible to enable these industries to adjust to a world where carbon has a price and to remain viable and competitive. The government’s modelling shows that the economy will continue to grow. The second is that the transition to a carbon-neutral economy will generate many new, green jobs. We are investing massively in renewable energy, in carbon storage technology for coalmines and power stations—and many people have mentioned the role of the member for Batman in geosequestration and other forward-looking technologies like this—in building energy-efficient homes and in designing and building green cars. This week we heard the chairman of Holden, Mark Reuss, talk about the exciting new wave of energy-efficient cars his company is developing. All of these areas are generating jobs now and will generate more in the future.

The third point, however, is that there is no painless way to decarbonise the Australian economy. Those who tell us that they can reduce our greenhouse emissions without any cost to anyone, through some magical solution like clean coal or biochar, are simply trying to avoid the responsibility for making tough choices in the hope that someone else will do the work and bear the political cost. It is clear that if we fail to take even that essential first step we will pay a heavy price and future generations will pay an even heavier one.

I believe that the Leader of the Opposition and his environment spokesperson, the honourable member for Flinders, genuinely understand the urgency of this issue. The time has come for them to face down the climate sceptics in their own party, as well as the Nationals, and join with us, here and in the Senate, in passing this vital legislation.

Mr TUCKEY (O’Connor) (7.55 pm)—I invite the member for Melbourne Ports to remain in the House, because I think he is a genuine man, and listen to how the problems
he identifies can be corrected. The Carbon Pollution Reduction Scheme legislation before this House is a misnomer because it provides no guarantee of carbon dioxide pollution reduction, which the government says is necessary to prevent further climate change. It is in fact a front for another screen-jockey derivative scheme called the emissions trading scheme, or ETS, based upon the trading of certificates of rights to pollute. Let me repeat that claim: this legislation provides for the selling of $11 billion worth of certificates by government to a captive market to continue to pollute the atmosphere in the vain hope that the cost will influence some of them to cease polluting—no punishment, just pay. It also provides for gifting a large quantity of these certificates to pollute to the largest of Australia’s polluters if their business is deemed to be trade exposed. However, the legislation provides no information as to when or to what extent these free certificates will be issued to individual companies and businesses that qualify. We are told it is necessary to pass this legislation before the government will enlighten Australian businesses and workers as to how many certificates they must purchase or can obtain for free.

The parliament is therefore being asked to buy a pig in a poke on behalf of the Australian people in terms of both the future level of emissions permitted in Australia and, on the other hand, the number of jobs that will be lost as investors and business leaders decide that the cost of these certificates will impose an impossible burden upon their particular business and it is therefore necessary to relocate overseas to nations whose emissions management is loose or simply more generous and/or, as I will cover in the latter half of my speech, who have implemented pollution reduction measures that apply no extra cost to their businesses and possibly provide cheaper energy.

The free-market United States is already discussing much more generous exemptions in its draft ETS legislation than is inferred in Australia, whilst the centrally managed Chinese economy is investing heavily in nuclear power, hydro and wind energy, and, as we speak, is investing in the first of a series of 2,000 kilometres of high-voltage DC electricity transmission lines to dramatically reduce the carbon pollution involved in the inefficient AC and gas pipeline transmission of energy that now applies in Australia.

In my opening remarks I stated that the CPRS legislation gives no guarantee of pollution reduction. This is because many of Australia’s polluters have the simple option of buying the certificates and passing on the cost to the obvious captive consumer markets that exist in such areas as retailing or electricity and motor fuels. The government recognises this effect on low-income families and promises cash refunds. Just how does that influence consumption and pollution?

Then there are the trade exposed businesses which, as I have mentioned, must either be allowed to continue to pollute through free certificates or will deliver the ultimate pollution cut for Australia by closing down or relocating as they cannot compete internationally from within Australia. No-one in the world yet knows what sweeteners or downright claims for Third World exemption will arise at the world conference in Copenhagen, yet our TV junkie of a Prime Minister wishes to entangle Australia in this ETS spider web, which will give him personally the only reason to be relevant as the representative of one per cent of world pollution when surrounded by those who each produce approximately 30 per cent and whose financial capacity to protect their industries and their jobs exceeds Australia’s by a multiple of thousands.
This legislation provides no guarantees of pollution reduction, but it certainly provides the opportunity for the international hedge funds and screen traders responsible for the present financial crisis to find a respectable means of making profits and passing them on to the workers and businesses of Australia through higher certificate values. Even at its low-level start-up—about which the Greens complain—it certainly threatens thousands of jobs.

The alternative is for a government initiative of substance aimed directly at pollution reduction, and those opportunities abound. The government should not be chucking a lousy billion at research; it should be investing in known technologies. A representative of Santos has claimed at the current APPEA conference in Darwin that the national gas industry could alone reduce Australia’s emissions by 20 per cent by 2050, presumably by the fact that gas reduces emissions to half when compared to coal, but there are a number of options that could be introduced by 2020 which provide no emissions and/or greatly reduce energy losses. Had the Rudd government applied the $24,000 million worth of $900 cheques to this problem by investment in a widespread high-voltage DC transmission system, as the Chinese are, and a significant component of extra renewable energy generation—particularly using the tides of the Kimberley—a real reduction of 20 per cent in overall emissions would be achieved without this tax.

Australia’s present practice of transmitting energy over long distances through highly inefficient high-voltage AC transmission lines and natural gas pipelines would, if reformed, add greatly to the available energy and reduce the pollution associated with these forms of transmissions. The Dampier-Perth natural gas pipeline emits approximately 700,000 tonnes of CO2 per annum simply by the process of using approximately 250 megawatts of energy to pump the gas over the required distance, as do all our other gas pipelines. Yet when the gas arrives in Perth—and, I believe, many other destinations—30 per cent of it is then converted to electricity and transmitted back along that same pipeline route in highly inefficient, energy-losing, high-voltage AC power lines to northern consumers.

All future renewable or gas or coal fired energy should be produced as close as practical to source and transmitted to centralised consumer locations by HV DC transmission, incurring very low energy losses. The Europeans, the Africans and now the Chinese do this already. In Australia, only the Victoria to Tasmania Bass Link utilises this technology—there are a few shorter bits of connection—and that is primarily because it is a system that will operate under water and does not need a series of wasteful transformers along the way.

Were WA connected to the eastern states across the desert, and WA’s northern demand centres and natural gas production hubs also serviced with an HV DC system, all Australia could benefit from a massive growth in cleaner gas generation, thus diluting the effect of coal but not closing it down. Once the transmission system reached the Kimberley-Browse gas hub that is currently proposed for development, the local gas generation system could then be supplemented from the gigantic, perpetual, renewable and predictable tidal resources of the Kimberley region. You would start off bringing down gas-fired electricity, not using huge amounts of energy to pump the gas and then bringing it back as electricity. So there are huge savings just of that nature, and of course you get more energy for your buck.

As this additional energy comes on stream, Australia could tolerate, in pollution terms, the economic benefits of our cheap
and available coal, as no country anticipates a nil emissions scenario. Furthermore, the additional low-pollution or no-pollution energy provided would enhance the introduction of pollution-free electric and hydrogen fuel cell cars and transport vehicles, providing further substantial reductions towards a 50 per cent target. The initial investment of government funds would be self-funding over time—a longer time than business might expect—and thus represents an appropriate borrowing for economic stimulus, not just throwing it into the ether. Above all, it would guarantee low-cost secure energy for future generations, considering the volatile regions from which Australia imports its motor fuels. Australia can then meet its international obligations with pride, without imposing costs upon its business sector, jobs market and energy consumers, and certainly does not need to sell government certificates to pollute to achieve this purpose.

Ms BURKE (Chisholm) (8.07 pm)—I rise to support the Carbon Pollution Reduction Scheme Bill 2009 and related legislation. In my 11 years in parliament this is some of the most seminal legislation I have had to talk to; this legislation will impact on our environment, our country and indeed our globe more than other legislation I have had to speak to. The only other legislation I can relate as being as important as this was the time we did not get to debate legislation when the Howard government sent us to war. The Rudd government understand that climate change is real. We understand and accept mainstream scientific opinion in respect to this issue. We understand the consequences of a failure to rein in greenhouse gas emissions and the implication that it may have for future generations. We have a responsibility to the Australian people and to future generations to act on climate change and to act now. That is why we have designed the Carbon Pollution Reduction Scheme, a scheme that gets the balance right between reducing carbon pollution and supporting economic growth.

In the lead-up to the 2007 federal election we made it clear that once in government we would do what is in the national interest and take action on climate change. That is exactly what we are doing with the introduction of this bill into parliament. It is clearly in the national interest to get on with the job of tackling climate change; it is in the interests of business, the economy and above all the environment to move forward with the implementation of the scheme, and that begins with the passage of this legislation.

Much has been said by the opposition recently about the debt and the burden we will place on future generations by our borrowings to sustain the economy at the moment. What all of them have failed to talk about is the debt and the burden they are placing on future generations by failing to pass legislation dealing with climate change. They have failed to admit that, in their 12 years in government, they did nothing on this and they are passing on the burden of that neglect to future generations. If we do not get it right we will be the first generation to leave behind a scenario that is worse for the generation to follow than the scenario we inherited.

Climate change is an issue that has resonated on a local level with the average citizen across Australia and this is certainly the case in my electorate of Chisholm. People are genuinely concerned about this issue and they want to see their government introduce reform to bring about change. They want to see change to a lower pollution and a lower carbon economy that reduces Australia’s contribution to climate change. In many instances members of the public are showing tremendous initiative and proving that we can all individually make a difference in the transition to a greener economy.
Whitehorse 2 Solar is a group that covers the City of Whitehorse, one of the local councils in my electorate. Whitehorse 2 Solar is an excellent idea, enabling individual environmentally conscious households to join together and significantly reduce solar panel costs, making solar energy more affordable to working families in the community. This group was an initiative of two Whitehorse locals, Maria Anastasi and Lea Caasari, who must be commended for the initiative displayed in their efforts to promote solar energy within the community. Caring for our environment is a responsibility of each and every one of us and the current times of financial hardship have not dented resolve or deterred people from making an effort to reduce their impact on climate change. Whitehorse 2 Solar is an example of how ordinary people are making a real difference in our community by channelling a passion for the environment into practical ideas.

Just last week I had the pleasure of presenting a petition to the parliament from one of my constituents, Mary Whiteside, who is a passionate advocate for the environment and a real grassroots campaigner. She is steadfast in her quest to promote clean energy and on the need for both the government and individuals to take action on climate change. She spent considerable time doorknocking house to house in Box Hill and surrounding suburbs, inviting people to sign her petition which calls for the development of alternative energies to support the move to a low-carbon economy. Mary is not part of an established group; she wanted to demonstrate that individual citizens are concerned about this and need to stand up for the environment.

Many of my constituents have shown a strong interest in the government’s generous incentives for households to embrace environmentally friendly initiatives. My office has been inundated with inquiries about energy-efficient homes, a key feature of our Nation Building and Jobs Plan that offers government funded ceiling insulation and rebates for solar hot water systems. These are practical measures from the government aimed at setting Australia up for a low-carbon future. They are initiatives that have proved highly successful due to public demand and public support for change. The success of this scheme is reflective of the community sentiment that climate change is real and that it is imperative we act to mitigate its effects.

Many of my local schools are embracing environmental education and doing their bit on a practical level to move towards a greener future. Syndal South Primary School has undertaken several projects which reflect their commitment to establishing, maintaining and promoting sustainable environmental practices in the community. The school is fortunate to have large grounds, which have been enhanced through years of planting trees and undertaking environmentally appropriate projects. One of the school’s great environmental features is a large greenhouse supported by a water tank with a solar powered pump and a capillary-fed watering system. The greenhouse is used by students to propagate vegetables and native plant seedlings for the school ground. They also use two other large 10,000-litre tanks that collect rainwater to help establish native plants. As a result of the school’s commitment to environmental education they have gained recognition within the wider community and have been promoted through the Monash Sustainability Centre at Monash University.

So too has the Glen Waverley Campus of Wesley College, which is a proud participant in the Sustainable Schools Program. Initiatives such as paper, glass, plastic and aluminium recycling, planting noni trees and using calico shopping bags are second nature at the
campus. They also collect rainwater to water the plants propagated in their greenhouse, which they then use to regenerate the school grounds. Wattle Park Primary School recently received a Sustainability in Schools award from their local council for their proven commitment to the environment. Students from all levels of the school have been involved in planting and looking after a vegetable garden, the produce of which is sold back to the school community. Grey water is collected from drinking taps and piped directly to the vegetable gardens, whilst student toilets are supplied with rainwater. The school also uses solar panels, which have significantly reduced its electricity costs. They are implementing a number of initiatives which have reduced packaging and rubbish.

Individual schools and community groups in my electorate are taking action to sustain our environment and highlight the implications of climate change. They are thinking globally by acting locally. It is time for this parliament to ensure that public sentiment is reflected on a national scale. That can happen with the implementation of the Carbon Pollution Reduction Scheme before the parliament tonight. This overwhelming public sentiment to act on climate change is something shared by the Rudd government. We have a clear-cut position: to implement a scheme that will reduce net greenhouse gas emissions by a minimum of five per cent by 2020 with a capacity to increase that to 25 per cent if there is an ambitious global agreement to achieve the 450 parts per million goal.

Our proposed scheme is also very mindful of the potential impact on jobs, particularly during these difficult economic times, and this is reflected through the industry support and various other measures detailed in this legislation. Our position supports jobs today whilst putting in place a scheme that will create low-pollution jobs for the future.

Treasury modelling shows that all major employment sectors in the economy will continue to grow out to 2020 as we reduce our emissions through this cap-and-trade scheme. Importantly, the government will provide sustainable assistance to emissions-intensive trade-exposed industries, particularly in the first five years of the scheme, which will include additional assistance in the form of a global recession buffer. According to the Treasury modelling, this will ensure that employment in these industries will continue to grow once this scheme is implemented. We can play our part in reducing greenhouse gas emissions while continuing to grow the economy.

Contrast the certainty of the government’s position with the huge confusion and disarray of the coalition. The inconsistencies we have seen from the Liberals and Nationals in regard to this climate change policy stem from one core factor: they have a coalition littered with climate change sceptics, climate change deniers and climate change uncertainty. Whilst the government is getting on with the job of legislating a scheme to mitigate the effects of climate change, the coalition are having a very public debate about whether or not climate change even exists. In doing so, they are ignoring mainstream scientific opinion and conventional logic and rationale. More importantly, however, they are ignoring the economic cost of inaction, failing to provide business with any certainty and damaging the chances of a global deal at Copenhagen in December.

Indeed, as we in the government have said time and again, the cost of inaction will have a greater impact on jobs and the economy than reasonable action on climate change. Treasury modelling has again demonstrated that economies that defer action face long-
term costs around 15 per cent higher than those that take action now. We also know the potentially devastating effect inaction will have on our iconic environmental assets such as the Great Barrier Reef and the Murray-Darling Basin. We cannot afford to run the risk of allowing that to happen.

Indeed, the *Australian* today reports that the Leader of the Opposition made it quite clear on the *Insiders* that an emissions trading scheme will come into effect one day. He made it quite clear he is hoping and praying that the US administration will get their scheme up; somehow that will lead the way for the opposition to make a decision. I think it is poor policy, on something as vital, something of such national significance and importance, to sit back and wait and hope and pray that, somewhere, somebody else will lead the way and somehow we can just follow in their wake. I am reminded of when we went into the war in Iraq. Again we watched and prayed and then went the way of the US, as opposed to standing on our own two feet and making our own decision based on how that initiative impacted on our nation at that time.

As a parent of young children you get the joy of going to some very amusing animated films. The most recent one I went to was *Monsters vs Aliens*. One of the funnier jokes in that involved a prehistoric sea creature who had been taken out of the ocean and locked up in the bowels of some great bunker by the US for years and years, and suddenly he was allowed out to fight the aliens. He jumps out of the tank and he says: ‘Oh! The earth is warming. That’s a convenient truth!’ The adults in the audience all thought it was amusing and laughed. The children did not get it, but they get climate change. They get that the environment is warming and they get the fact that if we do not do something now their future is in jeopardy.

**Dr Nelson** (Bradfield) (8.17 pm)—In this the 21st century, in the year 2009, it is time for our generation to begin to live on environmental interest instead of the environmental capital on which we have lived, particularly since the beginning of the Industrial Revolution and, more recently, since the 1970s. There are, however, a number of facts which I think need to be introduced into this debate on the Carbon Pollution Reduction Scheme Bill 2009 and related bills, which has been characterised more by emotion in the media and the broader community and, I dare say, even in the parliament.

The first is in terms of science. I cannot recall in my life a scientific issue where there has been such a large minority of scientific opinion—most of it credible scientific opinion—questioning the broad consensus of the majority, upon which this legislation is based and which it is intended to meet, and upon which much but not all of the world is intending to act. The second is that for us as parliamentarians, as legislators, whatever our background—and in my own case it is as a medical graduate, which is not in itself a scientist—our responsibility is to accept the broad consensus of scientific opinion whilst observing and noting that there is a growing minority of scientific opinion which contests the consensus of the IPCC.

That having been said, Australia’s emissions currently represent 1.4 per cent of global greenhouse gas emissions. On current trends, by halfway through this century, China and India will be emitting one-third of global emissions. That is more than the United States, the European Union, Brazil, Japan, Canada and Australia combined—by which time Australia will represent, on current trends, about one per cent of global emissions.

This country is currently the world’s largest exporter of coal, the largest producer and
exporter of alumina, the third largest exporter of aluminium, the second largest exporter of uranium and the fifth largest exporter of LNG. For those who hear that data and think it might be trivial in some way, just reflect, for example, on today’s national accounts and the fact that they are the way they are by virtue of Australia’s trade and trade balance.

The next thing that is important for us, I think, is a matter of principle. We need to proceed with caution. As speakers on both sides of the debate have said, this is the most significant government imposed change to the economic architecture of this country, certainly in my lifetime and I think the lifetime of all of us in this parliament. There are, in my opinion, five principles upon which we should proceed. The first is that we have to make a proportionate contribution to addressing climate change—no more, no less. I am a human being, I am a global citizen, but I am an Australian and I am a member of the Australian parliament. It is my responsibility to stand up for my country and see that we carry our fair share—no more and certainly no less.

The second principle is that we have to do so while maintaining the strength of the Australian economy. I have obligations to my great-grandchildren and subsequent generations to give them a planet in good working order. But I have responsibilities to my children to see that they carry the reasonable prospect of having a job and enjoying a standard of living of which I can be proud and in which they can have confidence.

The third principle for us is that we have to see that this country continues to provide affordable, low-emission, cost-effective energy to Australian households and to Australian industry.

The fourth principle is that we have to continue to provide resources and energy to the rest of the world.

The fifth principle, I think, is that this country should be putting as much effort into preparing for the inevitable and unavoidable consequences of climate change as we should into actually trying to stop it.

The reality of the environment that we are in now is that the Prime Minister and the government—to their credit, in my view—have accepted the need to postpone the implementation of an emissions trading scheme. But they are not yet going as far as they should. So, too, I am very pleased to see that significant members of my own party have recognised the importance of delay. That is something that is also to be welcomed.

But there are a number of issues that I think we need to be particularly focused upon. If Australia emitted absolutely nothing we would make no difference whatsoever to climate change. In fact, if we reduced our emissions by 60 per cent by 2050 we would reduce global emissions by 0.653 per cent—in other words, close to nothing. The Chinese are constructing a new coal-fired power station on average every five days. If India, China and the United States are not committed to act and to act in a proportionate way, not only on a country basis but on a per capita basis, then Australia will be conducting an exercise in utter futility—in fact, far worse than that, we will be committing a form of economic suicide for no appreciable environmental gain at all. What is it in this country that has led us to become a collective of intellectual lemmings? It seems that much of this debate is characterised by a religious, evangelical zeal that has you either at one extreme end of this debate or at the other.
In my electorate of Bradfield, on the upper North Shore of Sydney, adjusting to climate change in most but not all cases is an inconvenience—solar panels on the roof, a 30 per cent increase in your electricity bill, maybe buy a Prius, adjust your behaviour, turn off a few TVs in your two-storey house. But the further you go from my electorate, out into the more typical socioeconomic parts of this country, it is going to be about survival. It is going to be about feeding, housing and clothing your children; being able to decide whether you can afford to run a car and, if you own one, to actually drive it; and whether you can afford to remain on the land, be it in dairy, wheat or any other kind of agricultural activity in this country. There are many people who live in the inner suburbs of our cities who seem to think that in some way you are being an environmental vandal by not supporting this. What they fail to understand is that cement manufacturing, sugar refining, petrol refining, electricity generation—all of those things that they so often take for granted—are the industries that are going to be most directly affected by this.

I have confidence in Treasury—to a point. But one of the reasons we are moving the amendments we are—in particular for the Productivity Commission to spend six months having a look at this—is that the Treasury, in my view, has made implausible assumptions about the capacity of Australian industry to adjust to this and to adjust within the time frame it has assumed. Its estimates of the international price of gas and electricity are unrealistically low. It also has taken no account of the impact of the global financial crisis. I might also add that this is the same Treasury that in 2007 underestimated the size of the surplus by 59 per cent and overestimated economic growth by 37 per cent. I apologise to Treasury in this sense, but I do not believe the assumptions upon which this legislation is based and is being presented.

We also think that it is very important—I was of this view last year; I remain of it—that we see that we are part of a global response. In terms of changing our economic architecture, of effectively in the first year increasing the GST from 10 per cent to $12 billion over the first five years of this program. In the end it is the constituents of members here who represent low- and lower middle-income communities in this country who will pay for it.

I am also deeply concerned about the idea that we are going to have our emissions-intensive trade-exposed industries pay a net effective tax of $12 billion over the first five years of this program. In the end it is the constituents of members here who represent low- and lower middle-income communities in this country who will pay for it.

I believe, in concluding, that most Australians will, with good leadership on both sides of the parliament, accept by a bare majority higher energy costs, higher transport costs—even less job security. But they will not, nor should they, accept those under any circumstances if the rest of the world, particularly the United States, the Chinese, the Indians and others are not making their fair contributions. The Prime Minister has couched this, sadly, very much in political terms. I will be very interested to see the Labor members prosecute this argument to many of their constituents, when they realise that Kyoto was not something on a Japanese restaurant menu but rather a formal agreement—and, further, what the rest of this is going to
mean. It is time for us to put our country’s interests first. That is why the amendments moved on this side should be supported by the government. And I think the government, if it were considering the advice of the wiser people within it, would find some way of accommodating them.

Ms GEORGE (Throsby) (8.29 pm)—I begin my contribution on the Carbon Pollution Reduction Scheme Bill 2009 and related bills by asserting that climate change is real. You only need to pick up a newspaper and read regular stories about the impacts of climate change. Just yesterday in preparing my notes for this speech, I noted in the Herald that scientists were warning that rising CO2 emissions are turning oceans acidic in an irreversible process that threatens coral reefs and food security.

I believe that the community understands that climate change is a serious global issue requiring a global response. In the words of Sir Nicholas Stern:

It is the greatest market failure the world has ever seen. …

He points out that the costs of stabilising the climate are significant but manageable if we take early action, whereas delay would be dangerous and much more costly.

Our government has the challenge to find the means of reducing emissions at the lowest possible economic cost. That is why we have an integrated approach to reducing carbon pollution by putting a price on carbon through the CPRS, by promoting investment in renewable energy, by promoting energy efficiency measures and by investing heavily in low-carbon-pollution technologies.

In designing the CPRS, as encompassed in these bills before us, the government has endeavoured to get the balance right—that is, to reduce emissions while continuing to manage economic growth into the future. The legislation proposes a package of assistance for emissions-intensive trade-exposed firms both to guard against carbon leakage and to support existing jobs in the process of transition. I want to address my remarks in the short period tonight to this part of the bill in particular.

BlueScope Steel is the largest employer in the Illawarra region. About 4,700 people work directly for the company and up to several thousand contractors regularly rely on its operations. With the multiplier effect the company sustains about 12,000 Illawarra people in employment. This company also contributes $2.1 billion to the gross regional product and generates $909 million in wages and income from direct and indirect employees. In fact, Bluescope Steel is the largest manufacturer and exporter of manufactured products in my state of New South Wales. More importantly, it is the lifeblood for about 12,000 people and their families and it underpins our regional economy in the Illawarra. So the wellbeing of our community is intimately tied up with the fortunes of that company.

Furthermore I want to state on the record that I am an unapologetic advocate for a viable domestic Australian steel industry both now and into the future. It is in Australia’s national interests. A competitive Australian steel industry is an important foundation for a competitive Australian manufacturing sector. Australian made steel is a key input for a large range of domestic manufactures, including the automotive sector, white goods, machinery, building products and, into the future, I believe, for our renewable energy sector in areas like wind, solar and water conservation infrastructure. It is not surprising therefore that I have brought the concerns of Bluescope Steel, the workers who work there, the union and other stakeholders in my region to the highest levels of government. I would have failed in my responsibilities if I had not done so.
I want to also acknowledge the fact that the Minister for Climate Change and Water and other members of government have gone to great lengths to understand and deal with these concerns. Presently, BlueScope Steel is facing bleak times as a consequence of the global financial crisis. The Secretary of the Australian Workers’ Union described it as the:

... worst crisis ever in the entire history of making steel in this country.

Production has halved, steel orders have fallen and naturally enough workers and their families are worried about future employment prospects. The company committed $372 million to the reline of the number 5 blast furnace, which is now completed, but the furnace will not be restarted until market conditions improve. Some of the hundreds of contractors may be employed on the upgrade of the sinter plant, but hundreds of others who worked on the reline will have no work.

The company has managed these difficulties in a collaborative fashion with the unions, avoiding retrenchments while workers exhaust their existing leave entitlements.

In this climate the company was anxious about the introduction of the CPRS. The company and I differed about a doomsday scenario that they advanced, which I believe was the result of conflating the impact of the global crisis and the introduction of a CPRS.

In my view, that analysis unnecessarily spread panic and anxiety among the workforce and throughout the region generally, particularly so at a time when concerns such as these were weighing heavily on people at all levels, including senior people in our government.

The predicament facing emissions-intensive trade-exposed industries like steel is well understood by the government, and we saw that reflected in May this year when the Prime Minister announced a delay in the start of the CPRS for one year to manage the impacts of the global recession. The phasing in of our scheme from 1 July 2011 will see a one-year fixed price for permits at a cost of $10 per tonne, with the transition to a full market trading system from 1 July 2012. As people would be aware, a new global recession buffer will be provided as part of the assistance package for emissions-intensive trade-exposed industries. Industries eligible for 60 per cent assistance will receive a 10 per cent buffer and those eligible for 90 per cent will receive a five per cent buffer. So it is clear that the government listened and the government acted.

Our minister has consistently argued that there was no purpose in imposing a carbon price domestically if it resulted in emissions and production transferring internationally for no environmental gain, and I wholeheartedly agree with that. Maintaining the competitiveness of Australian industries like steel and preventing carbon leakage was always a priority for the Rudd Labor government. Trading internationally in steel we are up against countries such as Brazil, Russia, India and China, who produce half the world’s steel but do not impose carbon costs on their industries and have no plans to do so in the foreseeable future. So, as I said earlier, avoiding the risk of carbon leakage has been a constant in our considerations and a key consideration in determining at what level permits will apply.

As people would be aware, in the white paper the rate of assistance for integrated iron and steel making is 90 per cent free permits. However, as we know, the number of free permits provided will depend on the precise definition of the activity being conducted. BlueScope has raised with me that a narrow definition could result in reduced levels of assistance. To assist in this process of activity definition, an expert panel headed by Dick Warburton will advise the govern-
ment on activity definitions, which will then be reflected in draft scheme regulations. BlueScope has the opportunity to have its arguments properly considered and evaluated in this process, but I will continue to argue for an activity definition that I believe best takes account of the industry’s needs. The company has also raised with me concerns about scope 3 emissions being passed on—in particular, the carbon cost from its coal suppliers being passed on to the company. The government is aware of these matters as well and will continue to engage with BlueScope on these and related matters.

I congratulate the Obama administration for their commitment to deal with climate change in the midst of their profound economic circumstances, which are much worse than the situation applying in our own country. But they too are proposing a cap-and-trade emissions scheme, together with a raft of energy efficiency measures and other environmentally friendly measures which will form part of that package. So moving to a carbon constrained economy confronts the United States as much as it does Australia, and they too, will have to deal with a range of what they describe as ‘trade vulnerable industries’. In that regard, I note the varying analyses of the content of the Waxman-Markey bill and the level of protection to be afforded to comparable industries like steel for industries located in America.

As a matter of principle, I believe that Australian workers deserve no less protection than that which will ultimately apply in the United States, which after all is the world’s largest economy. That will be the position that I will continue to advocate on behalf of the workers and their families whose livelihoods depend on a competitive and viable steelmaking capacity in the Illawarra region. The Minister for Climate Change and Water has argued that our scheme, a cap-and-trade scheme, as encompassed in this bill, ‘has been designed to link in with existing Kyoto mechanisms and to eventually link with other international schemes as these schemes are implemented and mature’. The Rudd Labor government is committed to playing its full and fair part in the global efforts to address climate change.

Mr JOHN COBB (Calare) (8.40 pm) — Before I get into the debate on the Carbon Pollution Reduction Scheme Bill 2009 and related bills, I want to pose a question to all Australians and particularly to the Labor government: where do you think our food comes from? I strongly believe food and water security will become one of the defining issues of the 21st century, if it is not already. The legislation we are debating tonight is a debacle and should be voted down. It is nothing but a tax on production that will drive businesses and jobs offshore and all it will achieve is a new export in carbon emissions.

Electorates such as Calare, which are exporting, wealth-generating electorates, will bear the brunt of the Rudd government’s emissions trading scheme, which is nothing more than a new tax with another name. The effect of this legislation will be felt much more brutally in regional Australia than it will be in the capital cities. Yet those opposite have done nothing to negate the effect of this legislation on our agricultural sector. Agriculture is the only bright light in our economy and the only sector to record any growth in the last quarter of the last calendar year. It also recorded major growth in exports in the first quarter of this calendar year, which led to that small growth which kept Australia out of recession in the last figures. And it has been ignored by the Rudd government.

Whether it is the current drought or future climate change, the result is a drier weather cycle. To put it simply, we cannot eat a computer generated climate change model. What
we need is government investment into research on practical measures which will allow our farmers to increase productivity. For example, this involves investment in new plant varieties which are disease resistant and which can tolerate dry conditions. Yet all we have got from this government is massive cuts to research and development in this year’s budget. Having slashed R&D funding, it was the height of hypocrisy for the Minister for Agriculture, Fisheries and Forestry, Tony Burke, to swan around Europe as an observer to the G8+ Agriculture Ministers Meeting in April, where he claimed in a media release:

Australia has a major role to play in meeting the global food shortage and boosting global food security … We believe investment in agricultural research will be essential … If only his actions matched his words. Our farmers are already being forced to produce more with less—less water through drought, and less arable land due to the expanding population—and without increasing public expenditure to dramatically increase productivity there is the very real possibility of Australia becoming a net importer of food when the world population is set to double within the next 30 years and the ravages of global warming are meant to hit us.

In a joint media release the Minister for Foreign Affairs and the Minister for Agriculture, Fisheries and Forestry recently stated: … there are already 925 million people around the world who are malnourished and for the first time since 1973 the world is facing the combined impact of record oil and food prices.

One hundred million of the world’s most poor and disadvantaged risk being driven deeper into poverty by the recent escalation in food prices.

Yet the Rudd government is spending less money on researching and developing new plant varieties and farm management practices to increase food production than it is on promoting and popularising its economic stimulus package. In fact, the Rudd government thinks so little about where our food will come from that agriculture is the only sector which is not receiving free permits; nor does it have a $500 million clean coal fund.

The Minister for Agriculture, Fisheries and Forestry has been very slow in releasing information about the impact that the Rudd government’s emission trading scheme will have on agriculture and food production, manufacturing and processing. The government has no idea and nor does it care about the effect of this legislation on agriculture. Despite two reports from his own department finding that the ETS will have a major negative impact across all commodities whether agriculture is covered under the scheme or not, the minister for agriculture keeps on saying that farmers will simply reorganise their businesses. If anything shows his total lack of knowledge of his own portfolio and the people who are involved in it, the farmers, that statement does.

The latest ABARE report to come out of the minister’s department, titled The effects of the Carbon Pollution Reduction Scheme on the economic value of farm production, finds that agriculture will be hit hard from day one under the Rudd government’s ETS. Interestingly, this is the first time that ABARE has admitted that there will be severely negative impacts on agriculture as a direct result of the legislation that we are debating now. The ABARE report states:

Even if the agriculture sector is not a covered sector under the CPRS, agricultural producers will face increased input costs associated with the use of electricity, fuels and freight and may face lower farm-gate prices for their goods from downstream processors. These will have implications for the economic value of farm production.

Farmers know that whatever the people above suffer in costs they will take off what they are willing to pay. You do not have to be
Sherlock Holmes to figure out that just about every bit of food and fibre grown in Australia has some form of processing, manufacturing and/or transporting before it is eaten or worn. Yet none of our manufacturers will be eligible for free permits to offset the cost of the ETS. The report finds that graziers will be hit particularly hard and producing beef will be next to impossible, with returns expected to drop by 22 per cent. Producers of wool, mutton and lamb are also set to take a whopping 17 per cent cut to their income. These are from the figures of the minister’s department, not from others that show far worse effects.

I fail to understand how the Rudd government believe anything that breathes and breeds can be polluting our environment. The amazing thing about this is that we are going to destroy our beef industry, yet the global warming zealots are not interested in doing anything about India, which has a cow herd of over 250 million—over a quarter of a billion—while to those zealots Australia’s 28 million obviously pose a huge threat. I cannot see the Hindus allowing their sacred cows to be slaughtered to contain emissions. An interesting but little known point is that people who have a balanced diet, including red meat, emit less noxious greenhouse gases than vegetarians, who eat a diet heavy in pulses and beans. The Prime Minister should take note.

Grain growers are not missed, either, with their income predicted to fall by 14.5 per cent. The dairy industry, already struggling because of low export prices, will lose another 11 per cent of the bottom line because of the emissions tax. Every family needs a farmer to survive, but no farmer can survive the Rudd government’s 20 per cent cut of their bottom line. We are finally starting to see some figures on the cost of the ETS to food production, and even the government’s own modeller cannot hide the shocking effect that its ETS will have on farm productivity. Where does the minister for agriculture, Tony Burke, and the Prime Minister, Kevin Rudd, think that their food will come from when all our primary producers have been sent broke? The simple fact is that food and water security will be the defining issue of the 21st century.

The opposition’s amendment to defer this legislation until after the Copenhagen conference is sensible. Not only do we need to know what the rest of the world is proposing but we also need to know whether there will be changes to accounting and measuring tools under the current Kyoto agreement. If there are no changes to the accounting rules, then positive and practical measures such as no till cropping, biochar or voluntary carbon markets will simply not happen. They will not count towards the greenhouse gas inventory accounting for the Kyoto target.

The Rudd government’s emission trading scheme is not only biting the hand that feeds it but gnawing the hand off up to the elbow. As I asked at the start: where do you think, Prime Minister, your food will come from under this scheme? For the minister for agriculture to stand here a day or so ago and say how much worse agriculture would be because of global warming if we do not do this totally ignores the fact that no-one else in the world is proposing a scheme like this at the moment. The minister for agriculture talks about less rainfall and less water and how farmers will be hurt by it if we do not fix it. But nobody else wants to fix it in the same way Kevin Rudd does.

Mr BRADBURY (Lindsay) (8.50 pm)—It is with great pride that I rise to support the Carbon Pollution Reduction Scheme Bill 2009 and related bills, which will progress this nation’s efforts to confront the challenges of climate change. On reflection, I look back just a few years ago. I recall in my
previous occupation as a solicitor being required to undertake some research in relation to this thing called an emissions trading system. I recall undertaking some research on the internet. I went to the website of the Australian Greenhouse Office. I was stunned to see that going back to the 1990s there were some serious discussion papers in relation to the establishment of an emissions trading scheme.

It begs the question why, when so much work had been undertaken at such an early stage, when we consider the international environment and the debate and negotiations that led to Kyoto, it took so long for this nation to move to the next stage, the stage that we have now reached. The Rudd government is introducing a series of bills, a package of legislation, that does what should have been done many years ago, and that is to introduce something in the nature of an emissions trading scheme—in this case, the Carbon Pollution Reduction Scheme.

It says to me that there was, over the 12 lost years of the former government, a lost opportunity. At a time when we as a nation were benefiting so greatly from the boom in commodity prices and the international economic expansion throughout that period—a time of great prosperity—what a lost opportunity it was that we did not seize that opportunity to introduce the sort of economy-wide, society-wide reform that is contained within these bills, to set our country, our economy and our society up for the challenges that we face in tackling climate change and adapting our economy to meet the changes associated with that transition. Unfortunately, there was a lot of delay. Upon coming to office, we had a commitment to delivering those commitments that we had made prior to the last election.

There has been a deferral of the introduction of the scheme as proposed within these bills. I have to say that I am very supportive of the amended proposal that sees a delay in the start date. I think it is the appropriate thing for us to do in the context of the current economic challenges that we are facing, when the international economy is facing the steepest, most protracted, most synchronised global recession in 75 years. With that comes some challenges and also some opportunities. On the one hand, the challenge is that to introduce a massive reform of this scale at this point in time is something that many of us would baulk at. I think there is some concern in the community that in the current climate we need to be responsive to the needs of industry and to those areas of the economy where jobs may be vulnerable. But, on the other hand, there is a great opportunity, the opportunity that comes with undertaking, through this period of international economic crisis, some of the hard yards, the serious reforms, that will restructure our economy. The reforms that we are proposing fit in very nicely with our broader agenda of investing in the nation-building infrastructure that will set our economy and society up for the future, to take advantage of the recovery phase when we as a nation have moved through the economic challenges we are currently facing.

The government is taking strong action to tackle climate change whilst also making sure that the targets that we put in place are appropriate and responsible given the need to support the economy and jobs during this global recession. The Carbon Pollution Reduction Scheme, as proposed in these bills, is proposed to commence in 2011 and will, for the first time, put a cost on carbon pollution. That will no doubt encourage major polluters, indeed polluters right across the spectrum, to lower their emissions. As part of the scheme, a large part of the funds raised by the issue of permits will be used to assist households as they seek to grapple with the
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transition to the new set of arrangements that will set our nation up for a low-carbon future. Combined with this is an investment in green technologies, those technologies that will also help us take advantage of what I think is now an inevitable move across this globe towards recognising our obligations to protect our global environment and to reduce our emissions.

I would like to spend a few moments on how these bills might have an impact on my local community. As I move throughout my local community and discuss with many local residents the issue of climate change, many of them say to me, ‘Look, I don’t really understand how this affects me.’ I try and explain to local residents why I think it is important, why I think it affects people in my community, me and my family. I have found some of the information provided on the climate change website very useful. There is a particular fact sheet that I often make available to local residents because it provides information that is very specific to my local community. I read from that document:

If the pre-industrial concentration of greenhouse gases in our atmosphere doubles over the coming decades, New South Wales could expect more flooding.

As someone whose electorate is divided down the middle by the Hawkesbury-Nepean River, flooding has always been a central concern. The document goes on to conclude:

For example, a 1-in-100 year flood would become a 1-in-44 year flood for the upper Parramatta River—

Well, that is not that far away from my electorate, but a 1-in-100 year flood would become:

a 1-in-35 year flood for the Hawkesbury-Nepean …

That is of great significance to people in my local community. There are many homes located within the floodplain. The greater Penrith region has been settled since the first days of white settlement in this country, and there are many established properties, many homes, that have been located on flood prone land. Clearly the impacts of climate change and the increased likelihood of floods arising from the Nepean River will have an impact on families within my electorate.

I also want to make the point to people that our community in the greater Penrith region is one of the hotter parts of the Sydney metropolitan area. This was brought home very starkly several years ago when, as the Mayor of the City of Penrith, I led a campaign to put Penrith on the weather map. We succeeded in that campaign, but one of the by-products of that is that now, every night on the television news when Penrith appears, it is very clear that the temperature in Penrith is much greater than in most other parts of the Sydney basin. Clearly, as a hot and dry part of our hot and dry continent, we will be one of the regions that will feel the impacts of climate change very starkly. Of course, there is the Blue Mountains heritage area, and in my local community we face the threat of bushfires. The prospect of future bushfires will only increase as a result of climate change continuing to take hold.

There are many reasons why we need to tackle climate change, but one area I would like to focus on covers the important elements within this legislation that address the issue of household assistance—whether it be providing assistance to our pensioners, our seniors, our carers, people with disabilities, self-funded retirees or our low- and middle-income families, of whom there are many in my electorate. I am pleased to stand up on their behalf and to acknowledge that, whilst it is important for us to take these steps, we need to make sure that those who are vulnerable are not left behind as we make the transition to a low-carbon future. In relation to
fuel tax, there will be a 10 per cent reduction for the first three years of the scheme. As a community that is very car dependent, that is a protection that is of great significance to local residents in my community.

I could go on for much longer, but with time running short I would like to say that I think in framing this scheme the government has struck the right balance. It is a balance between taking the important and urgent action that is needed to tackle climate change and set our nation on a path to a low-carbon future while, on the other hand, ensuring that the impact on our economy, industry and jobs is minimised to the extent that it can be, so that the transition is less painful than it might otherwise be. I conclude by making the point that I started with: had this nation grappled with this issue seriously earlier, then we would have been set up to take advantage of the economic prosperity that I am sure our nation will face in the future, but instead we now find ourselves tackling these challenges at a time of great global economic challenge. I support the bills.

Mrs MOYLAN (Pearce) (9.03 pm)—The Carbon Pollution Reduction Scheme signals Australia’s arrival at a major intersection in its political, economic and social history. When approaching any major intersection, you need to know when to go, when to stop and when to proceed with caution. This is such an occasion. Decisions that are made in this place today will have far-reaching consequences for the future. To borrow a phrase from Lewis Carroll, it is curiouser and curiouser. Like Alice, our consciences, if not our suspicions, are aroused. In this instance, it is by the unseemly haste with which the government is pressing this legislation through the parliament. I know it will not take effect until 2011. The Copenhagen climate change conference does not meet for another six months, and the United States is still finalising the shape of its carbon trading scheme. The question remains, then: why is this complex and far-reaching legislation being rushed through parliament?

Australia’s contribution to world CO2 emissions is 1.4 per cent and, while Australia has a great contribution to make, there is no Australian solution to a global reduction in CO2; there is only a global solution in which we can be participants. The government has said it needs to give certainty to business, but this bill does not achieve that aim. Until Copenhagen, three possible outcomes rest on the table: reduce emissions by 25 per cent if there is a universal agreement; reduce them by 15 per cent if the agreed targets are between 510 and 540 parts of CO2 per million; or reduce them by five per cent against our 2000 emissions if there is no universal agreement and Australia must go it alone. The coalition offers bipartisan support for the carbon abatement targets. Yvo de Boer, the Executive Secretary of the United Nations Framework Convention on Climate Change, has revealed that the UN does not require countries to have legislation in place before the Copenhagen meeting. So why not wait until Copenhagen? Then Australian businesses can have greater certainty. To supplement the mandatory targets, the coalition would immediately set up a voluntary carbon scheme to take effect on 1 January 2010. This would provide real incentives to begin action on a wider front now. It will allow for credits over and above the targets agreed to in Copenhagen.

In a forum I organised in my electorate, ‘Our Patch, Our Planet’, it was abundantly clear that men, women and children wanted to participate in reducing their carbon footprint. Such a scheme would allow individuals to act and ensure the results count in the total global goal to reduce emissions. Further, the coalition will be vigorous in pursuing a clean energy revolution, making Australia a solar continent, building energy effi-
ciency in commercial and domestic buildings, and improving the vast Australian landmass quality through revegetation, re-afforestation and increasing soil capacity. This further underpins our carbon reduction scheme domestically. Writing for the *Monthly*, Tim Flannery said:

The Government has been lulled into the belief that effective climate policy and an effective emissions trading scheme are one and the same thing. They are not … A falsely ambitious scheme has been developed.

As the Leader of the Opposition said in his speech to the House last night:

The legislation is distinguished by the fact that it has almost no supporters.

Views expressed across industry could be best summarised by the quote from Woodside’s managing director, Don Voelte, who said:

We clearly encourage the Government to continue to look at this, to get it right. It’s not right yet.

Personally, I am not a climate change sceptic or a denier. Having read widely and talked to scientists, I accept that while there are differing views about climate change, most vary not on the science but on the degree and speed of climate change. Taking the most modest calculations, there is a clear case for risk management. For many years biologists, geologists, physicists, oceanographers, astronomers, statisticians and other researchers have been studying and measuring in an effort to better understand the impact of CO2 on the earth and its climate. Across the sciences, they have arrived at similar conclusions: there is a threat to human life if we continue to emit at the current rates and above.

Personally, I feel the weight of responsibility to make an informed contribution to this debate and to steer away from the path of crude politics and scare campaigns. In a change of this magnitude, disruption and cost is inevitable; but to do nothing will extract a much higher price in human and in economic terms. I think this was a sentiment expressed earlier by the member for New England— that is, it is not an easy decision. But frankly, the time has come to debunk the theory that economic growth is wholly dependent on environmental degradation. We have the capacity to adapt and carve out a cleaner future in new enterprises and services and to be filled with a sense of the possible.

Restraining catastrophic global climate conditions calls for major changes in human behaviour, surpassed only by the need for new technological innovations. Encouragingly, both can be observed in rapidly escalating proportions. Amory Lovins, Chief Scientist of the Rocky Mountain Institute, provides a clue to achieving this by separating applied hope from theoretical hope when he says:

Applied hope comes from taking specific actions and making specific choices that create a world worth being hopeful about.

For the free market system to work, signals must be strong and resolute so as to drive best practice in energy efficiency and conservation and to build a renewable energy industry. Curbing the profligate use of energy is the responsibility of every individual, of every corporate entity and of every government in every country on the globe. To establish and maintain confidence in a carbon reduction scheme, it must be soundly based. This bill has many flaws, and they need to be examined and addressed in detail. If we do anything less, we risk derailing a robust carbon reduction scheme in the future. In that respect, I stand in this place and strongly support the amendment moved by the Leader of the Opposition.
Ms LIVERMORE (Capricornia) (9.11 pm)—When it comes to legislation as significant as the Carbon Pollution Reduction Scheme Bill 2009, the first question is: why? Why are we taking action to address climate change and why are we acting by way of a cap-and-trade emissions trading system? The fundamental answer to those questions is that the government is doing what governments are always asked to do. Sometimes there are areas of policy that are articles of faith for one side of politics or the other, where policy is influenced by the core values that underpin a political party’s existence and reason for seeking office. But this issue does not go to the ALP’s reason for being; it is one that simply has to be confronted as part of putting up our hand to lead the country. When faced with problems, governments seek advice, analyse the problem and weigh up the options for solving the problem. Judgments are ultimately made about the best way to proceed and, in consultation with stakeholders in the broader community, a course of action is determined and implemented. This government’s acceptance of the science of climate change and our commitment to reducing carbon emissions through an emissions trading scheme falls into that category. This is not an ideological crusade for us. It is a reasoned, albeit fraught, response to a challenge that comes with the territory of leading this country in and preparing this country for the 21st century.

I accept the science that tells us the earth is experiencing out of the ordinary warming. The Intergovernmental Panel on Climate Change fourth assessment report noted:

… an improvement in the scientific understanding of the influence of human activity on climate change—

and

… the warming of the climate system is unequivocal, that there is a greater than 90 per cent chance that the global average net effect of human activities since 1750 has been one of warming.

It is hardly radical or unreasonable for a government to take heed of the IPCC’s findings and for a government to accept its share of responsibility to address the causes of the problem identified in the scientific data. This is not an article of faith for me, or indeed for the Labor Party. The government is not about ignoring credible evidence either, which brings me to the next point about the science.

When we weigh up whether or not to accept the science indicating the existence of climate change, part of that judgment involves understanding and evaluating the consequences of climate change. What is at stake if we get our judgment on the science wrong and that leads to us doing nothing? Mainstream science is telling us that, if climate change of the magnitude suggested by the IPCC is in fact taking place, the consequences that can be predicted are of concern. Plenty of other speakers have run through what this might mean for Australia in terms of more extreme weather events, damage to the Great Barrier Reef, threats to the viability of agriculture in parts of the country and so on. I do not want to dwell on the detail of that, but there is enough even in the most moderate projections to tell me that there are risks in doing nothing.

Accepting the science, the next question is: why an emissions trading scheme to bring about a reduction in carbon emissions? The first point is that an emissions trading scheme is the centrepiece of a much bigger and many-pronged response. The government is making massive investments in energy efficiency and renewable energy that will benefit households, small and medium businesses and industry, and create opportunities for new industries. For example, the investment that Mackay Sugar is making in cogeneration will create a new source of much-needed revenue for cane farmers in my
We are also intensely engaged in international efforts to achieve a global agreement, something that everyone agrees is the best solution and that is at the forefront of the government’s efforts here in securing the passage of this legislation before the crucial negotiations at Copenhagen later this year.

An emissions trading scheme is hardly a radical policy response from the fringes of economic theory. It was the Liberal-National coalition government that set up the task force on emissions trading, which after extensive public consultation recommended that an emissions trading scheme should be implemented in Australia. We know that the Leader of the Opposition, Malcolm Turnbull, argued strongly for such a scheme when he was a cabinet minister in the Howard government. As Minister for the Environment and Water Resources, Malcolm Turnbull referred to the National Greenhouse and Energy Reporting Bill 2007 as the ‘first major step in establishing the Australian emissions trading scheme’. And, on 31 May, just last weekend, the Leader of the Opposition stated that he has no doubt that Australia will have an emissions trading scheme.

In adopting an emissions trading scheme, the government has built on years of expert deliberation, consultation and economic modelling that has concluded that an emissions trading scheme represents the lowest cost way to make the change to a less emissions intensive economy. The government has also been influenced by international developments that have favoured cap-and-trade schemes. The CPRS is designed so it can integrate with international schemes as more and more countries make the move towards reducing their carbon emissions. Of course, a change as big as the one anticipated in these bills—the introduction of a carbon price into our economy—has raised concerns in sections of the community. The government is certainly not blind to the challenges presented in the CPRS for some industries and regions. For that reason, the government has been careful to develop the CPRS step by step—green paper, white paper, draft legislation, regulations. We have gone back to industry and other stakeholders to continue consulting and negotiating and to work through the issues that have emerged at each stage.

Contrary to what the opposition would have people believe, this has not been a rabid ideological crusade on the part of the government, devoid of reference back to the real-world consequences of this legislation. There are some things we will not back away from. Yes, we have an election commitment to reduce carbon emissions—an election commitment that we took to the Australian people in 2007 and which they supported. Yes, we are committed to doing that by means of an emissions trading scheme. But within that broad framework the government has taken a pragmatic and cooperative approach to working with industry to achieve those policy aims. Evidence of that is the government’s decision announced early last month to delay the start of the scheme, to fix the price of carbon at $10 for the first year and to increase the assistance given to emissions-intensive trade-exposed industries. The government is sensitive to the circumstances of industry. We want to work with them to meet this challenge, recognising that we absolutely must get the balance right between environmental imperatives and economic reality.

I have seen this approach in action as I have helped businesses in my electorate to negotiate their way through the process from our stated policy in opposition to the green paper to legislation and regulation. Among other businesses, my electorate is home to QMAG, a company with a magnesite mine and a processing plant on the outskirts of
Rockhampton. The management of QMAG have been very proactive in making their case to me and the government about the company’s situation and what the company needs to make the transition to operating under an emissions trading scheme. As soon as we announced the policy we would take to the 2007 election, I was invited to the plant so that I could understand the processes it uses, the products it makes and especially the nature of its emissions.

QMAG’s concern, which I shared, was that it is a comparatively small player in the resource sector and could not rely on a peak body or a team of lobbyists to guide it through this process. But, as I said, the management were very proactive and fought hard to make sure that their voice was heard. They met my colleagues when they were shadow ministers, and that process of engagement has continued since the election and throughout the development of the emissions trading scheme. QMAG has been recognised as having emissions-intensive trade-exposed status and consequently is expected to be eligible for free permits for over 90 per cent of its emissions once the CPRS commences.

The initial activity definition for those parts of QMAG’s operations that will be covered by the free permits was not satisfactory to QMAG’s management, so once again I worked with them to make sure that they were fully engaged with the consultation process. They have succeeded in achieving a wider activity definition that more accurately reflects their operation. There is still an issue outstanding with the activity definition that QMAG intend to pursue through the independent panel headed by Dick Warburton, and they have my support in making that case. I do not pretend to speak for QMAG and I have no doubt that there remain aspects of the CPRS that they would prefer to live without, but, from my experience of helping the company through the policy process, at no stage were they fobbed off with rhetoric or unyielding ideologically based spin. Instead, there has been a genuine attempt to understand the business and to work out the best possible fit between the government’s objectives and the interest of QMAG. They have had access to the Minister for Climate Change and Water and the parliamentary secretary as well as advisers and departmental staff to listen to their concerns and to work through QMAG’s suggestions for change.

This process has been repeated for other businesses and industries in my electorate, and it has been my top priority throughout this process to keep meeting with affected industries and to advocate their position and their concerns to ministers and to the Prime Minister. Of course, there are still matters to be resolved, so I am still all over Parliament House making the case, and I can tell the House that doors are open, meetings are happening and issues are being worked through. Chief among these are those affecting the coal industry. It goes without saying that the government recognises the vital importance of the coal industry as our biggest exporter, a major employer and a driver of economic growth. We give real and meaningful support to the coal industry through the investments we are making in clean coal technology, including $100 million to accelerate the deployment of carbon capture and storage projects globally through the Australian led Global Carbon Capture and Storage Institute and, most recently, the announcement of $2.4 billion to get commercial-scale carbon capture and storage projects operating in Australia. On that front, it is important to acknowledge the efforts that the industry itself initiated through COAL21 to raise substantial funds to invest in the technology that will secure the future for the industry.

In addition to those programs there is also assistance to the industry under the CPRS—
three-quarters of a billion dollars in transitional assistance. The immediate challenge is for the government and the industry to allocate that money to the mines with the highest fugitive emissions and therefore the highest carbon permit liabilities. The complexities of this process are well known due to the discrepancy in emissions intensity from mine to mine. For example, in its announcement in May of the proposed project at Alpha in Central Queensland, a coalmine worth $7.5 billion that will generate 6,000 jobs, the President of Waratah Coal said, ‘I don’t think that the CPRS is going to have enough of an impact to present insurmountable problems.’

For his part, the National President of the CFMEU, Tony Maher, has said the industry’s own figures show that the Queensland mining industry will grow 120 per cent between now and 2030. On behalf of his members employed in the industry he has called for the scare campaign to stop and the work on compensating gassy mines to start. I want the compensation targeted to those mines with the highest methane emissions. The Parliamentary Secretary for Climate Change, Greg Combet, had the chance just a few weeks ago when he was in Rockhampton to speak directly to the operators of coalmines in Central Queensland, so he understands exactly how important it is to get this right.

I will close my remarks there, because in some senses the public posturing on these issues is not getting the job done. It is time to get down to the serious business of working through, mine by mine, what is needed and what allocation should be made to compensate for the costs of the CPRS. The delayed start to the scheme is recognition that all industries are suffering from the global economic downturn, and it will give mining companies in particular time to regain their profitability as demand and coal prices recover. In the meantime, the uncertainty surrounding the fate of this legislation is not helping any business to make the decisions it needs to make or to attract the investment it needs to attract. Further delay and confusion on the part of the opposition serves no-one. They should join the government in passing this legislation and turn our national focus to securing an effective international agreement.

Mrs GASH (Gilmore) (9.25 pm)—As I rise to speak on the Carbon Pollution Reduction Scheme Bill 2009 and related bills, I do so wondering whether the debate is being driven by alarmists or scientists. Are we debating this subject from a scientific standpoint or are we being caught up in the emotion of the times? We do live in an uncertain world and it is understandable why it can be easier to accept statements at face value rather than questioning what we are being told. I have been reading Professor Ian Plimer’s book on his response to the global warming debate. It makes for very interesting and illuminating reading, and I would recommend it to any member entering the debate on global warming.

When the matter of carbon trading came up last year, I took the opportunity to have the matter debated publicly in Nowra. We held an open forum in Nowra. I approached the University of Wollongong to suggest someone eminently qualified to act as an independent moderator. They suggested Professor Sharon Beder, who is a visiting professor in the School of Social Sciences, Media and Communication at the University of Wollongong. Professor Beder knows her subject and expressed serious doubts about the government’s carbon reduction policy, even then. Professor Plimer is of the same view. According to Professor Plimer, the Intergovernmental Panel on Climate Change’s view, upon which much of this debate relies, was based on a single study which has since been discredited. It is a paper from which an alarmist climate warming movement has
grown and whose central theme is the global warming doomsday message.

Amongst its notable adherents is former US Vice President Al Gore. Al Gore relied on it and, in conjunction with many others in show business, promoted the fallacies it contained. It seems numerous climate warming proponents relied on the IPCC work without due and diligent scientific rigour to question its now discredited assertions. That the IPCC process is related to environmental activism, politics and opportunism is something I will not disagree with. I do agree, however, that it is unrelated to science. But the damage has been done and now we have been placed in the invidious position of perpetuating those fallacies by being forced to accept some very dubious scientific assumptions on which this legislation is based.

This bill is not about debating the issues of global warming and the impact of carbon dioxide on the environment but how much we are prepared to mis-spend on a questionable outcome. However, I do concede, as does my electorate, that there is much to gain in reducing man-made pollution, but this bill is not about that. Mr Rudd promised before the election to introduce an emissions trading scheme which would produce deep cuts in carbon dioxide emissions but would not disadvantage Australia’s export and import competing industries. So what proposal do we have before us now? We have a proposal that has negligible impact on CO2 emissions in Australia in the overall scheme of things, a proposal that imposes yet another cost to employers and, ultimately, a threat to jobs. The immensely complex white paper, already based on some suspect research, offers no practical answers, yet this government has jumped on the bandwagon, ostensibly to please the world audience in Copenhagen: ‘I’m so serious about this that I am prepared to sacrifice the jobs of thousands of Australian miners’? If this government is prepared to sacrifice jobs for minimal return, then what is the real agenda? There is a sweet irony in this. Multinationals have always been the target of the union movement, and their very own party, the supposed party of workers, is going to cut them adrift. We on this side of the House are not prepared to cop this and we will fight for workers, not just pay lip-service.

We believe the government is going about this the wrong way. The problem is global; therefore the solution must be global. And, even then, an emissions trading scheme is only a small part of the extensive and diverse approach necessary to tackle the problem if we are genuine about this. But this is not the approach being taken; the approach being taken is flawed and bungled in the rush to be at the table in Copenhagen. No-one outside the government supports this scheme. Industry opposes it. The Greens oppose it. Even...
within the Labor Party, many of its acolytes murmur discontent. Even the Prime Minister has started to make compromises. The ABC reported last month: ‘Prime Minister Kevin Rudd says the government’s emissions trading scheme is being delayed until 2011. He has also cut the price of carbon from $40 to $10 a tonne for the first year of the scheme.’ The Minerals Council of Australia has apparently described the changes as ‘tinkering at the margins’, according to the same report. Even the author of the Garnaut report said on Four Corners last month he was ‘disappointed in the scheme’. Professor Sharon Beder, whom I mentioned earlier, commented in an online article on the Green Left website. Her opening statements were:

Why do we put so much faith in the market to solve environmental problems?
Why do we assume that increasing the cost of fossil fuel emissions will reduce their use rather than just increase everyone’s cost of living?

This legislation is nothing more than appeasement for the benefit of the Prime Minister on the world stage with an eye to his future career prospects.

It was reported in the Australian on 23 April this year that Australian industry expressed their discomfort with the approach to a Senate inquiry. Let me quote from the article:

BlueScope chief executive Paul O’Malley and his OneSteel counterpart Geoff Plummer yesterday made a joint appearance at a Senate select committee on climate policy in Melbourne.

Both Mr Plummer and Mr O’Malley said there was a clear danger the emissions trading scheme would fail to meet the government’s environmental and economic objectives. Their arguments centred on the danger of driving Australian manufacturing overseas and the potential cuts to profits.

Rupert Murdoch suggested that Australia’s emphasis should be on practical solutions. He said:

The ultimate solution is not to punish the Australian economy by imposing standards that the rest of the world will never meet. It’s to take the lead in developing real alternatives to solve the problem by offering clean, cheap energy to meet the growing demand.

Let me reiterate that we are not opposed to an emissions reduction scheme per se. It is just that we are opposed to this one because, contrary to what the minister might say, this bill is economically irresponsible, it is reckless and it is largely pointless.

The Prime Minister says the delay in the scheme, originally slated for introduction in July 2010, is to help Australian companies manage the impacts of the global recession. I suspect the real reason for the delay is to push this contentious issue into the background until well after the next election—perhaps a double dissolution election. We need to wait and see what the rest of the world is going to do. Copenhagen will do that, and that is just six months away. In addition, the acute downturn in the global economy will contribute considerably to a reduction in the output of CO2. Some commentators have suggested that we will gain a few years towards this target in actual output reduction as a result. So it begs the question: why the rush?

I do not support this legislation, because it is flawed. I do support the need for another approach to tackle polluting emissions. Climate change is best tackled from a position of economic strength. To effectively meet the huge cost of tackling greenhouse gas abatement requires people in jobs, business performing strongly and a cashed-up economy. As a country producing only 1.4 per cent of the world’s CO2 emissions, there is no Australian solution to climate change. There is only a global solution. Everyone agrees that
only coordinated global action to put a price on emitting or storing CO2 will have any impact on reducing the concentration of CO2 in the atmosphere. As such, the design of any Australian emissions trading scheme must be responsive to the existence, or the absence, of a global agreement.

There are stark differences emerging between the Rudd government legislation and the legislation endorsed by US President Obama. What is more, the Obama draft bill now says that a reduction in protection of US export and import competing industries will only occur after 2025 when more than 70 per cent of global output for that sector is produced or manufactured in countries that have a scheme equivalent to that operating in the United States. This is a wake-up call of monumental proportions for Mr Rudd and Senator Wong. If an emissions trading scheme does not take account of what is happening, or not happening, in other countries then the design of the scheme is deeply flawed. Such a flawed design will seriously damage the competitive position of many of our industries and see Australian jobs, investment and CO2 emissions being exported to countries where no price is being imposed on carbon. The government’s emissions trading legislation is deeply flawed in this way. Our economy will be badly affected, and a badly designed scheme is worse than no scheme at all.

The coalition will offer bipartisan support to the government for the carbon abatement targets Australia takes to the Copenhagen conference in December. The coalition will therefore move in the parliament to defer a final vote on the government’s proposed ETS until after the Copenhagen meeting. In order to enable immediate action on climate change, the coalition proposes the establishment of a government authorised voluntary carbon market from 1 January 2010 based on the Chicago Climate Exchange. This will enable the immediate involvement of individuals and communities, agriculture and biosequestration, the commercial building sector, energy efficiencies by businesses and other complementary measures in creating bankable offsets. This will allow the Productivity Commission to assess the efficacy of its proposed scheme and its impact on jobs, regions and agriculture if competing economies adopted comparable measures many years later than expected. The coalition will augment its support for emission reduction targets with a significant renewable energy support package in the near future. In closing, in a telling retort to the government’s line, I understand Professor Plimer has written another book, titled Emissions Trading—Why Bother, and I cannot wait to read that one.

Mr TREVOR (Flynn) (9.36 pm)—I rise tonight to speak on the Carbon Pollution Reduction Scheme Bill 2009 and its associated bills. It is impossible to cover all of this important legislation in 10 minutes, but in the time allowed I want to make some important points relevant to the legislation and to the electorate of Flynn. My government, the Rudd Labor government, has strengthened the Carbon Pollution Reduction Scheme because we believe that it is the responsible thing to do. On this side of the House we believe that it is in the national interest to pass this legislation this year. On this side of the House we believe that the business community, environment groups and the Australian people expect that the parliament will do the right thing and pass the CPRS this year.

A range of major industries and businesses in Flynn are calling for certainty on the CPRS so that they can plan investments. As I have said—and I will repeat it—major indus-
tries in my electorate of Flynn want certainty. I have met with many of them, often many times. They are all responsible corporate citizens. I have listened to their concerns and I have argued their case for them. It was and is right to preserve and protect jobs now and in the future while striking a balance with the need to protect our children and grandchildren, including their jobs in the future.

I believe that despite the CPRS future investment will continue to flow into industry in Flynn, including into the coal industry. For example, recently in May just gone we heard an announcement from Waratah Coal that a proposed coalmine in Alpha, in my electorate of Flynn, will generate 6,000 jobs and is worth an estimated $7.5 billion of investment. When asked about the effect of the CPRS on this project, the President of Waratah Coal, Peter Lynch, said, ‘I don’t think the CPRS is going to have enough of an impact to present insurmountable problems.’ So there you have it: another new 6,000 jobs and another $7.5 billion investment in the coal industry in Flynn.

I congratulate Minister Penny Wong and Parliamentary Secretary Greg Combet. Both of them have been to the electorate of Flynn, both of them have listened to my electorate’s concerns. Minister Wong has visited both Gladstone and Biloela; Mr Combet, Gladstone. I thank them both.

There are some other important points that I wish to make tonight about this legislation. The Rudd Labor government’s commitment is to use every cent it receives from the sale of pollution permits to help Australian households and businesses adjust to this scheme and invest in clean energy options. Passage of the legislative package is sought this year to provide business and investment certainty and to aid in the development of an international agreement to tackle climate change in Copenhagen later this year. There will be assistance to ensure households continue to receive the support they need. Households will be protected from higher fuel costs through a mechanism to provide cent-for-cent reductions in fuel tax for the first three years of the scheme’s operation. In addition, the government has introduced measures to ensure that households will receive support to take practical action to reduce energy use and save on energy bills.

As you know, Flynn is a large rural and regional seat. Climate change may affect life in regional Australia more than in our cities. Many rural and regional Australians depend on the land and are more likely to feel the impacts of drought, flood and extreme weather. Regional Australians in low- or middle-income households will be eligible for higher payments and lower taxes to help them adjust to the Carbon Pollution Reduction Scheme. Agriculture will take a measured transition into the scheme following extensive consultation with industry. Agriculture will enter the scheme no earlier than 2015, with a decision on coverage to be made in 2013. Agricultural and fisheries industries will also benefit from the new CPRS fuel credit payment for the first three years of the scheme. The amount of the fuel credit payment will be equal to fuel tax reductions provided to motorists. Heavy vehicle transport will also receive assistance through the new CPRS fuel credit scheme, which will offset carbon costs for the first year of the scheme’s operation. This will benefit rural and regional communities, who rely significantly on road transport industries. In addition, coverage of landfill emissions is focused on major facilities, and policy changes since the white paper will reduce coverage of small rural facilities.

The government’s commitments on targets are: (1) an unconditional commitment to reduce carbon pollution by five per cent by
2020; (2) a commitment to reduce carbon pollution by 15 per cent by 2020 if there is an agreement where major developing economies commit to substantially restrain emissions and advanced economies take on commitments equivalent to Australia’s; and (3) a new, ambitious ‘25 per cent by 2020’ target if the world agrees to an ambitious global deal to stabilise levels of CO2 equivalent at 450 parts per million or lower. The introduction of mandatory obligations under the CPRS will commence on 1 July 2011 to allow the economy more time to recover from the impacts of the global financial crisis. Assistance in the form of administrative allocation of permits will be provided to new and existing firms engaged in emissions-intensive trade-exposed activities, and assistance will be targeted to the most emissions-intensive trade-exposed activities. There will be free permits worth around $3.9 billion over five years for the most emission-intensive coal-fired power generators. The government will separately establish the Australian Carbon Trust to help all Australians do their bit to reduce carbon pollution and to drive energy efficiency in commercial buildings and businesses. The Climate Change Action Fund will provide $2.75 billion to help businesses, community sector workers, regions and communities transition to a low-carbon future. The scheme is a cap-and-trade scheme and, to create an incentive for reforestation, free Australian emissions units will be issued for net greenhouse gas removals that occur after 1 July 2010.

In summary, the Rudd Labor government is taking strong action to tackle climate change. The CPRS will ensure Australia invests in industries of the future like renewable energy—solar energy, wind farms—and in jobs using new technologies like clean coal and geothermal technology and energy, creating thousands of new, low-pollution jobs. Everyone, each of us, needs to do our bit, and Australians understand that. We the Rudd Labor government are making sure that the targets we put in place are appropriate and responsible, given the need to protect our economy and jobs during this global recession.

It should be noted that schemes are already operating in 27 European countries, and 28 states and provinces in the USA and Canada are introducing emission trading to reduce carbon pollution, as is New Zealand. US President Obama has committed to establishing a cap-and-trade system with the target of reducing carbon emissions to 1990 levels by 2020 and to 80 per cent of 1990 levels by 2050. The Carbon Pollution Reduction Scheme will help us to tackle climate change to ensure our kids and future generations are not left to clean up the mess. If we do not act, Australia’s economy will be left behind, meaning we will not create the low-pollution jobs of the future. Treasury modelling released in October 2008 demonstrates that economies that defer action face long-term costs that are around 15 per cent higher than those that take action now.

Malcolm Turnbull has walked out of the room. The Liberal Party are divided and still debating whether climate change even exists. The National Party are opposed to climate change policy and are climate change deniers. The Rudd Labor government is committed to sound policy to deal with climate change, and I commend the bills to the House.

Mr IAN MACFARLANE (Groom) (9.46 pm)—I have not been able to listen to the eloquent speeches that have been delivered in this House apart from the last one. I was very interested to listen to the member for Flynn and note his failure to mention the jobs that are going to be lost in his electorate and his lack of understanding of the effect of the CPRS on the power stations in his elec-
torate, but I assume at some stage it will be pointed out to him. I missed the speech by the member for Charlton, although I have seen plenty of press reports about how he deals with the coal industry if they do not keep quiet—and I have obviously missed the speeches of the member for Throsby and the member for Capricornia and no doubt the member for Dawson and other members who represent coalminers in their electorates.

I should have also been here, I guess, to listen to the member for Solomon, who has an LNG plant in his electorate, but I was actually up there campaigning against him today in Darwin, speaking to people who want to make investments in that electorate, people who are part of the multibillion-dollar LNG industry in Australia and want to build another LNG plant in Darwin but of course are now wondering if that investment should not be placed somewhere else in the world due to this incredibly stupid scheme that is being introduced through the Carbon Pollution Reduction Scheme Bill 2009 and related bills before the House tonight.

I have been all over Australia in the last few weeks and I have not been anywhere where industry and power stations, gas producers and coalminers or aluminium smelters and manufacturing industries have not expressed concern about what this emissions trading scheme is going to do to them, to their jobs and to their future—and not only their future but the future of their children. This is a rushed and reckless scheme, and anyone who listened to some of the transcripts coming out of the APPEA conference in Darwin would know that, as would anyone who has travelled through the Hunter. I am sure the member for Charlton has, but it was interesting that, when the minister for finance was up there, not once in a 14-minute interview with the ABC did he mention the emissions trading scheme. Is he ashamed of it that in the home of the coal industry in Australia he does not dare speak its name? If you travel through the Hunter and you talk to the coalminers about their concerns about the costs of emissions trading to their business then you would know this scheme is going to do so much damage to Australia’s economy that we may never recover from it.

This is madness. This scheme will have grave consequences for industry, confidence, investment and jobs. If we spend less time in the rarefied air of Canberra and more time away travelling around Australia, we see that there are ample examples of that—examples, I am sure, that those who sit on this side of the House, such as the member for Gilmore, whose speech I caught the end of, and our leader and the shadow minister for emissions trading, will have highlighted during their addresses to this House.

There is a need for an emissions trading scheme. Few of us doubt that. I am certain of it, and I have been certain of it longer than the member for Flynn. I remember quite vividly John Howard ringing me and saying, ‘I think we’re going to have to have an emissions trading scheme.’ In 2007 I had already realised that. We worked to introduce an emissions trading scheme and in fact took an emissions trading scheme to the last election. The stark difference between that scheme and this flawed and reckless Carbon Pollution Reduction Scheme is that our scheme would have protected trade-exposed industry, the exporters and the importers who make the jobs in this country, from unfair competition from countries that do not have an emissions trading scheme.

I assure those who sit opposite that, when they go back to their electorates, they will need to look the coalminers in their electorates in the eye when they ask, ‘Why is Kevin Rudd going to cost Australia jobs when President Obama is rushing to save jobs in
America? The Obama scheme will protect jobs. This scheme will cost us jobs. This scheme will strip away the natural advantage that Australian industries have in our competitiveness and our creativity, and this flawed plan will wreak havoc on our economy. It seems to me that there is no regard paid by those who sit opposite to the absolute trashing that this is going to cause to jobs and to the economic growth of this nation.

Report after report has highlighted the tens of thousands of jobs that will be lost in the resources industry alone as a result of this scheme. In the industry area, how is a car industry in Australia, already battling to survive, going to use Australian made steel with a carbon price and compete against American cars made with steel protected from a carbon price? How is that going to happen, when the parents of those companies will be wanting to export cars to Australia, as they do already? How is industry in Australia going to compete with other nations that are taking sure but careful steps towards an emissions trading scheme but at the same time ensuring they do not expose their workers and their economies to the devastation that we will see from this ridiculous scheme?

In the resources industry alone we have seen figures from the Minerals Council of Australia of 23,500 jobs being lost. That is on top of the 12,000 jobs that have already been lost in that sector as a result of the downturn in the resources industry. We have already seen 16 coalmines identified—one I know is in the electorate of Flynn. How is the member for Flynn going to face those workers in three, four or five years time when they lose their jobs? The export coal industry may survive but the domestic coal industry, because of its association with the power industry, is going to find it very difficult. I would suggest that, if the member for Flynn was in Darwin today, he would have seen the gas industry rubbing their hands together with anticipation and glee as they foresaw the demise of coal-fired electricity in Australia as a result of this scheme, and the opening up of whole new opportunities for domestic gas—at the cost of workers in his electorate.

We need to be realistic about this. We need to make sure that whatever we do on the environment has an effect, that whatever the cost to our economy, whatever the personal cost to households in Australia, whatever the cost to this nation’s future, it actually brings a result. If we emit 1.4 per cent of the world’s emissions, how will cutting ours ahead of the United States, ahead of Japan, ahead of Korea—ahead of those developed nations, let alone ahead of the developing nations—make a difference? How are the thousands of people on the unemployment queues going to think that what has been done to them by the Rudd Labor government has actually made any difference? The reality is that the coal that is not mined in the electorate of Flynn will be mined in Indonesia, it will be mined in India or it will be mined in China—and it will still be burnt.

The other industry that can actually reduce the amount of coal that is being mined is of course the LNG industry, the liquefied natural gas industry. Yet it is being slogged by this government as well. We hear figures that through the graciousness of this government that industry will receive 66 per cent effective compensation. But can I tell the member for Charlton—I am sure he has already been told—that those industries today told me that their compensation was in many cases less than 20 per cent. So here we have an industry, involving one of the clean, transitional fuels of Australia, that will take Australia and the world to a cleaner energy future, and this government is going to tax it out of competitiveness. For every tonne of LNG that we export we save between 4½ and nine tonnes
of CO2. That is a fact: for every tonne of CO2 we produce here with that LNG, we save 4½ to nine tonnes. Yet they are going to tax them. It is a tax; it is nothing else. These companies are using the best technology in the world. They cannot be more efficient producing LNG. They cannot be better to the environment producing LNG. They have no alternative but to pay this tax, a tax that will simply see that LNG produced somewhere else or more coal burnt in the world.

It makes absolutely no sense to anyone with a practical bone in their body to make a decision about the future of Australia’s emissions trading scheme before we see what our major competitors and trading partners are going to do. We do not know what is going to come out of America. We already have a fairly good idea, but it has to go through the congress, it has to go through the Senate and it obviously has to have the President’s support. It just makes simple, logical sense to make sure that our scheme fits in with their scheme, fits in with the European scheme, fits in with the Japanese scheme, fits in with the Korean scheme and perhaps in time even fits in with the Indian and Chinese schemes, if we do get them to that point. It makes no sense to rush this debate, but we are. We are being told that we have to finish it tonight. This is the biggest single economic change we will see in this nation in our lifetimes and this House is being restricted to a little over a day’s debate on it.

In conclusion, there are many ways to reduce CO2 emissions. The Howard government allocated $3 billion to that challenge. That is never acknowledged by those who sit opposite, never greeted with the same nod that I greeted the money that was put into the zero emission coal-fired electricity industry by this government—one of the few good things in that budget. But that $2 billion is small beer compared to what will have to be spent for the technology to be produced that will actually make a difference to the emissions that we make without costing Australians jobs. No-one is more concerned about this issue than we are. We started this. We were the ones who first highlighted the need to spend money on reducing carbon with new technology. The facts are there to show it. What we never did, and what this government is determined to do, was cost Australians jobs.

Mr CHEESEMAN (Corangamite) (9.58 pm)—I rise today to speak on the Carbon Pollution Reduction Scheme Bill 2009 and associated bills. I am pleased to be able to contribute to this debate. It is important for Australia, it is important in an international sense and it is also very important to my own electorate of Corangamite. This debate includes a range of bills, focusing around the Carbon Pollution Reduction Scheme Bill 2009, which contains the detailed provisions of the emissions trading scheme.

As we all know, this bill is about tackling climate change. It is about how we turn around the terrible legacy of unfettered carbon emissions that now threatens to engulf whole island nations through sea level rises, a legacy that threatens to decimate biodiversity and that is leading to creating firestorms and flooding events of an unprecedented level and scale.

The point of this legislation is to finally put in place some real social and environmental rationality and values into our society’s future development. We are putting a price on carbon and creating a market that will hopefully lead to the development of new industries that are much less polluting or to substantial modifications to existing high-carbon-pollution industries.

This bill is the start of a great industrial transition here in Australia. This bill has clear aims and targets. The government’s commitments on targets are an unconditional
commitment to reduce carbon pollution by five per cent by 2020 and a commitment to reduce carbon pollution by 15 per cent by 2020 if there is an agreement where other major developing economies commit to substantial restrained emissions and advanced economies make commitments comparable to those of Australia. And there is a clear target of reducing carbon pollution by 25 per cent by 2020 if the world agrees to a global deal to stabilise levels of CO2 equivalent at 450 parts per million or lower.

I want to say something about Australia’s role in the world generally on this question and talk about the consequences in my electorate. First, I want to say how good it is to see an Australian government that is leading on this question. We are now, thankfully, a world away from the previous government, which was stuck in official denial and did not care. That was their policy. The signing of the Kyoto treaty was a great thing and that signified a great change in Australia. I do believe that Australia has an overwhelming moral obligation to lead on this issue. I am also pleased to be a part of a government that is now leading the world on this matter.

Australia is one of the most developed countries in the world with one of the highest carbon pollution footprints on this planet per person. Victorian MPs, particularly, have a moral obligation on this matter. Per head Victorians are the world’s worst polluters because of our dependency on coal power. Australians and of course Victorians achieved our highly developed status at the cost of being one of the biggest contributors per head to changing the world’s weather patterns. So we absolutely do have an obligation.

But the whole world must contribute now. There is no escape for anyone on this question. It is up to all of us. I can understand less developed countries pointing the finger at countries like Australia. I can understand them saying, ‘We are not going to be stuck as poor undeveloped countries, because you have done nothing.’ But the fact is that unless the whole world acts the whole world will be poorer for it. Millions of people will be starving and dislocated because of climate change unless we act as an international community. Much of the beauty and the richness of our planet will be lost. I congratulate the Rudd government on the way that it is conducting negotiations to try to develop a new international agreement on this question.

I think the bill is a good mixture of leading and of providing business certainty and a clear transition that takes account of Australian jobs. The legislation goes all of this way whilst offering incentives for higher-level cuts to emissions across the world.

Before I go more to the detail of this bill let us look for a moment at what climate change will do in my own electorate of Corangamite. The impacts on Corangamite will be severe. One of the engine rooms of my local economy is of course the tourism industry and this industry could be devastated. With sea level rises the Great Ocean Road will be breached, possibly in place after place. Whole chunks of my electorate, particularly along the Bellarine Peninsula and the Surf Coast, will be inundated. The important sections of the Queenscliff Peninsula and areas from Breamlea to Barwon Heads will be severed from the mainland and become isolated islands. More important pieces of public recreational infrastructure will also be inundated. Hundreds of private homes will be inundated. Public land will be lost. The Great Ocean Road surrounds the foreshore environment of the Otways and that is of course now highly vulnerable to firestorm events. Many local farmers are already struggling with climate change. The cost of mitigation will be hundreds of mil-
lions of dollars and livelihoods and lives may all be lost. Major industries such as Shell, the Port of Geelong and Alcoa are threatened. Nobody on this planet is unaffected by climate change. We have to act.

I appeal to the opposition to stop playing political games with such an important decision in the nation’s history. Businesses need certainty. Australian businesses need certainty so that they can fully participate in responding to climate change.

The less developed world quite rightly wants to see the credentials of our government and commitments from countries like ours to take full consideration of the mess that we have left the planet. It wants certainty. It does not want a message of ‘no commitments until others commit’. The less developed world quite rightly wants countries like Australia, a benchmark country in many regards, to show where they stand. The rest of the world know that Australia is culpable and they know our record. They are looking to us for commitment and—dare I say—inspiration. Australia must take a stand. We have to show the world our credentials, and that is what we are prepared to do on this question. I believe that through this well-crafted legislation we are making that commitment.

The introduction of mandatory obligations under the Carbon Pollution Reduction Scheme will commence on 1 July 2011 to allow the economy more time to recover from the impacts of the global financial crisis. Liable entities will be required to meet their emissions liabilities from 2011-12, with emissions units being surrendered for the first time in December 2012. As a transitional measure, in 2011-12 an unlimited number of permits will be available at a fixed price of $10 per tonne. These permits will not be able to be banked or used in future years. Full trading will commence in 2012-13.

I would like to finish my contribution with a couple of simple but fundamental questions for the opposition. With Australians being some of the highest polluters per head in the world, don’t you believe we have a moral obligation to lead on this question? And if you all wait and see now how do we go forward? Finally, when you are finished up with this place and you are older, what will you say to your children about how you dealt with your responsibility to respond to climate change? What are the opposition’s answers to these fundamental questions?

This legislation is critical for establishing business confidence and of course for reducing carbon dioxide emissions. I commend this legislation to the House.

Debate (on motion by Mr Albanese) adjourned.

House adjourned at 10.11 pm

NOTICES

The following notices were given:

Dr Kelly to move:

That, in accordance with the provisions of the Public Works Committee Act 1969, the following proposed work be referred to the Parliamentary Standing Committee on Public Works for consideration and report: the refit and refurbishment of Tuggeranong Office Park, Canberra, Australian Capital Territory.

Mrs Irwin to move:

That the House:

(1) notes:

(a) that despite declarations from both sides of politics that they will not build an airport at Badgerys Creek, the airport designation for the site is still in place;

(b) that residents and landholders in the designated area are unable to develop property unless buildings comply with airport zoning requirements;
(c) the financial hardship and emotional stress endured by residents and landholders affected by the Badgerys Creek airport designation; and
(d) the adverse impact on planning and economic development in Western Sydney caused by the Badgerys Creek airport designation; and

(2) calls on the Government to immediately lift the airport designation on the Badgerys Creek airport site.
The DEPUTY SPEAKER (Ms AE Burke) took the chair at 9.30 am.

CONSTITUENCY STATEMENTS

Cowan Electorate: Koondoola

Mr SIMPKINS (Cowan) (9.30 am)—Koondoola is a small suburb in the south of my electorate of Cowan that has its share of challenges. While Koondoola is doing it tough, when I look around Koondoola I see great potential. I spend a lot of time in Koondoola and I have met a lot of people who genuinely care and are committed to a better Koondoola, as I am. Koondoola is well served by four schools in the suburb. I have visited Mercy College, Waddington Primary School, Koondoola Primary School and the Burbridge School on many occasions. The reality is that the schools are the biggest and most inclusive places in the suburb of Koondoola. It is through education that potential can be achieved. That is why I like to go to schools and tell young students that, one day, any one of them could be a prime minister, a doctor, a pilot, or a member of any profession or trade. I say that because I believe it, but it is only through hard work and education that each child can achieve their potential. I know that the leadership and teachers at each of those schools recognise that fact. I know that the parents in Koondoola look at their children and see the same potential that I see.

I see the great potential of Koondoola not just in the next generation but also in those people who care enough right now to stand up and be counted. I talk not only of those who volunteer in the community but also of the committed men and women of the Koondoola Advancement Committee. Although my duties in parliament have stopped me from attending their meetings, I have met with their representatives on several occasions. I am confident that they are committed solely to the best interests of Koondoola and their fellow residents. They are committed to progress and they are committed to seeing Koondoola’s potential realised.

At last there is a truly non-partisan, independent organisation that believes in Koondoola. I urge the residents of Koondoola to get behind the Koondoola Advancement Committee.

It would be wrong of me not to speak of the most important issue that affects Koondoola. I speak of course of the critical need for redevelopment of the Koondoola Plaza shopping centre. The current centre is in terrible shape. It is poorly designed and it is run-down. It is the sort of centre that is only used by those who have no choice. The result is no competition, declining revenues and declining employment. Its potential is unfulfilled. The shopping centre must be redeveloped and the people of Koondoola must be given a decent facility that they want to use, that they feel safe visiting and that they would be happy to work in. Responsibility for this rests with the City of Wanneroo. Wanneroo was given $1 million by the state government to assist with the project, and the people of Koondoola want the shopping centre redevelopment begun and completed quickly. The entire suburb of Koondoola is being held back by the shopping centre. I urge the City of Wanneroo to pursue the redevelopment and the people of Koondoola to make the suburb a great place to live. I believe in the great potential of Koondoola and I am grateful to represent the people of that suburb.

Port Adelaide Electorate: Environment

Mr BUTLER (Port Adelaide) (9.33 am)—It gives me great pleasure to rise today to discuss another environmental success story in my electorate of Port Adelaide that will have tre-
mendous environmental and economic flow-on effects for South Australia and for the nation. On 20 May the South Australian Minister for the Environment and Conservation, Jay Weatherill, and I attended the launch of CRT Recycling’s new automated recycling system. This system specialises in recycling cathode ray ray tubes, which are also described as CRTs. This plant is the only one of its kind in Australia and New Zealand. It utilises CRTs from previously landfill-bound broken and unused television sets and computer monitors. The plant has significant economic and environmental benefits for the community, removing some of the estimated 1.5 million to two million televisions that are currently being disposed of in landfill rubbish dumps each year. This number is also likely to increase with improvements in digital and flat-screen television technology, making plants like this an integral part of the global recycling solution.

CRT Recycling has had a positive export impact already, with the majority of glass going back into the manufacture of TVs in Malaysia. Each CRT can contain up to four kilograms of lead and a range of heavy metals. These potentially harmful metals are cleaned, separated and removed in the CRT recycling process. They are often reused at other plants in the state, keeping the recycling solution very local.

Already 12 new green-collar jobs have been created at the plant that was launched only a couple of weeks ago. These jobs not only promote financial recovery in Australia but also contribute to a better environmental solution. I have been very proud to support E-Cycle Recovery and CRT Recycling Australia’s passion for the environment, jobs and our future. The company’s business manager, Michelle Morton, is one of the outstanding young business leaders of South Australia. Michelle was mentored by the North West Business Development Centre, which is the local BEC for Port Adelaide. Incidentally, that BEC recently won the global prize for world’s best incubator, which was awarded in the United States only a month or two ago. Michelle is a great example of the product that that BEC is producing in the north-western area of Adelaide. Michelle has won a number of prestigious prizes for business that recognise her innovative work. I am confident that we will be hearing much more in the future about Michelle Morton and her company’s important work.

Mitchell Electorate: Property Development Issues

Mr HAWKE (Mitchell) (9.36 am)—I rise this morning to note a number of developments in a long-running electorate issue of mine involving property tax, land taxes and property development issues. This week the New South Wales state government attempted to bring in a series of reforms to the planning system to attempt to streamline the system. Whenever I hear about ‘streamlining of planning’ I get alarmed and I know that residents in my electorate get alarmed, because under the former New South Wales Minister for Planning, Frank Sartor, there was an attempt to impose green zones across properties all over my electorate, which would have massively affected the property rights and the ability of a person to sell their land within my electorate.

This is an ongoing issue because the body that has been proposed by the state government has the serious potential for conflict of interest for any councillors or council staff members who are appointed as representatives. This has been noted by the New South Wales Local Government Association. The department has so far failed to provide any guidelines or codes of conduct but has sought local representatives, who would, of course, be the smaller component of the numbers on this committee. I understand that the state government is very inter-
ested in having the numbers on these committees so that decisions made by them to streamline planning arrangements would mean that they would simply be rubberstamped by the state government, and local representatives would be ineffectual. It is yet another attempt to override the rights of a local council. It is an attempt, in my view, to again threaten many of the property and land rights of other ordinary citizens within our state.

Indeed, it comes in a week when we see the long-term impact of land taxes starting to be understood. Land tax is another issue which has impacted upon my electorate. I record that there are 4,908 people within the Baulkham Hills shire paying land tax. There is also good evidence that says that this is not just a tax on the wealthy but it also affects people in large numbers in areas such as Bankstown or Fairfield, which are the Labor Party’s heartland. This tax over time is having an insidious effect on the amount of capital that is available for property investment, leading to a sustained downturn and depression in the property industry in New South Wales. It is one of the reasons we are having a redistribution, as hundreds of thousands of people are leaving the state of New South Wales for Queensland for better economic circumstances.

This morning I want to record that this new development of a new planning body will severely affect constituents in my electorate and is something that I oppose. It is something that, without guidelines or without a code of conduct and with the state government having the numbers, could severely threatened many property owners once again, as the state government in New South Wales has tried to do in the past.

Budget

Mr SIDEBOTTOM (Braddon) (9.39 am)—Good morning, colleagues. I would like to take this opportunity to clarify a couple of points which seem to have caused a bit of confusion in my electorate since the federal budget was handed down on 13 May, in particular surrounding the increase to the pension and the changes to supplementary payments. For the record, from 20 September this year the pension will rise by $32.49 per week for singles and $10.14 for pensioner couples combined. These increases are independent of any CPI increases—CPI increases will come on top of this.

This rise is not just for age pensioners either, as the Liberals had wanted; it certainly includes age pensioners, but it is also for disability support pensioners, veterans service pensioners, war widow pensioners, wife pensioners, widow B pensioners plus those who received carer payment, income support supplement and bereavement allowance.

The Rudd government has also acknowledged the very special role our carers play in the lives of those they care for, and often with very little recognition. So the Rudd government will introduce a permanent carer supplement of $600 per year for carer payment recipients and an additional $600 per year for carer allowance recipients for each eligible person in their care. The first payment will be made on or before 30 June 2009, with following annual payments from 1 July 2010.

Pensioners will also receive their additional pension payments in a new fortnightly pension supplement. From 20 September, the existing goods and services tax supplement, pharmaceutical allowance, utilities allowance, telephone allowance and increase to the new pensions supplement will all be included in the new fortnightly pension supplement. This change will make keeping track of income much easier for our pensioners as they save to pay utility bills.
and the like. Pensioners who would prefer to receive these additional payments in lump sum can opt to receive half the pension supplement quarterly from 1 July 2010.

These increases are just another way the Rudd government has listened to and responded to the needs of our pensioners. Unlike those opposite, who totally ignored pensioners during their 11 years in government and only seemed to discover them in their hollow promise to increase the pension in opposition, we have delivered for all pensioners.

**Farrer Electorate: Area Consultative Committees**

Ms LEY (Farrer) (9.42 am)—I am pleased to speak today on the area consultative committees and the important role they played under the previous government in my electorate of Farrer. I am terribly disappointed to see that the current government has dismantled this important network, which was a regional development shopfront to assist regional communities through the process of applying for government grants. It was established, actually, under a previous Labor government. This was a national network of area consultative committees. It was an important link between the Australian government and rural and metropolitan Australia. I believe that link has now been lost. There were 54 area consultative committees Australia wide, and I would like to recognise those in my electorate: the Albury-Wodonga, Central Murray, Sunraysia and Broken Hill area consultative committees. I am appalled at the decision to eliminate these committees. Labor, with its basic philosophy of tax, spend and interfere, has interfered in the business of regional development in a most unfortunate way.

The stimulus package is one size fits all. My local councils were told, ‘If you have a project worth $2 million for round 2 of the government stimulus package, apply. If you haven’t, don’t bother.’ They did not have packages ready on the shelf to just take down and roll out, and for that reason many of them missed out—in the same way that the stimulus package that has gone to schools has caused some perverse and silly results. One town in my electorate is putting up portables at its school that it does not even need, while its community sporting facilities are falling to bits, because there is actually no application process or funding package that can work in that town. But for the people it is clear what is needed. This was the strength of the area consultative committees: they were decentralised and they had the capacity to consider the needs and the interests of every local community in every local area and to appreciate and recognise the differences between the communities.

Community effort funded so many of these projects. You had government money, often matching state government money, and sometimes local government, but you had an amazing volunteer effort, which created some astonishing results under what was known as Regional Partnerships projects. If I look back over the last couple of years the variety just does demonstrate the importance of this program, why it worked so well and why we are really going to miss it. There was a water scheme in Urangeline—$195,000 to provide fresh stock and domestic water; nearly $600,000 for the Royal Flying Doctor Service at Broken Hill’s medical facility; $165,000 for a library and community centre in Jerilderie; a new weir at Pooncarie; $330,000 for the Mulwala football club sporting facilities; $214,000 for the Wanganella Community Centre, without which that community would not have had a place to meet and share and celebrate; the environmental centre at Wirramina, near Albury; and $330,000 for the Albury Regional Museum, which services a larger area around my home town. (Time expired)
Moreton Electorate: Tarragindi Bikeway

Mr PERRETT (Moreton) (9.45 am)—I would like to acknowledge the 17th anniversary of the Mabo decision, and the traditional owners of the land, and thank them for their continuing stewardship.

I refer to a new bikeway that is under construction in Tarragindi that will make Brisbane’s southside suburbs of Salisbury, Nathan and Tarragindi much safer and accessible for cyclists and for pedestrians. The $1.4 million Tarragindi Bikeway cuts a path through the magnificent Toohey Forest to encourage safer cycling, build community health and wellbeing, reduce traffic congestion and help the environment. It is being delivered by the federal government in partnership with the Brisbane City Council. I am pleased to inform the House that stage 1 of this election commitment is nearly complete. For too long cyclists wanting to access Griffith University or other bike paths to the city have been forced to take their lives in their own hands by using Toohey Road, a busy and dangerous stretch of road. Stage 1 connects Canfield Street in Nathan through Toohey Forest to Toohey Road crest, then through the Toohey Road picnic area to Windmill Street, with on-road signs and line marking along to Pope Street, Tarragindi, and then onwards to the city. The crossing at Toohey Road includes a pedestrian and cyclist refuge for greater safety. Obviously it would have been too expensive to put a tunnel through there, but the safety measures that are there should ensure that everyone is safe. The three-metre wide concrete pathway provides a shared, safe and separated access to Griffith University and then the bikeway heads either to the city or to the south.

It is also one of the first bikeways to incorporate automated lighting, lighting that will continue until midnight. This will provide greater safety for students and people using their bikes and workers returning home. It will also minimise disruption to native fauna, although I guess they will not be able to go to sleep until midnight. This bike path will encourage more southsiders to get out of their cars and onto their bikes to experience the magnificent Toohey Forest and to access their neighbouring suburbs. Maybe they will take a bike ride down to Sunnybank to experience some of the yum cha venues. I hope to see them there.

I particularly want to thank the Moorooka Ward councillor, Steve Griffiths, for his considerable efforts to make this bike path a reality. He has been constantly in my ear about it and it is great to see it coming to fruition. He has campaigned for more than three years for something to be done to improve safety for cyclists and pedestrians in this area, and I well remember that he made sure that I was aware of the local constituents and their concerns about safety. He has also received strong support from the local community.

Eventually this bike path will link the M1 motorway, setting the scene for a continuous bikeway from Salisbury and Nathan to the city. Only by providing safe and accessible bike paths throughout communities can we really expect people to walk or ride to work. It is great for the environment, great for personal health and fitness and helps deal with congestion by getting more cars off our roads.

Fisher Electorate: Conondale Valley Association

Mr SLIPPER (Fisher) (9.48 am)—I was absolutely amazed when the Conondale Valley Association in the Sunshine Coast hinterland came to me and pointed out to me that in 2009 they were unable to obtain free-to-air television without the community putting in $10,000 a year to maintain the cost of a repeater station that was installed with the support of the former

MAIN COMMITTEE
Howard government a number of years ago. The Conondale Valley Association is situated in an area only about an hour’s drive from the CBD of Brisbane, and yet, ironically, this area, which is part of the Sunshine Coast council area, is deemed to be in Brisbane for television purposes. Indeed, without the repeater station the only signal that could be received was a very grey signal from Toowoomba, quite a considerable distance away. All of the members of the community very strongly supported the fact that there ought to be free-to-air television in Conondale and surrounding areas in 2009. The public meeting I went to was reasonably fiery, but all sectors of the community were there—the farming community; those who are on an environmental estate as well—and I was really impressed with the way the community was prepared to work very well together in relation to this matter.

I suggested that the Conondale Valley Association ought to appoint a couple of people to accompany me to meetings with Channel 7 Sunshine Coast and WIN Television Sunshine Coast with a view to seeing whether these television stations were able to assist. While we received a good hearing from WIN Television, Channel 7 immediately came to support the local community, even though technically Conondale was not within the coverage area of Channel 7 Sunshine Coast. Channel 7 Sunshine Coast has provided $20,000, which is about two-thirds of the money needed to carry the community forward until full digital switch-over in a couple of years time when the television networks will be legally obligated to provide 100 per cent coverage to all parts of the Australian community.

Members of parliament and media organisations often get justifiable criticism. I do want to place on record my appreciation to Channel 7 Sunshine Coast for the way in which they were prepared to look at the problem of this small local community—the 500 houses which, without the repeater station, would be without coverage. They were prepared to put their hand in their pocket even though the advertising revenue they would receive from this small community would be quite minimal.

I salute Channel 7 Sunshine Coast and on behalf of the Conondale community and more widely the Sunshine Coast community I thank them for being a very good public citizen and for providing this $20,000 to make sure that the Conondale and surrounding community is able to receive free-to-air television in 2009.

**Page Electorate: Rural and Regional Health Services**

Ms SAFFIN (Page) (9.51 am)—While Maclean District Hospital sits just outside my electorate of Page in Cowper, thousands of my constituents in the Lower Clarence rely on it. Many constituents hold real fears about the future of their hospital, particularly if the EO/DON is transferred to Grafton Base Hospital 45 kilometres away to become the DON for both Clarence Valley hospitals. Ordinarily such a centralisation proposal, obtained by the *Daily Examiner* newspaper, might make sense. However, coming at the same time as the North Coast Area Health Service is deleting a total of 400 positions from Tweed Heads to Port Macquarie for budgetary reasons, my constituents see this hospital management restructure as a body blow to their smaller hospital. The ladies of the Maclean Lower Clarence Hospital Auxiliary have written to me saying they cannot see how one director of nursing can be expected to provide fair management to two hospitals. Neither can I. They say:

*This could well be a precursor to our hospital being downgraded even further and therefore jeopardising the level of service provided to our community, which continues to grow steadily, thus putting more pressure on the hospital and its staff.*
While I understand the need for belt tightening in the context of responding to the global recession, I share the community concerns that the target of 400 positions will put too much pressure on front-line health workers and potentially affect the quality and viability of hospital services. As a starting point, I am asking that the existing management arrangements for Maclean and Grafton hospitals remain in place and unchanged. I note in today’s *Northern Star*, the newspaper at the other end of my electorate, that the editorial heading is ‘Health system needs injection of sense’. I agree.

On a positive note I report that two of my major election commitments from 2007—redevelopment of Grafton Base Hospital’s operating theatres and emergency department and the fast-tracking of Lismore Base Hospital’s radiotherapy unit—are progressing well. At the end of budget week I returned to Grafton to see the North Coast Area Health Service lodge a DA for three new operating theatres with the Clarence Valley Council. This was a milestone event for everyone who supports the hospital, particularly its Medical Staff Council Chair, Dr Allan Tyson; Grafton Community Health Committee Chair, Shirley Adams; Area Health Service Advisory Council member, Sandra Woods; and Clarence Valley Mayor, Councillor Richie Williamson. The council is expected to approve the planning application within weeks. The main building works tender will be let in September 2009. Construction is due to be completed in December 2010.

In this year’s budget there was an announcement from Minister Roxon that the government would invest in a $560 million network of state-of-the-art regional cancer centres with associated accommodation centres. I am encouraging the Lismore district’s medical fraternity and other community leaders to work with me to secure one of up to 10 such centres, enhancing the one that we have under development. We could have our PET scanner and accommodation service.

**Higher Education: Youth Allowance**

*Dr Stone* (Murray) (9.54 am)—It would have been light entertainment in Bendigo’s central mall last Saturday, about midday, if the mock wedding did not in fact refer to an intergenerational tragedy now emerging in rural and regional Australia. The protesting young people involved are currently in their gap year, which under the coalition would have made it financially possible for them to take up their university offers. They had worked hard and got the marks but unfortunately their future is now not to be as planned.

The Rudd Labor government and, in particular, Minister Julia Gillard have changed the rules on this gap year, leaving more than 30,000 students stranded without a university future. These young demonstrators were desperately trying to get the sympathy, attention and support of the federal member for Bendigo, Mr Steve Gibbons. Unfortunately Mr Gibbons has turned a deaf ear to their plight, merely reciting to the media the following day that the old system ‘has been rorted’. Why didn’t the member for Bendigo insist that the eligibility criteria could be changed without destroying the capacity of rural students to afford to live away from home to take up university offers? The member for Bendigo should have pointed out to his party that it is impossible for students to find 30 hours of work a week, over 18 months, in regional Australia, particularly in his electorate in northern Victoria.

The state Labor government has destroyed the fundamentals of the local economy—that is, agriculture—by taking agriculture’s water to Melbourne and Geelong, and Mr Rudd has destroyed the non-farm sector with his drunken sailor spending and skyrocketing debt. The retail
The sector is in desperate straits and manufacturers are putting off workers daily. In a further cruel blow, the coalition’s youth allowance eligibility criteria have been changed so that the sons and daughters of families in Bendigo and northern and central Victoria are not only denied access to a university education but are in a no-man’s-land without any information about how those now in their gap year will be treated in the future. There is no information. They are expected to just somehow survive.

What does this say about social inclusion and equity and a fair go for all? Why were these young people acting out a wedding? Because Centrelink has told them that the best hope for them to be eligible for youth allowance so that they can go to university is to get married or have a baby. This is disgraceful. I urge the member for Bendigo to get his act together and do the right thing by his electorate.

Bonner Electorate: Moreton Island Oil Spill

Ms REA (Bonner) (9.57 am)—Last week I had the opportunity to speak in the adjournment debate on a most significant and tragic event that occurred in my electorate—that is, the oil spill on Moreton Island on 11 March. Unfortunately, with only five minutes to speak I could not possibly paint a picture of the incredible effort that was made by so many people involved in that clean-up. So I would like to take the opportunity this morning to put on the record my further thanks and congratulations to everybody involved. A number of state authorities and local community organisations as well as the federal government, through the Australian Maritime Safety Authority, were involved in this clean-up.

I want to give members an idea of what occurred. A significant amount of oil washed up on one of the most pristine beaches in this country in cyclonic conditions. This occurred on a beach which does not have a bitumen road to enable easy access. It is not just part of the normal coastline. It is on a major sand island and the only access is via two very difficult sand tracks, one of them leading into the beach and one of them leading out. In that climate, 300 volunteers had to be relocated to the island. They were put up at the Tangalooma resort. I give thanks to Trevor and his team, who provided meals and accommodation and all the added support that goes with accommodating so many people in a resort which is probably not used to having that many people there at the one time.

In order to clean up the beach, the volunteers had to be transported by bus across a very difficult sandy track—and, as you can imagine, one bus getting bogged would have put the logistics of the whole day out of action because it would effectively have meant that the only form of transport was cut off. When they got to the beach, it was covered by men who looked like something out of Star Wars. These men were in fully contained decontamination suits. The only way they could get the oil off the beach was by physically digging it with a shovel and sifting through it by hand.

There was much criticism of the slowness of the clean-up. People said the state and federal governments should have just brought in big trucks to dig up the beach and get rid of the oil as quickly as possible. But unfortunately oil sinks. So as soon as you put a heavy vehicle on sand, the oil sinks lower and the clean-up becomes more difficult. I want to pay tribute to the 300 people who painstakingly cleaned up one of the most magnificent parts of our country by hand. I thank them for that.

The DEPUTY SPEAKER (Ms AE Burke)—Order! In accordance with standing order 193 the time for constituency statements has concluded.
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 12 May, on motion by Mr Swan:

That this bill be now read a second time.

Mr HAWKE (Mitchell) (10.00 am)—This morning I rise to add my voice to those of so many around Australia including among my constituency who are concerned about the levels of debt and deficit this country is entering into under this government. The Treasurer has now said that peak net debt will reach some $203 billion in 2013-14. What a sorry situation we find ourselves in that we will have turned this country from one of zero net debt—where, indeed, we were running budget surpluses—to a situation where by 2013-14 net debt will peak at around $203 billion. I have found that people in my community understand this is a big concern and a problem for our future.

As I move around Mitchell, people are saying to me that they are very concerned about how we are going to be able to pay all of this debt back. They are concerned about the amount of interest that we are going to be paying on the debt that this government is racking up. But they are also concerned to know whether this money is being spent in a way that will provide us with a solid basis for economic recovery or a future that will see more people employed and business able to produce more. In the north-west of Sydney—and in Sydney more broadly—this budget, and the Appropriation Bill (No. 1) 2009-2010 and cognate bills, represents a completely lost opportunity. The 2009 budget, which is often much vaunted for its infrastructure spending, failed to invest in any infrastructure spending within the Sydney basin. We know that only $91 million was allocated to Sydney, for a study for a metropolitan rail line which, of course, may never be built. Reports indicate that the lack of investment in Sydney was perhaps because of the ongoing incompetence and mismanagement of the New South Wales state government in applying for money for infrastructure for Sydney. I say on behalf of my constituency, and on behalf of the people of north-west, south-west and outer Western Sydney, that this is a massive betrayal of residents within Sydney, who are paying land taxes, property taxes and infrastructure levies on developments, on land and on all of their property and not receiving adequate infrastructure in return. So, certainly for Sydney and the Sydney basin, this budget did not deliver. It is delivering no infrastructure for the wider Sydney basin area.

When you consider that within the two stimulus packages around $22 billion of Australian taxpayers’ money was handed out in cash to people around Australia, you realise that that $22 billion could have been spent on better infrastructure. It could have been spent such that we could now say we have something to show for all of that expenditure. This is one of the biggest concerns that people have when they speak to me about these cash handouts. Why did we not seek to spend all this money—enormous and unprecedented sums of money—on things that would enable us to progress, such as major infrastructure? That infrastructure could be a dam or a rail line or a broadband network, quite topically. They are things which will sustain us in the long term and allow for a recovery. Of course, we know that this government pre-
ferred to hand out cash in a vain attempt to ameliorate the effects of this global financial cri-

When examining some of the expenditure in this budget, I have a number of concerns. Re-

cently there was the Mitchell jobs forum. There were about 130 businesses there and the

shadow minister for small business attended. It was hosted by me and the Sydney Hills Busi-

ness Chamber. At the forum there was a great deal of concern about how the government is

assisting small business and the self-employed in our country. Recent statistics show that the

rate of self-employed people and entrepreneurs in Australia is at its lowest level in 30 years—

that is, the number of people who have found the capacity to start and run their own busi-

nesses and entrepreneurs is at its lowest level in 30 years. I think that is a cause for grave con-

cern.

Government policy should be directed, particularly in a time of downturn, more at provid-

ing an environment where people are not just seeking the security of a wage or a salary but

are seeking to innovate, create, employ and start their own businesses. That is why the coali-

tion has come forward with a six-point action plan for small business. This is enormously im-

portant. This policy will provide for recovery because it will stimulate those parts of the

economy that employ people. It will stimulate the economy where it matters the most. Our

capacity to innovate, create and self-employ is enormously important to the Australian econ-

omy and to the Mitchell economy. Indeed, small businesses and self-employed people will

form the basis of a sustainable recovery.

We have proposed a two-year window for businesses to offset the tax value of any operat-

ing losses that they suffer in 2009-10 against up to $100,000 of taxes paid over the last three

years. These will be refunded. This was well received. We have proposed that the Common-

wealth partially cover the superannuation guarantee contribution for two years—with three

per cent in the first year and 1.5 per cent in the second year—for firms with 20 or fewer staff.

This would allow employers to keep people on the payroll. There are many small businesses

that are examining how to cut costs to sustain themselves through difficult economic times,

and, of course, labour costs are one of the biggest costs for small businesses. If we can devise

measures and put in place policies that will assist small businesses on the margins to keep

people in the workforce, that will benefit our economy. That is another positive initiative that

the coalition has proposed.

We have also proposed to cut red tape and the time spent filling in forms. We will reduce

our overall regulatory burden to match and surpass OECD best practice. Who in this place

could argue against cutting red tape for small business? It is certainly a major concern for

them.

We have proposed some other great initiatives, including a one-stop regulatory portal.

Small businesses in particular find it extremely hard to tender for government contracts,

which puts them at a competitive disadvantage. The costs of applying for a government con-

tract can be quite substantial. Small businesses can find that they are unable to even file com-

petitive tenders for government contracts. That is something we ought to think about very

carefully. It will be another part of how we initiate a recovery.

At the Mitchell jobs forum the coalition’s plan for recovery was well received. Small busi-

nesses felt it was important for the federal government to focus on this at this time. When you

consider that unemployment is expected by the Treasury’s own forecast to dramatically rise in

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the future and that all of this debt we are getting into will not help sustain jobs in the econ-
omy, then we do need to look at ways to encourage small businesses to continue to employ
and at ways to provide the self-employed with an environment where they can start their own
business, innovate, create and make something of themselves.

I also want to turn quickly to another area of the budget. Of course, budgets have many
hidden and complex measures that take some time to come to light. On behalf of cancer pa-
tients in this country, I want to highlight a change that the government is making in the budget
in relation to surplus chemotherapy medication. The government is proposing that surplus
chemotherapy medication be reused, not disposed of. This will save the government some-
thing like $30 million a year.

However, when I speak to cancer sufferers and medical specialists like specialist pharma-
cist Bruce Heal, they tell me this is a mistaken assumption and that surplus chemotherapy
medication cannot be reused and would need to be disposed of as these drugs are very toxic
and volatile. This is something they have been talking to the government about for about 11
months. At the moment they do have wastage and discard it, but under the new system that
the government is suggesting, they cannot reuse it. Mr Heal says that for a breast cancer pa-

tient, for example, it could mean an extra $500 to $600 for these chemotherapy drugs. This is
a program that would start on 1 September. While this may save money, let me record in this
place that I am bitterly opposed to this measure. The idea that somehow we will recoup
money from people suffering very serious cancers in order to attempt to reuse drugs that the
senior specialist pharmacists I speak to say cannot be done is something that we ought to
abandon. It is one of those hidden things within a budget that all of us may not have been
aware of. While cost savings in general are something that we may all look for, it is a very
important matter to many people across this nation that I would want to record that we may
have to recover.

Unfortunately time is short this morning. I know that we have been asked to limit our
speeches, so I will simply say this: the Rudd government in its first 18 or 20 months in office
has sought to set up the narrative that it has a Robin Hood approach to budgets. This is some-
thing I want to reject. This concept that it is taking from the rich and giving to the poor is a
false dichotomy in this country. People who work hard and try to make something of them-
selves ought not to be penalised for doing so. People who seek out private health insurance to
look after their own health care ought not to be penalised. People who try to fund their own
retirements must not be targeted by government policy as if they have somehow done some-
thing wrong. This narrative that the government is attempting to build will only lead to a
greater state of welfare dependency in this country if these policies are pursued, and it is
something that we must all think very seriously about. What kind of policy settings in this
place do we want to have to encourage a society that is more self-reliant and not welfare de-
pendent? It is very important that we all in this place reject the notion that increasing debt and
deficit is the way to ensure that we have a greater self-reliant society.

Ms McKew (Bennelong—Parliamentary Secretary for Early Childhood Education and
Childcare) (10.13 am)—I rise this morning to speak in support of Appropriation Bill (No. 1)
2009-2010 and Appropriation Bill (No. 2) 2009-2010. This is an ambitious nation-building
budget with investment in jobs, skills and education at its heart. It is about giving individuals
and families the support they need. It is also about meeting the challenges of the global reces-
sion head-on and consolidating a foundation for recovery. The measures contained in this budget represent a continuation along the ambitious journey of reforms that this government has already begun. They represent the chance of a better life for the millions of Australians entering preschool, school, TAFE and university in the next two decades. The measures will enable greater access to employment and skilling opportunities for all Australians, allowing individuals to improve their standards of living and overall wellbeing. They will ensure a more prosperous nation that is able to compete successfully in the global economy.

The road to a more productive Australia starts as soon as children are born. Early childhood education sets the foundation for learning and wellbeing throughout life. Investment in early childhood education is a long-term investment in the future because of the significant benefits that flow to individuals, to families and to national economies through improved learning and skills, increased participation in the labour force and reduced public expenditure on welfare, health and crime—that is all well-documented.

To that end, this budget commits $12.8 billion over the next four years to support around 800,000 Australian families with the costs of affordable, quality child care. There are two components to this: $8.4 billion over four years for the childcare benefit that will reduce childcare fees, and $4.4 billion over four years for the childcare tax rebate, soon to become the childcare rebate—a continuing commitment to Labor’s delivery in its first budget last year to pay 50 per cent of families’ out-of-pocket childcare costs. Payments can now be received quarterly to better assist families and are not subject to an income test. This means that childcare costs have never been more affordable—a very important foundation as we roll out the next phase of our ambitious reforms in early childhood. Investment in the special childcare benefit will assist services in establishing a child’s eligibility for this special childcare benefit and will enable more children at risk to access quality child care.

This budget, importantly, also delivers on paid maternity leave. It is Australia’s first comprehensive statutory paid parental leave scheme. It gives families the opportunity to care for their babies, with income certainty, in those first few months when they bring a new baby home. I think it will ensure physical, cognitive and emotional wellbeing during the first early months for young infants. It will also promote workforce participation and help keep women connected to the workforce and to the skills environment. It is a scheme that brings Australia into line with most other OECD countries and will be available to parents for births and adoptions that occur on or after 1 January 2011. These parents will get 18 weeks of postnatal leave paid at the federal minimum wage.

Men and women have overwhelmingly welcomed this. It is interesting that, in my own electorate of Bennelong, Andrew Bland, who runs a mid-sized law firm and is a very active participant in the Ryde Business Forum, told me that he feels that this is a huge boost for local business—businesses which, of course, place a very high value on their female workers. Andrew is confident that the government’s commitment to funding paid parental leave will help with staff retention and help promote that much-desired work-life balance. So I am confident that, over time, the combination of this historic move and our reforms in early childhood will see a real transformation in maternal and infant care. It has certainly been a long time coming.

I want to refer to the overall spending on education in this budget, because it is substantial. The government has increased spending by about 50 per cent in real terms over the current five-year period compared with the previous five-year period. This funding includes signifi-
cant investment in capital infrastructure for tertiary education and schools modernisation. I know that, because of the Building the Education Revolution money, every primary school in my electorate of Bennelong, over 30 of them—public, Catholic and independent—will have approximately $2.5 million to $3 million spent on modernising facilities. That is $2.5 million to $3 million spent on every primary school. Again, this will be a transformation. It is part of the $14.7 billion investment in Australian schools.

There are also major reforms to higher education outlined in the budget. These are the reforms that are responding to the comprehensive Bradley review of higher education. They include an uncapped, demand-driven university system from 2012; high goals for low SES enrolment; and improved indexation arrangements which better support the sector for the long term. We are creating, as well, new places in vocational education and training—an investment of $3.8 billion over four years. This will strengthen Australia’s skill base and help ensure that workers have transferable skills.

In this budget, the government has embarked on a landmark reform agenda for higher education and the innovation sectors. A massive $5.7 billion has been allocated over four years to give Australians access to a world-class tertiary education and research system. The reforms will transform the scale, potential and quality of the nation’s universities and open the doors of higher education to a new generation of Australians. The reforms will also increase the nation’s share of the jobs of the future. The workforce of today and that of the future need a fair and flexible work environment that meets the needs of employees and employers, and we are delivering on that.

So this budget looks to the future. It acknowledges the neglect of the past and produces solutions for today in order to ensure tomorrow’s prosperity. We are providing stimulus today to protect jobs and to support businesses right around the country and, hearteningly, we have already seen so much encouraging evidence in the recent week, in strong retail figures, impressive trade figures and positive building approval figures—all of which suggest that the government has been absolutely right with its decisive, pre-emptive stimulus. I commend the bills to the House.

**Mrs BRONWYN BISHOP** (Mackellar) (10.20 am)—When looking at this budget one realises what a thin, pathetic document it really is. Not only did we have a Treasurer who could not mention the fact that it had a $57 billion deficit—it was completely omitted from his speech—but we also had the farce that ensued where he and the Prime Minister could not say the word ‘billion’ for the next week. This is really evidence of the fact that the major blow-out and the cause of our deficit and debt was money committed before the budget was even delivered.

We have criticised the $42 billion expenditure for very good and sound reasons. We have called it a splurge of money, because it delivers nothing for the future. We are experiencing a very difficult time; there are no two ways about that. When the first stimulus of $10.4 billion was spent before Christmas, you could see some rationale there. You could see that small businesses, for instance, had ordered their stock for Christmas 2008 in about July, when the dollar was riding high, almost at parity with the US dollar. They paid 20 per cent, and by the time they got to pay the remaining 80 per cent before Christmas the dollar had taken a plunge and unless they sold those goods in the Christmas market there would have been an enormous
difficulty for very many small businesses. So it was sensible that there was a stimulus to ensure that they could survive that period.

What we could never see was why it was $10.4 billion. Why was it not $8 billion; why was it not something else? There were never any figures released to tell us why that amount was picked. The $42 billion splurge looked like real panic spending. There was nothing for the future. The rebuilding of school halls and libraries is important, but it is important work that they are supposed to do all the time. The building of social housing is important, but where is it going to be built? Dare I suggest in marginal seats that will prop up Labor’s vote? And if the answer to the question is ‘pink batts’, it had to be a hell of a question.

If we look at what we could have spent money on, at what would have been a realistic proposition that would have been of value for Australians for the years going forward, I would like to suggest a couple of things. Firstly, we seem to not have in this country a policy which we desperately need to have, and that is a food security policy. We hear all this talk about the Murray-Darling Basin, and the Darling itself and the Murray itself, and the need for water for South Australia. We hear about buyback plans; we hear about the enormous sums of money that Senator Wong wants to spend taking water rights back from farms, which will in fact turn those farms into nonproductive areas and the towns that depend on those populations and those active farms will also become desolate places. So, again, it is a policy which is misdirected—and it could cost anything up to $12 billion if you add in compensation for the collapse of those towns. I am talking about those towns particularly in and around the Riverina.

All these splurge payments of $900 went out, as we well know now, to deceased estates, to people who live overseas—which will not benefit our economy at all—and to people who are in prisons. And, as I said, there was spending on often important infrastructure but not on things that are going to give a benefit to the country in the long run. As I said, building school halls and libraries is a state responsibility which we were addressing. We were assisting them to do that through our Investing in Our Schools program, which was a targeted program which allowed refurbishment and new buildings to be constructed according to need, and not simply by saying ‘Here is the cash, go out and spend it’. Of course, that program was cancelled by the incoming Labor government and replaced by another, which really amounted to a rebadging, and then the additional expenditure was added through the $42 billion.

Let us look at what we could have done. Let us look at the problem of water in this country and the fact that water is in abundance in Northern Queensland and we desperately need it in the south. There is a program being put together that I have been privy to. It has been put together by some people called T. Bowring & Associates, who have experience of moving water in the United States. They have proposed a program which, I think, has enormous merit and needs to be thoroughly looked at. They propose that we could take water from the Burdekin Dam in North Queensland and bring it down to the Darling River. That would allow flows and increased productivity, certainly in those areas which under the water buyback program are headed for desolation. It could increase our ability to export both dairy and beef and the benefits for the future could be enormous.

These people have done reasonable costings and you could basically say that for about $9 billion you could put in place such a project. It is not a piped project—everybody knows it is difficult to pump water. It is harder to pump than gas or, indeed, other commodities that we
might wish to pump. But water can still be transferred through cement-lined, open canals where the evaporation loss is said to be around four per cent—not a huge evaporation loss.

But there was another quite exciting part of this program that could be developed, and that is to use as a cover a thin photovoltaic film which could generate full canal power needs while reducing water losses. The solar power could be stored by varying the daily canal water levels to maintain a 24-hour flow. It is an innovative program and it is one which would offer a tremendous benefit for this country for the future.

If we look back on how we feel in Australia about the Snowy Mountains scheme, what an innovative thing that was to do. The Australian people really supported it. Australian people know that in a land of our size where so much water is wasted as it flows into the sea, innovation is needed. A government that would say, ‘We are going to capture that water and deliver it to people so that they are able to prosper and their lands are going to prosper again,’ would support that plan. If you translate the cost of the Snowy Mountains scheme into today’s dollars, I am told that that ought to come out at about $10 billion. So we are not talking about something that is beyond our ability to do. When we are talking about the need for a stimulus, we have always said that there is a need for it to be something that would deliver for the future.

But I would just like to say in the short time that is available to me a couple of things about that very slim and core budget document itself. I hear Labor Party members talk continually about the importance of education and about how they are going to put more money into education. Somewhere along the line they do not practise what they preach. Hidden away in that little budget is evidence of how hypocritical their attitude to education really is. The coalition set up a $5 billion Endowment Fund for Higher Education. That fund of $5 billion, which has now grown to about $6.2 billion, was subsumed by this government’s Education Endowment Fund. It had a slight change of name, but they took the money out of the fund we had created and put it into their fund, and said, ‘We are going to grow that fund to $11 billion, and the first additional payment of $2.5 billion will come into that fund by 30 June 2009.’ The trouble is it was even legislated for. The trouble is that, when the budget document came down, it negated that. The government said, ‘That $2.5 billion will no longer be put into the education fund; it will go into an environmental fund.’ So we have this whole plan of the great Labor government: the Minister for Education, the Deputy Prime Minister, is building an education revolution. You can drive a revolution, you can incite a revolution, you can do all sorts of things. But I do not know how you build a revolution. Nonetheless, that is what the minister said. But money is needed. She said, ‘We’re going to have a bigger and better endowment fund than you are. We’ll take the money that you put aside and we’ll add to it.’ Well, she didn’t. As I said, it was legislated for. That $2.5 billion was to go into that fund before 30 June this year, but the budget overrides it and says, ‘No, no, that money will not go to education; it will go to the environment.’ So where is the real commitment? This is pea and thimble stuff! And there are more examples in this tricky little budget of the government saying one thing but actually delivering something else.

It is quite clear that it is the coalition who are the good managers of money. We left an economy with a $20 billion surplus. We left it with a Future Fund of over $60 billion. We left it with an education fund, established with $5 billion, which has now grown to $6.2 billion. We left no debt. It took us 10 years to pay off the last Labor government’s legacy of a $96
billion debt. We left no debt, which meant that we were saving about $10 billion a year in interest payments, which was money that could be returned to the Australian people either through tax cuts or through services. That is good management. But this government has a budget deficit—and it took just 18 months—of $57 billion and a debt which will peak at about $315 billion. How long will it take to pay off that debt? How much hardship will there be to pay it off? That is the legacy. With all the talk about a temporary deficit, all I can say is that the only way it will be a temporary deficit is if this is a temporary government.

Ms SAFFIN (Page) (10.33 am)—In opening my contributory remarks on the Appropriation Bill (No. 1) 2009-2010 and cognate bills I had planned to start off with a particular introduction, but I feel I have to respond to some of the comments made by the honourable member for Mackellar in her contribution. When we took over government, we inherited a lot of things. We inherited a structural deficit in the budget and that was there in 2007 and previously. We also inherited a lot of programs that had been unfunded by what is factually known as a spending spree that was not put into the forward estimates. We also inherited about 12 interest rate rises; Work Choices; a disinvestment in public housing; a disinvestment in education; and a disinvestment in health, ripping the guts out of the Australian Health Care Agreement. If we look at the ledger and talk about what we inherited, there are many things that we inherited that put us in a very difficult position.

I know that members opposite are climate change deniers, but it appears they are also global recession deniers. The words do not come off their lips at all in speaking about the situation that we are in. The Australian people know that the global recession had its origins offshore, not in Australia. They know that. They are sensible. They get it. The opposition do not seem to get it and they spend their time talking the economy down; whereas we spend our time talking the economy up and building it up so that it is built up for the future.

This budget is premised on nation building and jobs, on laying the foundation for our future and for recovery, and on the approach to debt and deficit that is covered in the path being charted—as outlined by the Treasurer in his budget speech, in the budget papers and from Treasury—to return the budget to surplus. The Business Council of Australia, in their budget submission Budgeting for revival, which I read very carefully, talk about placing the federal budget ‘into deficit in a way that maximises Australia’s future productive capacity.’ That is exactly what has happened. There are no secrets in the budget. This one has more information than any before it since Federation. It is a good indicator of open government.

When I hear the Leader of the Opposition, the member for Wentworth, and the opposition gaggle talking about the budget and the economy—and only to talk the economy down, I might add—it is obvious that they just do not get it that the world is gripped by the worst global recession in 75 years and a revenue downturn of some $201 billion, with the combined effect of the end of the mining boom and the global recession. This has not passed the people of Page by. The people in my electorate of Page know that we are in the worst global recession in over 75 years and they know the roots of that. They also know that the government acted decisively in our national interest to protect jobs and to protect our economy by adopting an economic stimulus recovery plan that has as its core 70 per cent infrastructure, with over 35,000 projects nationwide.

In my electorate of Page I have 97 schools, with 84 of them being primary, special or K to 12, which are all eligible for new infrastructure—a new hall or library or other infrastructure
that is a pressing priority in a particular school—under the Building the Education Revolution or under the National School Pride Program funding. And the high schools are eligible, on a competitive basis, for a new science lab or language lab. I know that all schools love it and the locals love it. It is about nation building at its best and it is about local jobs. It is the largest school modernisation building program the nation has seen, and it complements the education revolution. But it is not just about schools; it is also about universities and TAFEs. I have the Southern Cross University in my local area, which covers the whole North Coast. It has benefited through this budget. The North Coast TAFE is in my area. I hope the North Coast TAFE is successful in its bid for some project funding under the capital component in the budget.

This takes me to last week’s decision by the Prime Minister to support my local area getting recognised as a priority area for the Jobs and Training Compact and securing our local employment coordinator, Christine Williams. Christine has had a lot of experience in this area and will work really well in this position. I have had some preliminary discussions with her on some of the ways forward. I want to say thank you to my parliamentary colleagues the member for Richmond, who is the Minister for Ageing, and the member for Lyne for working cooperatively together to ensure that we secured this outcome for the Richmond-Tweed-Clarence Valley area and the mid-North Coast.

Across Page, the government’s nation building for recovery plan has some 157 projects underway, with an investment of $43.8 million—121 school projects to date; 16 black spots and boom gates already funded under the program; and $10.9 million for five local councils under the Community Infrastructure Program. This program will see the federal government working directly with local government through the local members, thus ensuring that local priorities are responded to. I work closely with my five local governments and especially with the mayors.

I would like to speak a little more about Page. I love representing the people of Page. It is beautiful country—rural, coastal, mountainous, forested and urban. I love Lismore, where I live, but I could live anywhere in Page and be happy. There are so many beautiful, welcoming places. We are a friendly bunch of people and very kind to each other. The reaction to the floods that we recently experienced showed this, as does the way we have welcomed into our midst refugees from war-torn places in Africa and the way we help our own—our children in need, our homeless, our forgotten, our veterans and more.

Turning to the national and local retail figures, we all would have seen yesterday that the Australian Retailers Association released its fact sheet which showed that in April there was a 0.3 per cent growth in retail turnover that heralded an 8.4 per cent increase in retail trade company profits over the March quarter. I have had discussions with local shopping centre managers who confirmed to me that their figures are up by a similar margin and even more. The same can be said of shop owners and businesses, especially food outlets. Real estate is also tracking along nicely. The first home owners grants are working. Yesterday the Housing Industry Association said that figures were up and that that is a good sign for recovery—though I am not at the point of wanting to gloat about anything; I am just outlining what other people are saying and the figures that they are revealing. We do know that the combination of the increase in retail spending and the increase in building approvals and developments is showing good signals. Along with this, the government’s insulation project, a major compo-
nent of the recovery and infrastructure spending, is one of the biggest environmental and jobs projects the nation has seen. My area has had a huge take-up and I am pleased to report that our local TAFE, the North Coast TAFE—and this will probably also occur at Wollongbar—has organised training courses for locals to be trained in insulation installation. That was something my team and I advocated for.

I want to make several comments about the opposition. On the one hand you have the opposition talking the economy down. When they are pressed to suggest what an appropriate level of debt might be, you get all sorts of figures from different members of the opposition—there is no unity—or you get a blank look and no reply. One member might say that under the coalition it would be $21 billion less than the projected deficit; another might say it would be $125 billion less. You have the Leader of the Opposition saying maybe $177 billion, but there is no clarity at all. The member for Cowper, which is the electorate beside mine, is a member of the National Party. In the November 2008 edition of the *Clarence River Lifestyle* he said a number of interesting things about the Rudd government’s economic stimulus package. His comments were the opposite of what some members of the opposition have been saying—it seems they do and say anything. He said:

The global financial crisis is not just about financial institutions. As its longer term effects become clear, it will affect each and every one of us, particularly if the Australian economy slows further as a result. The package will help stimulate the economy …

I have heard other members of the House denying that. Here it is in print. The article finished: “The local economy will benefit from these increases in the first time buyers’ grant. The more homes that are built, the more people are employed. The more homes that are bought, the more money is spent on fitting them out and on renovations, all of which helps local businesses,” said Mr Hartsuyker.

That is what I have been saying about the economic stimulus package recovery plan: it is about jobs, it is about small business, it is about recovery and it is about helping local economies—all very interesting.

Turning to local issues, the issues I have covered have been my election commitments—the Ballina bypass, the Alstonville bypass. On ABC radio this morning, I heard the Leader of the New South Wales Nationals, Andrew Stoner, talking about how the Alstonville bypass had been dropped from the state budget priorities. I got on radio to correct that. It really proves that they will do and say anything to put fear into the hearts of people. It is a federally funded program of $90 million. It was an election commitment. The money is there and the project has started. Along with the Minister for Infrastructure, Transport, Regional Development and Local Government, I turned the first sod, in company with the chair of the Alstonville Bypass Committee, Bob Wilson, and other members. The project is underway. This just proves that they will do and say anything and do not care if they mislead or strike fear into the hearts of people, particularly the people who advocated for decades to get the Alstonville bypass up and running.

I would like to say a couple of things about the floods. You would know that the floods swept through my seat of Page recently and also across the North Coast of New South Wales and South-East Queensland. The recovery effort, which is underway, is wonderful. I want to thank some people who did not get a guernsey when I was speaking about it recently as my time expired. I want to thank our local commercial radio stations, which played a major role in keeping our communities up to date with flood and emergency service issues and warnings.
The local Lismore based 2LM and the local Grafton based 2GF are both well-listened-to and well-regarded local commercial radio stations which play a part in the lives of our respective communities. There are also two local community radio stations. I am sure there are more, but the ones I heard were Bora Ridge based 88.9FM and Ballina based Paradise FM—to them I say well done.

I also want to spare a thought for some of our locals in the Lismore caravan park who lost their homes, their vans. I have spoken to some residents and, like the rest of the community, I am trying to help. The Northern Star newspaper is also running a community campaign to get them assistance. I have written to the Prime Minister, the Premier, the federal housing minister and the state housing minister asking them whether they could work through this with me and the local government to find a solution to their predicament.

I have also had some success with the local chapter of the Australian Macadamia Society. The CEO came to my office saying that they were excluded from the up to $15,000 cash grants available under flood recovery even though they lost a lot of their crop through wind which came as a result of the flood. I was able to successfully advocate to the state minister in this case, Ian Macdonald, and the guidelines were broadened to include our horticultural industry under this package. This is good because macadamia farmers have had three seasons where some of them did not have a sustainable income due to a range of extreme weather events from frosts to hailstorms, to floods and then wind damage from the flood.

I want to say ‘Well done’ to the chair of Casino Beef Week, Stuart George, to the committee and to everyone else. Casino Beef Week went ahead as planned, not even one week after the flood. It was hugely successful. It has been running for 27 years. I also say ‘Well done’ to Northern Co-operative Meat Company, one of our biggest employers in Casino, for donating breakfast for over 4,000 people.

Mrs MIRABELLA (Indi) (10.49 am)—One thing we need to be mindful of when we vote on budget bills and pass legislation in this House is the impact it will have when each of us are long gone from this place, when other members will be making decisions, future generations of Australians who will be living through the impact of our decisions and, in some cases, as is the case with this budget, paying for it.

We have seen this current government, the Labor Party, spend $10 million an hour for every hour since they were elected, and of course two-thirds of Labor’s debt is a product of their own new spending commitments. They have saddled every man, woman and child with a debt of $9,000. In Victoria, my home state, where the state Labor government has contributed its own debt, that debt for every man, woman and child is $15,000. We have now seen the revised debt figures, and debt is expected to rise to as high as $315 billion. This figure, if recent history is anything to go by, is likely to increase. These are not figures that are just thrown around; these are conservative figures from the farcically self-labelled economic conservative Prime Minister. These are real figures that will have a real impact. They are unprecedented figures.

This says to young Australians, ‘Not only are you going to live through a time of increased unemployment but we are also going to burden you with this debt.’ Why? Because this government panicked. This Prime Minister panicked. He was not experienced enough. He could not find another way to spin his way out of the poor public perception of his management of the economy and so he just threw more money at it. That is what we expect to see from this
Prime Minister. If there is another crisis or another problem, he will put even more debt on the credit card.

Madam Deputy Speaker, even though I am not a betting woman, I would wager a significant sum on the fact that it will not be this Prime Minister who will be responsible for making the very difficult and complex decisions that will result in this debt being paid off. We have had a look at the budget papers, and they assume above trend growth for six consecutive years, followed by trend growth for another six years. It is assuming an unprecedented 12 years of uninterrupted growth at or well above the historic trend. This is not believable; most people do not believe this. We want to think the best but we also have to be utterly realistic. The Prime Minister, when questioned in the House, said that all net government debt will be paid off by 2022. Again, that is an extremely optimistic figure and there has been nothing in a very real and professional way to substantiate that particular claim. The government continue to refer to figures that are not in the public domain. That is a key flaw in their whole approach to the budget and to explaining what is in the budget.

There are some groups that are already being hurt as a result of having to pay for the government’s panicked spending. For instance, we have had significant discussion in the House on changes to the youth allowance. The Deputy Prime Minister has mocked the current system and has claimed that the Liberals, as she put it, support the current system and those on salaries of $200,000, $300,000 and $400,000. This is to say that the current system of youth allowance is not needed by those families of young people who are currently taking a gap year and who were relying on the youth allowance. There would not be the protests and the expressions of anxiety and consternation right across rural and regional Australia if this were not a real issue. This has been seriously misjudged by the government and the Deputy Prime Minister, and they ought to look at it again. This punitive policy, which is punishing young Australians, is the result of poor economic management by the government and the debt it has incurred in this budget.

But they are not the only ones. Some $908 million, or 32 per cent of funding, will be cut from the Department of Agriculture, Fisheries and Forestry next year and 312 jobs, including 60 graduate research positions, will be lost. Rural and regional members have banded together and lobbied for the extension of exceptional circumstances support for drought affected farmers. I trust that the government will continue this valuable program. If we want to have the capacity to grow our own produce, we need to ensure that whole industries do not close down. It is far too expensive and often almost impossible to restart these industries once they have disappeared. It is in the national economic interest to sustain the agricultural industries through these difficult drought conditions. And some more money has been scrapped. We have seen more than $35 million cut from biosecurity and quarantine, leading to the loss of a further 125 jobs. That means export markets will incur a 70 to 80 per cent increase in fees, and that will have serious applications for those industries.

Water is a key issue about which there has been much discussion. As someone whose electorate contributes significantly to the Murray-Darling Basin, I am always aware of the problems on the ground and keen to see where water policy both nationally and at a state level takes us. The budget reveals that the government will ignore 600 billion litres of annual water savings in Australia. This government has failed to deliver the vital water infrastructure that is needed to improve the health of the Murray-Darling Basin for all those who rely on it. That is
a very sad state of affairs. In essence the government is spending vast amounts of money on buyouts rather than on replumbing rural Australia.

We have seen all sorts of supposed commitments to infrastructure. In the limited time remaining to me, I want to mention the Nagambie bypass project in Victoria. The bypass will be 17.4 kilometres in length, and 21 per cent of traffic on this part of the highway is heavy vehicle traffic. In 2007 the coalition pledged $288 million to immediately complete the bypass, which represented 80 per cent of its estimated cost. The Labor Party have followed that with an election commitment of $216 million. So far they have provided funding of $8 million—$5 million for planning in May 2008 and $3 million in December 2008.

After the release of the budget on 12 May, the Minister for Infrastructure, Transport, Regional Development and Local Government put out a media release in which he listed a number of works to be funded across the states. This included a reference to the Nagambie bypass. But there was no mention of the amount of funding to be committed by the government. The only information included was that work would start in 2009-10 and that the project is scheduled for completion in 2012. Minor work has in fact already begun, so in substance the minister’s pledge does not mean much unless he can guarantee that major work will begin this year.

When my office asked what commitments have been made by the government for subsequent years, the minister’s office refused to ‘speculate’. They said the $37 million for this financial year is all that has been published. The government have forward budgeted for other projects. They have included paid parental leave in this year’s budget even though they are delaying it. The people of Nagambie have been waiting long enough. They deserve a cast-iron assurance from the federal government that the money will be provided so that major works can begin. Either the minister’s office has given inaccurate information to my office and there has been forward budgeting, or the government has not forward budgeted for the Nagambie bypass. I ask the government to clarify this.

We have seen other announcements by the government, and they fall short of actually fulfilling some of the government’s infrastructure commitments for rural and regional Australia. We have had significant debate on private health insurance rebates, and the government knows full well it has broken its promise; it knows full well that its changes to the private health insurance rebate will have significant impacts on the public health system and, overall, will reduce the quality and availability of health care right across Australia. Even in my electorate of Indi, just over 33,000 people have private health insurance—37 per cent of the population. We have seen that 56 per cent of all surgical procedures are performed in private hospitals, and it is estimated—the government can dispute it to cover its decision and its broken promise—that premiums will increase. For many who are on the margin, that will have a further impact on the affordability of private health insurance.

At this point, in the limited time available, I would like to focus on a few key portfolio matters relating to my shadow ministerial responsibilities. We have seen in this year’s budget the Labor Party’s failure to deliver on its promise to build 260 new childcare centres. Their plan for early childhood promised to ‘make child care more accessible by establishing 260 new long day care centres on school, TAFE, university and community sites’. But after 18 months the government has budgeted, at a cost of $114½ million, for 38 centres. Of those 38 centres, five or six are at any type of planning stage and not one is yet completed. We on this side of the House have repeatedly called on the Rudd government to answer these questions:
who is going to pay for the other 222 centres. Where will they be built? How much will they cost? Will they contribute to the problem of oversupply? And exactly when will the promise be delivered in full? These are very pertinent questions. We found out on budget night, on page 24 of the Deputy Prime Minister’s ministerial statement, that:

The remaining up to 222 early learning and care centres will be considered when the childcare market is settled and based on the experience of the priority centres.

For an issue which formed such a significant part of their early childhood policy, it is certainly an important backflip and an admission that the assumptions on which the policy was based were incomplete and flawed.

The government’s unwillingness to release childcare vacancy data to provide real information and direction to the industry is absolutely inexcusable. The reason the government gives for not delivering its promise to build 260 childcare centres is that it wants to wait, as the Deputy Prime Minister said, until ‘when the childcare market is settled’. The collapse of ABC Learning has highlighted all sorts of demand and supply issues within the childcare industry. In order to have some certainty in the childcare market, the industry’s main requirement now is to have some idea where demand hotspots and chronic undersupply are actually located. The government has itself contributed to this uncertainty by refusing to release the childcare vacancy data. This data was last released publicly in April 2007, under the previous government.

So the government will reconsider this promise to build the remaining 222 childcare centres when there is greater certainty in the childcare market. But it is the action of the government itself, by refusing to release the vacancy data, that is actually contributing to uncertainty and instability. The mind boggles about which direction the government is taking child care and early childhood development, because there is a lack of transparency. You have ask why there is a lack of transparency; why will the government not ask the questions. It is because it is all turning into a big bureaucratic mess.

It gives me no pleasure to have to raise these issues, but as the shadow spokesman it is my responsibility to do so. The paid parental leave scheme to which the government has committed is supposed to provide 18 weeks leave at the adult federal minimum wage and commence in January 2011. The Minister for Families, Housing, Community Services and Indigenous Affairs said on 11 May:

We’ll put the legislation into the Parliament before the next election.

I ask the question: how can Australian families have confidence that the government will fulfil this commitment when it has squibbed out of so many other commitments, when it has squibbed on the private health insurance rebate, when it has squibbed on the promise to deliver 260 childcare centres? The Prime Minister provided an out clause when he said in his press release on 10 May:

The scheme will come into effect when the economy is expected to be recovering and the economic outlook improved.

With all economic indicators pointing towards the country slipping deeper into recession by the time this scheme is due to commence, Australian families have to question whether this election commitment will fall by the wayside too. We have seen the budget papers show that by 2010-11 there will be one million people unemployed, there will be a record deficit and the
interest bill will keep piling up to $8 billion in 2012-13. Families, individuals, older people, seniors in our community are paying and will be paying for Labor’s reckless spending. In two years time who is to say that Labor will not renege on this promise, in just the same way as previous Labor Prime Minister Paul Keating reneged on his L-A-W law tax cuts, which were legislated for but never delivered.

My time is coming to a close. In concluding I would like to say to the people of my electorate and to the people of Australia that we are living in difficult times, unprecedented levels of debt, as a direct result of the actions of this government that will burden future generations. I hold serious concerns, particularly for the younger people of this nation. Recalling the impacts on youth unemployment of the last Labor recession we had to have, which effectively put young people’s lives on hold for many years, I certainly hope that is not the result of this recession.

Mr GIBBONS (Bendigo) (11.08 am)—The economic crisis continues to reverberate around the world, affecting both developed and developing countries and economies. Of course, Australia is not immune from the impacts of this global recession, and new figures from the Australian Bureau of Statistics have confirmed the impact of the downturn on the business investment and construction industries. Capital expenditure fell by 8.9 per cent in the March quarter and businesses are scaling back their investment plans for the coming year. This is not surprising in the face of the worst global economic conditions in 75 years, and that is why the Rudd government has taken decisive action to provide incentives for private-sector business investment through small business and general business tax breaks.

This investment allowance was increased and expanded in the budget to provide additional help for small businesses to invest in building their future capacity. Businesses with a turnover of less than $2 million can claim an additional tax deduction of 50 per cent of the cost of a new asset, and those with turnovers of more than $2 million can claim up to an additional 30 per cent deduction. But in the current economic climate, we cannot rely on the private sector to keep investing and supporting jobs. That is why the government is taking action to stimulate economic activity at a time when the private sector either is reluctant to invest itself or cannot raise finance because of the freezing up of global credit markets. This action will result in thousands of Australian businesses, large and small, getting government contracts to supply goods and services. This will keep thousands of Australians in jobs who would otherwise be unemployed and unproductive.

In 12 months time there will be about 35,000 individual construction projects around the country, including the largest school modernisation program ever. All of these will be boosting local economies and small businesses right across Australia. They will be keeping contractors, trades men and women, truck drivers and small businesses working and employing Australians.

We have just seen again the impact of the Rudd government’s actions on retail sales, with consumers spending a record $19.4 billion in April. This was a 0.3 per cent rise in the month and followed a 2.2 per cent increase in March. Retail sales are now running at an impressive 4.8 per cent above the levels for November last year, when the government’s first stimulus payments began to flow. The government’s response to the global economic crisis has been decisive and it is working, but there are still risks ahead for the country, and among the biggest risks are the parties opposite. Their continued ideologically driven scare campaign to un-
dermine the government’s economic strategy puts at risk Australia’s ability to weather the global economic recession. They are putting much needed investment in the country’s failing infrastructure at risk and they are putting Australian jobs at risk.

A few days ago we saw a disgraceful attempt by the coalition to claim that the government’s funding has not been directed to rural and regional Australia. I represent a regional electorate and one that includes towns with some of the lowest scores in Victoria on the socioeconomic indexes of the Australian Bureau of Statistics. Since the election of the Rudd government my electorate of Bendigo has received funding of around $145 million—$145 million of essential investment in central Victorian schools, hospitals, roads, railways and other community infrastructure. We started by delivering on our election commitments, with $5 million for the new GP superclinic in Bendigo, almost $2 million for Bendigo’s Chinese precinct and $500,000 for a complex care unit in Maryborough. We have also honoured a $15 million commitment for the Central Victoria Solar City project. Then there was $10 million for a shared trade training facility for Bendigo’s secondary schools, $2.4 million for computers in schools, $500,000 for a rural health unit at Elmore and another $500,000 for respite care.

Then we came to this year’s budget. Almost $60 million will fund the construction of the La Trobe University’s Northern Victorian School of Rural Health in Bendigo. This is great news for central Victoria and I am delighted that the hard work by La Trobe University and my office on this project has paid off. The tireless support for this project of La Trobe University’s Vice-Chancellor, Paul Johnson, demonstrates his personal commitment to the university’s regional campuses, and this funding must be particularly gratifying for him and his colleagues. It means that Bendigo’s entire health education precinct is now fully funded and construction work can start almost immediately.

This will help stimulate economic activity and support jobs in Bendigo, both during the construction phase and later, when the precinct is in full operation. The health education precinct will also include Monash University’s School of Rural Health and the Bendigo regional clinical school, the existing Monash University Primary Care Research Unit, the proposed GP superclinic development and the chronic disease management and education unit. New jobs will be created and the influx of new healthcare students will be good for Bendigo and regional Australia, because studies clearly show that students who study at regional campuses are much more likely to work in regional locations after they qualify. Once again, Labor has demonstrated its commitment at both federal and state levels to addressing the healthcare needs of people living in central Victoria.

Also included in the budget is $3.2 billion of funding to improve regional rail services in Victoria. This project includes duplicating the existing tracks in the western suburbs of Melbourne to speed up access to Southern Cross Station. This is great news for V/Line passengers travelling to and from Bendigo and other stations in my electorate as it will remove the congestion that country trains currently face when they get to the Melbourne suburbs. At the moment, V/Line trains often get stuck behind metropolitan trains on their way to Southern Cross Station, leading to delays and frustration for country passengers. Journey times and reliability will be improved because country and metropolitan trains will for the first time run on separate lines to the suburbs. This will be the first new rail line in metropolitan Melbourne for 80 years, and it not only helps bring Melbourne closer for central Victorians but it brings central...
Victorians closer to Melbourne. Businesses in the region, including those involved in tourism and hospitality, should get a boost from this significant Commonwealth government investment.

With this funding Labor is again showing its commitment to rebuilding transport infrastructure for the benefit of regional Australia—transport infrastructure that the coalition ignored for almost 12 years while they were in office, with the exception of course of the blatant pork-barrelling by the Nationals, in particular, who were desperately trying to shore up their declining vote by targeting marginal Labor held electorates.

Central Victoria has already shown its commitment to clean energy technologies with projects such as the Central Victoria Solar City and the establishment of Solar Systems’ $10 million research and development facility at Bridgewater just outside my electorate. The budget is now offering the region a fantastic opportunity to confirm its leadership and the use of renewable energy. The City of Greater Bendigo is sponsoring a community oriented team to prepare a bid for the $100 million national energy efficiency initiative announced in the budget. There is widespread local interest in this proposal and several local organisations are keen to participate, including the Bendigo and Mount Alexander sustainability groups, the Central Victoria Solar City group, Bendigo Bank, Bendigo Business Council, Bendigo Media, Powercor, Regional Development Victoria, Bendigo Regional Institute of TAFE and La Trobe University.

The government is offering $100 million in the next financial year to one regional city of at least 25,000 people. Winning this new funding would enable Bendigo to create a modern renewable energy network that integrates a smart grid with smart meters in homes to significantly increase energy efficiency and reduce greenhouse gas emissions. The smart grid technology uses sensors to monitor electricity supply across the distribution networks and makes it easier to integrate renewable energy like solar and wind power into the grid. The budget is giving central Victoria a fantastic opportunity to confirm its leadership in the use of renewable energy technology and there is no reason why Bendigo should not be able to compete successfully for this funding.

The government’s $800 million Community Infrastructure Program is the largest ever one-off federal investment in local infrastructure across Australia. Almost $15 million of funding under this program has been allocated for projects in my electorate. These include $3.3 million for Maryborough’s station domain, a new community precinct which is the most substantial infrastructure component of the Central Goldfields Community Action Plan; and $5 million towards a new sports and aquatic centre at Kyneton to replace an outdated 50-year-old outdoor pool. This project includes a new 25-metre eight-lane pool, a learn-to-swim pool, an exercise pool for physical rehabilitation and four new synthetic tennis courts that will help conserve water in a drought affected town. This investment will also go some way towards rebuilding the community spirit after the recent bushfires.

There is $2.2 million to fund enhancement works at Castlemaine Botanical Gardens to refurbish the significant heritage infrastructure and improve pedestrian access. In addition, a further $4.2 million has been allocated for a myriad of smaller infrastructure projects as part of the Rudd government’s initiatives to boost central Victoria’s economy during the global recession. Community infrastructure, including footpaths, community halls, libraries and
The Rudd government has invested $26 million in schools in my electorate, $9 million of this through the National School Pride Program and a further $17 million for primary schools under the Primary Schools for the 21st Century program. These programs are delivering much-needed investment in school facilities and funding for school maintenance. Importantly, they are also supporting local jobs by creating demand for tradespeople in communities across the region.

The construction of 32 social housing units will also create work and support jobs in my electorate. Funding of $6.7 million for these has been approved and construction will start shortly and be completed by June next year. Another $1 million has been allocated for road safety improvements in my electorate under Black Spot Program funding, and five high-risk rail crossings will get new boom gates and warning lights.

The opposition has been running a scare campaign in regional areas about the changes to student income in the budget. There has been a considerable amount of misinformation about these changes which mean some 68,000 additional students, including many from regional and rural Australia, will now qualify for the youth allowance. The scare campaign by the opposition has been about one element—the workforce participation criteria for independence—and it has done nothing to help parents and students understand how the changes will affect them. In working out how their children will be affected parents need to take into account all of the changes to student income support and not just the changes in the workforce participation criteria. From 1 January next year more regional students will qualify for youth allowance under changes to the parental income test. They will receive full allocation if their parents earn up to $42,559, up from the current threshold of $32,800.

Youth allowance payments will only start to reduce if parents earn more than this threshold, and many regional students will receive some allowance up to a much higher income cut-out point based on their family circumstances. For example, a single child aged under 18 living at home will receive some allowance until their parents earn $74,419 instead of the old cut-out of $58,288. If that child lives away from home, the cut-out point increases to $90,974. And for families with more children, the limits are even higher. For those with two children aged 17 and 21 living away from home, the cut-out will not be until their parents earn $139,388.

Any student who receives at least part-payment of youth allowance can also receive a range of other support, of particular benefit to regional students and their families. These include the Student Start-Up Scholarship of $2,254 each year, higher away-from-home rates for youth allowance payments and relocation scholarships of $4,000 in the first year and $1,000 for each year thereafter. More students will also qualify for youth allowance as a result of changes to the age at which they are considered to be independent from their parents. At the moment students are not considered to be independent until they are 25 years old, unless they can demonstrate their independence in other ways. This age limit will be progressively reduced to 24 years in 2010, 23 years in 2011 and 22 years in 2012.

Some students undertake paid work to demonstrate independence from their parents, but the Bradley review found that many students who qualified for youth allowance in this way came from better-off families. More than one in every three students came from families who earned an income of more than $100,000, almost one in five came from families earning more
than $150,000, and one in every 10 students came from families earning more than $200,000. The Youth Allowance was designed to help less well-off families give their kids a decent education, not help those who can well afford to send their children to university. The government’s tough decision to tighten the workforce participation criteria for independence means that more support will go to students who need it most, including many from rural and regional Australia.

All central Victorians have welcomed the $32 a week increase in the single age pension and $10 a week increase for couples that was announced in the budget. This is great news for older Australians, many of whom are finding it hard to make ends meet in the current economic climate. In December last year, the Rudd government made lump sum payments of $1,400 to each single pensioner and $2,100 to each couple, payments that did their bit to support retailers, as I mentioned earlier. I estimate around 17,000 central Victorians will benefit from the increase to the age pensions, and this will inject an additional $15 million into the local economy. Of course, this pension increase is just one step Labor has taken to reduce the impact of the global economic crisis on pensioners’ budgets.

The Rudd government’s other initiatives to help older Australians include reviewing the value of investments following the recent dramatic falls in share markets, twice lowering the deeming rate to take account of lower investment yields and tax bonuses of up to $900 for self-funded retirees who paid tax on their investment income last year. As you can see, the Rudd government is not neglecting regional Australia and it has certainly not been neglecting central Victoria, with $145 million invested in the region in its first 18 months of government.

So how would that compare with the coalition’s record when they were in government? Their record has to be the very definition of neglect. With the exception of the Calder Highway duplication, which they had to be dragged kicking and screaming into funding, in almost 12 years of coalition government we saw only a tiny fraction of investment in my electorate compared to the Rudd Labor government’s massive boost, which is designed to cushion the impact of the financial crisis we inherited. While the Liberals and Nationals were pork-barrelling unviable projects in their own electorates under their discredited Regional Partnerships program, the infrastructure of central Victoria was left to crumble and decay. Of course, the story was the same under the coalition state government of Jeff Kennett: schools were closed, hospitals were shut, rail services were terminated and road improvements and maintenance were neglected. It has taken Labor governments in Melbourne and Canberra to start to restore the infrastructure of regional Victoria, and this year’s Commonwealth budget is Labor’s latest commitment to the regions. Central Victoria will enjoy a major uplift in its schools, health care services, transport infrastructure and community facilities from the Rudd government’s latest budget. I congratulate the Treasurer on bringing down a budget that is appropriate for the economic circumstances that we face as a nation and I commend the budget to the House.

Mr RAMSEY (Grey) (11.24 am)—I rise to address the budget bills. Let me start with a personal story. Some two years ago, when I was campaigning to be elected to this place, I was out doorknocking. Many times I would come across good Liberal supporters who would say to me: ‘We can’t let the Labor Party get into power here. If the Labor Party get back in, within a term we will be back in $100 billion worth of debt.’ I would nod my head sagely and agree
with them. In my heart I never thought that this could possibly be the case. It is an extreme
disappointment to see not only that occur but a far worse situation.

Here we are with a budget of unprecedented peacetime debt and it is only early days yet.
How can we believe the government when we have had a full year of budget and growth revi-
sions? Remember that just 12 months ago the Treasurer told us that, because of his incredible
fiscal rectitude, he was delivering a budget surplus of $23 billion, that delivering a surplus
was the most important thing that he could do for the Australian economy and that only he
and Kevin Rudd could save us from hyperinflation. All that happened just before the economy
was hit by a truck that the Treasurer did not even see coming. Make no mistake; this Labor
government is unlikely to ever deliver a surplus of any sort.

How long ago it seems. All year the Treasurer and the Prime Minister denied that the
budget would run into deficit, then that Australia would have to endure a recession, and then
came the excruciating display, as we all tried to get either of them to tell the unpalatable
truth—$315 billion debt. I wrote in my last newsletter that the government had been deliber-
ately trying to fudge the difference between millions and billions. I heard a great example the
other day: one million seconds is equivalent to 11½ days; one billion seconds is equivalent to
32 years. That is the difference between a million and a billion. No wonder the Prime Minister
could not mouth the words. He knows exactly what that debt means. The net debt means that,
by 2016, every man, woman and child in Australia will owe in excess of $10,000. Consider-
ing that less than half our population is in the active workforce, and that ratio is moving the
wrong way, a young person starting work in 2016 is quite likely to be responsible for a Com-
monwealth debt of $20,000 plus. To that you can now add state government debt, which is
likely to double that amount, and then you can add interest to all of it. It is not a very appetis-
ing thought, is it?

Let me go to the subject of interest rates. Following the Prime Minister’s claim that debt
will be retired in 2022, it is worth examining the assumptions in the budget which plan for a
government bond rate of 4.75 per cent over that period. It also assumes a very gallant 4.5 per
cent growth rate for the two years coming out of the recession that the government did not
think would happen, followed by growth averaging four per cent over the next four years.
Those estimates have been discredited by almost all in the financial sector, but let us just as-
sume for a moment that this perfect world scenario can be achieved. Does anyone seriously
believe that, with growth exceeding four per cent for more than six years, interest rates will
remain at less than five per cent? We need some honesty about this debt level and the interest
rate debt risk.

The problem is that many on that side of the House actually believe the hyperspin being
fed to them. Following the delivery of the budget, I attended an in-house dinner at which an
appraisal of the economy was given by KPMG. There was an opportunity for questions and,
as we had not been able to get an answer out of the Treasurer in parliament that day, I asked
when he expected to pay off the debt he was accumulating on behalf of the Australian people
and when he though the government would retire that debt. The telling point, however, came
from a near neighbour, a Labor backbencher, at the table I was sitting at, who muttered, ‘In
2016; why don’t you read the budget?’ In 2016! Clearly he had not understood the difference
between deficit and debt. The deficit is expected to disappear in 2016, not the debt. That is
just when we can start paying off the by then $210 billion of net debt. In any event, I did not
get any better answer from the consultant than we had received from the Treasurer on the day in the House. However, speaking to some of the presenters later I found that they were of the opinion privately that the government has no intention of retiring the debt. Mark this space: the Australian people are being prepared for permanent debt. I predict that if this government is allowed to stay in office the language will change. We will be informed that it is responsible for governments to carry debt. Remember that Australia’s unprecedented growth in employment and wealth was generated in a low-tax environment engineered by the no-debt policies of the previous government.

John Howard once said that the times would suit him. Now I think the times are indeed suiting this Labor government. The global financial crisis has given them an excuse to do what Labor governments have always done: spend other people’s money. In this case, it is our children’s money. As they are spending this money, they are positively gloating over their contribution to Australia. We have heard all the lines: ‘building Australia’s infrastructure for the future’, ‘addressing the backlog’ and ‘an education revolution’ et cetera. This is all being put on our children’s credit cards, and it is being done with an attitude of impossible smugness. If this government had paid for just one thing as a result of its own tough decision, we could maybe give it some respect; but it is doing things on money saved by the previous government or borrowed from future generations. It is a disgrace.

There are some signs in the economy of an early recovery. If this comes to pass, the government will claim it was all because of their good management. However, much of the good news is generated by a still strong export industry. Nothing in any of the government’s packages has been aimed at stimulating exports. In fact, some of the decisions have impacted negatively on it. If exports are to lead us out of the gloom and if we have already bottomed, Australians will ask in the future: ‘Why did we continue to rack up debt after the turning point? Why are many of these super-spending programs ramping up in the second and third years of the budget forecast when even the budget papers expected us to be back in a strong growth phase?’ They will ask: ‘Why did we keep spending, and did we get value?’

Yesterday in the House I raised the question of hyperinflation in the school building sector and gave the example of a school in my electorate that has seen its construction program cut by more than half. This is because in the last two months the buildings that it was expecting to buy had more than doubled in price. A huge cash splash in small sectors of the economy will always create distortions. Companies know that, if a government department has money that it has to spend or if it has an unrealistic time line, they have a chance to top slice, bottom slice and middle slice. I do not think this example is isolated. I have been approached by members from both sides of politics and they are seeing exactly the same thing in their electorate. This is not an isolated example. I have had a number of schools tell me the same story. The taxpayer is being ripped off by state government departments and corporate builders. The program needs real management, and it is not getting it. In the end, $14 billion may well buy $7 billion worth of poorly planned, slapdash school buildings—too much, too fast, with not enough thought and in too narrow a sector.

Let us look at some of the specifics of the budget. Nothing could upset me more than slamming the door in the faces of regional and rural students who are trying to access tertiary education. The changes to the youth allowance regarding the qualifications for independence have effectively spelled the end of the gap year. I have recently released a discussion paper on
this topic which suggests measures to address what has for years been an inequity. The system we had was far from perfect. However, the budget changes are about to make things worse. It costs around $16,000 a year more to have a student at university who has to leave the family home than one who can live at home. This is over and above the normal costs associated with attending university. One of the few ways that country students have been able to get some assistance is by getting a good paying job in the gap year, often doing seasonal work. Things are tougher now and jobs are harder to find. The budget tells us that we are heading for a million unemployed. Now kids are being told that they need a job for 30 hours a week and for 18 months over a two-year period. Those jobs are just not there.

The new stipulation requiring a two-year qualification period for students to apply for the independently assessed youth allowance effectively ends the gap year. It has left thousands of students who have taken the year off in order to qualify in limbo. Unfortunately, these moves will make tertiary education unattainable for many, and it will not be just parents saying, ‘You can’t go to university.’ Well-advised children—children who are in touch with their family situation—will make that decision. They will say: ‘No. I really don’t think I want to do that. I’ll go and do something else instead.’

The government’s attitude to agriculture has been confirmed in this budget, with the funding cuts to the Australian Quarantine Inspection Service being fully exposed. The export industries, which I touched on earlier, must thrive if Australia is ever pay off its debt. However, the government is withdrawing $40 million from the quarantine service. The government says that industry must carry the full weight. Many of the inspection protocols, which are driven by political agendas in other countries, impose higher levels of examination than our competitors have to deal with—in effect non-tariff trade barriers. This is part of the uneven playing field presented to our Australian producers, and the government is saying, ‘You’re on your own.’ At the same time, it is claiming credit for strong exports.

Further, the agriculture minister has acquiesced to another $12 million being ripped from his department as an efficiency dividend—the only department this is being required of. He is overseeing the closure of Land & Water Australia, and the cutting of a further $12 million from the Rural Industries Research and Development Corporation—all of this at a time when we are telling our farmers that they need to adopt new technologies to survive in a low-carbon world.

Now let us have another look at the government’s extravagant promises. Take broadband: prior to the last election, the Prime Minister promised a $10 billion fibre-to-the-node network to 98 per cent of Australians, with private enterprise picking up half the cost. To achieve this, the government ratted the $2 billion telecommunications fund put in place to provide for future technological changes in rural Australia. That is the one thing the government has achieved in its broadband revolution: it has grabbed the money. It is pretty good at that.

When this deal collapsed due to lack of support by the private sector, you would have thought that the government would have been just a little bit crestfallen, a bit embarrassed. No! It was a victory—a victory for spin if nothing else. The Prime Minister proudly announced that, because of the failure, they would now build a fibre-to-the-house network costing $43 billion. Of this $43 billion, half again is to come from private enterprise. I wish someone could explain to me how, if private industry could not work out how to make a profit out of a $5 billion commitment, they will—with exactly the same number of customers; not
one extra—make a profit out of spending four times as much. But not to worry—if private enterprise does not come to the party, the taxpayer will fund the lot. And guess what? What is in the budget for all this? $54 million over the forward estimates. That should do it! What a joke. The extra $42.963 billion is yet to show up in the forward estimates. And, to add insult to injury, if this network is ever built 10 per cent of Australians, rural Australians, are to receive the second-class highway. They will get a first-class bill—they will get their full share of the $43 billion debt—but they will get second-class service.

Depressingly, the overall message from this budget is one of oppressive debt—a message that Labor are, once again, intent on playing Father Christmas with our grandchildren’s credit cards; that they do not understand the long-term implications that higher debt and interest rates have for the whole nation; and that they do not understand what sucking $300 million out of the economy, plus the state debts, will do to long-term interest rates and the ability of the economy to grow in the medium term. This is a reckless budget: a big taxing, high spending Labor budget—a traditional Labor budget. It is a budget which most of Australia will regret in the longer term.

Ms BIRD (Cunningham) (11.38 am)—It is with great pleasure that I rise to support the Appropriation Bill (No. 1) 2009-2010 and cognate bills which are before the House today, and to address some of the context within which we enter the budget period and debate the outcomes of that budget today. In some ways it has been quite frustrating for me to listen to what I would consider to be the very basic level of economic debate from those opposite on the issues which confronted us in the budget.

What is the context of this budget? The context of this budget is a global economic crisis, with the full implications rolled out at the end of last year when the international financial markets started to understand the implications of the subprime crisis in America and how the spread of that debt throughout more complex financial arrangements had actually brought into danger many in the financial sector across the international economy. Not surprisingly, and very sadly, financial entanglements and collapses then flowed through to the real economy, and we saw what has now become known as the global economic recession. That is an unprecedented series of circumstances. In 75 years, we have not confronted, at an international level, that degree of challenge for economies. But you would think all that had never happened if you listened to those opposite in this debate.

The reality is that we are faced with a challenge that is significantly different from those that faced us at the budget last year. Anybody with a fundamental view of how an economy and fiscal policy should be run and what being an economic conservative actually means would understand that it means running an anticyclical policy. That is, when the economy is going boom, when it is going downhill at a speed of knots, you put the brake on. You act countercyclically in your fiscal policy.

When I first came into this place in 2004, I said in my first speech that I was a little bit concerned that we were a bit like the people at the party who had imbibed a bit too much and had lost our capacity to assess whether it was actually time to go home. Why did I say that? Because I was starting to talk to organisations like St Vinnie’s and the Smith Family in my area who had said to me they were getting a lot more people coming through from suburbs where they would not normally see people from, people who were seeking assistance because they had loaded themselves up with personal debt that when one thing went wrong, such as
an illness at work that required an extended period of time off work or a car breakdown which required buying a new car, their house of cards collapsed. Their financial circumstances would not stand up to an incident like that. It made me particularly concerned that as a government and a parliament—obviously I was in opposition at the time—we were sending out a message to people: ‘This is fabulous. Times are booming. We’re riding on the wealth of the nation. It’s okay to go out and hock yourself up to your eyeballs on credit cards. If you can’t pay the bill, take another credit card. Pay off that one with a new credit card.’ I was really concerned—to some extent, I said in my first speech, I was worried that I would be considered a bit of a wowsers—about the level of personal debt.

When those opposite talk about the debt that they inherited and the surplus we inherited what they fail to inform the Australian public is that the debt that they were talking about before the 1996 election was the foreign debt. Our foreign debt in terms of trade continued to go downhill under the previous government. Indeed one of the great achievements, I think, of the Rudd Labor government is the fact that we actually have a good terms of trade now. Again this week we have had good results on that. That is what builds long-term sustainability, not telling the Australian population during a minerals boom that it is okay for everybody to drown themselves in debt and not to consider what they will do when times get tough or hard decisions hit their families and how they will have the capacity to survive during that.

So what this budget does is acknowledge the context within which the budget is written, which is the fiscally responsible economic conservative thing to do. It acknowledges the global financial crisis, the global economic recession and the need in this circumstance for the government to put the foot on the accelerator. As private money withdraws from our communities we need the government out there putting money in to replace that. That is the debate we should be having. We should be hearing from those opposite arguments about how we are putting the foot on the accelerator. Are we putting it on in the right place? Should we put on the accelerator in different places? What exactly is going on?

The member for Grey, to his credit, entered into some level of debate about that with his concerns about the way the school infrastructure rollouts are occurring. He actually, I thought, put a reasonable debate around the nature of the spend. I do not agree with him. I actually think the hyperinflation he is talking about would be true if government money were competing with private investment in building in communities. I do not know about his community, but in mine my Illawarra Mercury was full of pages of private investment pulling out of building in our area, major construction projects being put on hold, tradespeople and contractors not being able to engage in their work because the private sector was not doing the building. There were pages of projects listed as cancelled or suspended. We are putting that building money in to compensate for the withdrawal. So I do not agree with his assessment about the hyperinflation issue. But at least he engaged in a debate that had some economic viability, that was actually about—

The DEPUTY SPEAKER (Ms JA Saffin)—Could I remind the honourable member for Kennedy that it is not accepted practice to take mobile phone calls in here, please. The honourable member for Cunningham was still speaking.

Mr Katter—I apologise.

Ms BIRD—I appreciate the honourable member for Kennedy’s apology; it was a bit distracting while I was trying to make my speech. The important thing is to understand that this
budget is within the context of the government actually having to get out there into our communities and put activity on the ground to ensure that we get through as best as possible in these difficult times. I will tell you what would be the worst possible thing. The first range of interventions, stage 1, if you like, was the cash injection—the bonus payments which those opposite like to dismissively describe as the ‘cash splash’. There is nothing worse for a community when hard times hit than small businesses going to the wall and being unable to sell your house because there are no people out there with the money to buy. You walk around your community and what do you see? Boarded up shops, streets with ‘For Sale’ signs out for months on end, and the people react by saying that things are in crisis and withdrawing themselves. It becomes a self-fulfilling prophecy. That sort of image and message means to people that they had better bunker down and not spend. Then you see more businesses go bust and more houses for sale that cannot be moved.

The injection of that cash money was critically important as the first stage of the government’s strategy during this difficult time. You only have to look at images of periods like the Great Depression. If you have a look at photos of the suburbs in my area from that time, that is exactly what you see—boarded up shops and boarded up ramshackle houses that people were not able to sell. That is exactly what our first injection of cash into the economy was about at that time.

The other thing that really infuriates me is that I think there is a huge slab of sexism in the criticism of cash bonuses. Whose jobs did the cash bonuses support? Retail and hospitality workers—by and large, women and young people. Are their jobs not as worthy of underpinning by the government as the tradespeople who are involved in the construction industry? Of course they are. But their jobs are dismissed by those opposite as a ‘cash splash’ and wasted money. I know in my area my local businesses tell me how important this measure has been. One manager of a retail store came out of his office when he heard I was in the shop to say to me, ‘Tell Kevin Rudd that made a real difference to me and I was able to keep staff on because of it.’

This particular budget sets up the nation-building infrastructure as the third arm of the government’s response. We had the first cash injection, and then the second was for quick, short-term building projects that you could roll out to get workers back into the workplace, as the private money was withdrawing from building, by getting the involvement of local tradespeople and all the associated workers around the trades. It was a case of doing something in the period that it takes you to plan and get established the larger projects. It is a flow-on effect through three stages. The third stage is the budget.

I want to put that context around it and make some reference to my own area. In my electorate there are some very important budget initiatives. The pension reform will be very welcomed in my area. We have an interesting population mix in my electorate; we have quite a good coverage of all the demographics. There are still 21,900 pensioners in my electorate who will benefit from the pension increases. This is the most significant reform of the pension system that I can remember. Perhaps to these pensioners my lifetime is not particularly impressive but I chatted to my grandfather, who is in his 90s, and it is the biggest increase he can remember. It is important to acknowledge how important it is not only to do the one-off payments and say ‘If we can afford this at the next budget will give you another one and we will
assess it every year to see whether we can afford to give it to you’ but also to actually make some structural improvement to the pension system. That is very welcome.

The $43.8 million for the University of Wollongong is a tremendous initiative. This is to establish the Australian Institute of Innovative Materials. It is an arm of the university that will take their research and turn it into generic prototypes. It is important for Australia to be competitive in the elaborately transformed manufacturing sector. People say to me, coming from a manufacturing seat, that manufacturing is dying in Australia. I say to them, ‘Only if you let it.’ The reality is that manufacturing is growing but we will compete in the clever, problem solving, smart end of manufacturing, not in mass production. That is exactly what this investment at the university is about.

Mr Katter—You’re not serious!

Ms BIRD—It is true, Bob. I will give you an example. In my area, D&B Gears, which was previously a mass producer of gears in my electorate, is now an extremely successful exporting business. Why? Because they gave up the mass production of gears and now produce large-scale individual key projects for places like ports, where they go in, assess the needs, develop the gears, manufacture the gears and install and provide after-sale service. They do that very successfully. That is what we should be encouraging. The university wants to be part of that and I commend Gerard Sutton and his team for getting this allocation.

Most importantly, as I have outlined, there are 61 schools in my electorate, with 87 projects going on, a total of $36.11 million of work. I am a bit biased on this. Not only is it important to jobs but, as a former teacher, I believe the quality of the place you send your kids to gives them a very significant message about how you value their education. If you continue to send them to buildings which are run down and leaking, I think you are saying something to them about how important their education is. Infrastructure in schools is critically important to young people.

As chair of the Standing Committee on Education and Training, I want to finish on the change to youth allowance. Having two students studying at tertiary level, I think it is very important that we understand that the parental income has been raised, that many young people who have been expressing concern may actually now, for the first time, be eligible for youth allowance under the parental income test and not have to defer, to take 18 months off to gain independence status. If those opposite are genuinely interested in helping young people, I encourage them to look at the full suite of reforms under the youth allowance system to see whether individuals can now go straight on to university and do not have to take time off. I commend the budget. I think it is the right budget for difficult times. I encourage those opposite to engage in a more informed and constructive debate about how we deal with the times we face.

Mr KATTER (Kennedy) (11.50 am)—I agree with the previous speaker’s remarks about the opposition talking about debt. Remember the debt truck the last government had running around Australia, saying how terrible the ALP was, when the debt was $194,000 million? When they had finished with the Australian economy, the debt was $678,000 million. Whenever Mr Costello said he had balanced his budget, I could not help but scream out—and I know it is very bad form—‘You balanced your budget but you sure didn’t balance the budget of this country. It’s a pity you didn’t spend a bit more time looking after the country instead of looking after your own political profile,’ because that is what was done. Having said that, with
all due respect to the last speaker, we have the lowest manufacturing base of any country. I am sorry; I flare up when they say that we are going to be the smart country. Let us be brutally blunt about it; we think that, because we are Anglos, we are a little bit smarter than everybody else—that is what is in our heads.

_Ms Bird interjecting_

_Mr KATTER_—You are talking about countries that produce motor cars which halve the amount of petrol consumption. The Prius is so brilliant and clever. You are talking about a country like China which puts a satellite up into the sky every second week. Are we going to compete against those countries? Good luck to you but I have to say that the statement is not only wrong and simplistic but it is also very dangerous and contains a certain amount of racial arrogance. I am sorry to say that, but that is my belief.

_Ms Bird interjecting_

_Mr KATTER_—I said the statement; I did not say the person.

_The DEPUTY SPEAKER (Ms J. A. Saffin)_—Would the honourable member for Kennedy please—you withdrew?

_Mr KATTER_—I withdraw the remark and apologise.

_Ms Bird_—I would appreciate it, because my comments were nothing to do with race.

_The DEPUTY SPEAKER_—They are withdrawn. Thank you.

_Mr KATTER_—I apologise and withdraw. For the edification of people in this place: we have the lowest manufacturing base in the OECD, except for Turkey. So there are two turkeys out there—us and another country called Turkey. People coming in here and seriously saying that we are going to do this are insulting the intelligence of all of us, and they are people who obviously do not think about these things. Our manufacturing base has been destroyed because in every other country governments regard it as their responsibility to get behind and to back up their industries. We give them a lecture on free markets and say how they should be tough and be able to compete against the rest of the world. In the real world, you try competing when other farmers are given a 49 per cent head start. That is the average subsidy and tariff level in the world—49 per cent. Australia’s is four per cent. You try competing when your competitors have a 49 per cent start. You are running a 100-metre race and you are giving your competitors a 30-metre head start. I could beat Linford Christie over the 100 metres if I were given a 30-metre head start, I can tell you. You are setting us an impossible task. It is worse in manufacturing. When we get behind our industries, look at what the results are.

This government has talked about nation building. There are two items in this budget, neither of which I might add are costed out—which means they are just a wish list. They are not actual items in the budget. One is the tunnel to the Tamworth coal. That is nation building. It will enable coal to flow and it will enable us to open up the coalfields of western New South Wales. There is also the proposal to put the transmission line into the north-west mineral province, which I represent, and into the Pilbara region. We thank very much the minister, Martin Ferguson—a minister doing an excellent job—for his initiatives in these two areas. They are not line items in the budget, so I do not know whether I am being a little bit hasty in thanking the government for them.
Nation building is not about insulation batts in the roof. It is not about cutting the wait time for motor cars in the big metropolitan areas. It is not about making a bigger classroom. With all due respect to the last speaker, making classrooms bigger is not going to create any jobs for Australians. The government policy will mean we will end up in three years time with no jobs and no money. I have applauded the government, and I just cannot believe the attitude of the opposition in this place. I would like the representative of the opposition to tune in here. The opposition are either economically illiterate—as they have absolutely no idea what they are talking about in criticising the government for borrowing money—or, alternatively, they are being extremely politically mischievous and irresponsible. In an onrushing depression you have to spend money. There is absolutely no question about that. There is not an economist on earth who would agree with having a balanced budget when you have an onrushing depression. If you cannot see an onrushing depression out there then you must be one of those blokes standing on railway lines and saying: ‘No, no. Those lights are going away from us, not coming towards us.’ What if the opposition happens to get into government and carries out these policies?

Those of us who read history books—and there are very few of us in this place who do—will recall that in 1932 the people of Australia had a choice in backing Ted Theodore. He, along with Bjelke-Petersen, was named one of the two great Queenslanders in the state’s history. I would say in Theodore’s case he was easily the most important person in Australia’s history. He created your labour movement, Madam Deputy Speaker Saffin. He was the person who created that movement. One in 32 of us went down the mines and never came back up again. People died a terrible death from things like miner’s phthisis or were killed in dreadful accidents. All that was changed.

When we talk about nation building, we think about ‘Red’ Ted Theodore, who built the sugar mills in Queensland. They were built with government money. This is horrific heresy for the opposition—and, I regret to say, also for the government because the government also is still officially and formally, in spite of some rhetoric from the Prime Minister, very much a globalisation, free-market government. The policy of this government is marketism, the same as the policy of the last government. What do you need to convince you?

You know your country has no manufacturing. The honourable member for Gippsland must know that agriculture in this country is collapsing and he must know that there was $200 million of debt when the Howard government came in and $700 million of debt when they went out. Where did that debt come from? It came from the fact that we could not trade anymore in this country. We have asked our farmers and manufacturers to compete on the most unlevel playing field in the world. Barack Obama in the last few months has said that every single government job will use American steel. I am sure every American said: ‘Good on you, Barack. We’re in there barracking for you.’ Are we likely to get that sort of result in Australia? When President Bush was there he said, ‘We’re not going to stand aside and see our steel industry collapse,’ and he bunged on intermediate tariffs. Is there any intermediate tariff coming in to protect Pacific Brands? No, there most certainly is not.

Let me return to the concept of nation building. In this place we praise greatly the Minister for Resources and Energy, the member for Batman, for his initiative with this and the tunnel into the Tamworth coalfields, but, with all due respect, these are very small items in a budget of $270,000 million. The $43,000 million for nation building went to putting insulation batts
in roofs, building bikeways and making classrooms bigger. I am reminded by the member for
Throsby, who has just come in, that nation building is about Senator Button providing $370
million to restructure the Australian steel industry. He was a very great Australian. This is one
of the outstanding success stories of postwar Australia. Our steel industry was reconstructed
so it was the most efficient steel industry on earth. One man in the Australian steel industry
produced 700 tonne of steel. That is nation building.

Nation building is ‘Red’ Ted Theodore building most of the sugar mills in Queensland with
government money. Nation building is Ben Chifley building the Holden plant with govern-
ment money. We were producing our own motor cars in Australia, until this stupid, brainless
marketism was introduced by none other than Mr Keating and continued by the last govern-
ment with great aggression and happiness. It halved the number of National Party members in
this place because we never agreed with those policies. True Country Party men never agreed
with those policies. They were an anathema to us. We believe that governments should build
dams, factories, power stations and railway lines. The National Party of today are proponents
of marketism, as opposed to developmentalism. Let me continue in that vein.

As I have said in this place many times—and I can never say it enough in this place—
Bjelke-Petersen built a giant railway line for which there were no customers. Would there be
any National Party person in this place who would agree with that? No way, Jose. They are
marketism men. He built a giant power station for which there were no customers. He was
vilified in the media, as was Ted Theodore when he built the sugar mills and as was Ben
Chifley with the Snowy Mountains scheme and when he built the Holden plant. They were all
vilified, but they were men who believed in nation building. And John Button, quite frankly,
was sacked for what he did. He would never bow and bend his knee to marketism. He be-
lieved in developmentalism. He would not bend his knee, so he was sacked. When I said that
to him one day, he did not say yes or no, but burst out laughing. I think he was very pleased
that someone had been watching.

It is not good enough to come into this place and criticise; you have to put forward some-
thing positive. It is in the budget—and it was proposed by the member for Batman—that we
will be going to a true national grid. We will put the iron ore region of Australia, the Pilbara,
and the hard metals area of Australia, north-west Queensland, onto the national grid. That
means instead of paying between $100 and $250 per megawatt for electricity, which accounts
for one-quarter of our mining costs, we will only be paying between $40 and $60. And there
are three major mines in north-west Queensland that will close unless we get that cheaper
electricity.

The honourable member for Batman is going to go down in the history books, because
there happen to be five clean energy projects along the transmission line from Mount Isa to
Townsville. There is the huge solar energy project in Cloncurry. The latest edition of National
Geographic features the plant at Acciona, in Nevada. That is going to be duplicated at Clon-
curry, which is the hottest place in Australia. So at the first town along the transmission line
there will be a giant solar energy initiative. The Queensland government has already put $23
million into this initiative and the Rudd government has committed $150 million. If the gov-
ernment comes good with the money for that solar energy project then we will have 70
megawatts of electricity.
There is a problem which I understand will be shown on 60 Minutes shortly. In the biggest ever environmental holocaust in Australian history, six million hectares of native flora and fauna has been completely destroyed. The bilby, a famous little hopping animal that we have in the Julia Creek area, along with some other native flora and fauna, is threatened with extinction by the terrible prickly acacia tree. This tree covers six million hectares, or about three per cent of the surface area of Australia, and it is spreading rapidly. It is proposed that the prickly acacia trees be burnt to create power. During the day we will boil a fluid at the solar energy plant, but during the evening they might burn the prickly acacia trees. This is a geothermal target area, so maybe we will boil the fluid of an evening with the geothermals. So there is a project at Julia Creek, along that electricity line, for 50 megawatts of electricity from the prickly acacia tree.

At Pentland there is a major biofuels project to produce 1,000 million litres of ethanol per year. That project has been around for a while and it has been discussed at the highest levels of government in Queensland. When you harvest sugar cane, the sugar cane fibre that is left behind produces a gas when it is burnt. We are burning most of that gas in our sugar mills in Australia just to get rid of it, but we should be burning it to create electricity. If the government gives us a little bit of assistance—I do not want to speak for other areas, but $60 million or $70 million should get us through in the northern third of the industry—we can convert all of our sugar mills. In Pentland a 300-megawatt power station will come on stream and burn the sugar cane fibre. And, because there is a high dam at Hell’s Gates at the back of Townsville, it will have 100 megawatts of hydroelectricity as well.

So we have all this renewable energy along this corridor—it hits the coast between Ingham and Townsville—and if the four sugar mills in the greater Ingham area convert there will be another 200 megawatts. So there will be nearly 1,000 megawatts of electricity, all clean renewables, in this clean energy corridor along the transmission line which is the brainchild of the member for Batman. So we must go out of our way to pay very great tribute here.

During the Great Depression, Australia decided to do what the opposition have recently been advocating. They are criticising you people for borrowing money. If they were criticising you for misspending the money, I would enthusiastically agree with them, but they are not—they are criticising you for borrowing the money. During the Great Depression, Australia took the advice of Otto Niemeyer from the Bank of England, and we had the worst depression of any country on earth. There are three books by Schedvin in the library—anyone can borrow them. He is the leading commentator on the Australian depression, but no commentator will tell you anything else except that Australia had the worst depression of any country on earth, because we were the only country on earth that decided it would balance budgets—actually we reduced budgets—in the middle of a depression. That is what the opposition want to do now. Did Britain do that? No way, Jose. They got Otto Niemeyer and threw him out a window. Winston Churchill said the worst mistake he ever made was to take the advice of Montagu Norman and Otto Niemeyer. He said, ‘It is a disgrace that both those people are still employed by the government.’ John Maynard Keynes attributed the Depression to Otto Niemeyer.

But the Niemeyer prescription is being advocated by the opposition. Don’t they read economics books? The Americans brought in the New Deal economists. Britain brought in John Maynard Keynes—they did not have a depression; America did. America acted very late, but
they did bring in the New Deal economists. They built the wonderful Tennessee Valley Authority project, which is probably the most magnificent project of its type anywhere in the world. And they did it all for free because the workers were on the dole, so the wages cost them nothing.

Japan and Germany had great prosperity. Some people say, ‘Germany was re-arming.’ I say, ‘Read your Nuremberg trials.’ There was no re-arming until the end of 1937 and Germany was one of the most prosperous countries on earth by 1937. Hjalmar Schacht, the architect of it, was a very brave man. He was the only German who spoke out publicly against the persecution of Jews and he ended the war in Dachau death camp, as did his priest, Pastor Niemoller. They just printed money in Germany; they did not worry too much about it. The British were a bit sophisticated: they took the interest rates right down to 0.6 per cent, held them there for six years and borrowed the money at 0.6 per cent, effectively off themselves. In Japan, Takahashi Korekiyo issued treasury bonds and gave them to the central bank and the central bank gave them the money, so there was a debt, but I do not think the central bank of Japan, owned by the government, was going to foreclose on the government. That is what those governments did—they were very successful. We did not and we had a horrific depression. (Time expired)

Mr ZAPPIA (Makin) (12.12 pm)—You can always learn something from listening to the member for Kennedy. I rise to speak in support of the Appropriation Bill (No. 1) 2009-2010 and the two cognate bills. These bills effectively put into place the Rudd government’s 2009-10 budget. We live in extraordinary times. We are faced with the dual crises of an economy that has collapsed under the weight of uncontrolled spending and growth and an environment that is under threat because of the same uncontrolled consumption and growth. Many analysts warned that the global economic crisis we are faced with was inevitable and predictable, yet those warnings were ignored, just as many, including several members of the coalition, are today still ignoring the warning signs relating to the environment. To dismiss the overwhelming body of scientific advice on climate change as misinformed scaremongering, as some opposition members are doing, is as bewildering as it is irresponsible. Sadly, the consequences of serious mismanagement of either the environment or the economy can be devastating, as we are now seeing with the collapse of the world economy. Likewise, the economic cost of environmental disasters such as the Victorian bushfires, the Northern Australian floods and the mismanagement of the Murray-Darling Basin is a stark warning of the magnitude of the economic fallout of associated with environmental disasters.

The combination of a global economic downturn and climate change make these truly extraordinary times. There is no precedent quite the same that one can look to for guidance. Extraordinary times require extraordinary responses from governments. But with extraordinary challenges also comes opportunity—the opportunity to set new directions and to rebuild, restructure and regenerate the nation. The Rudd government is seizing that opportunity and acting decisively with a budget that supports today’s jobs whilst investing in nation-building infrastructure for tomorrow, nation-building infrastructure that communities have in many cases waited decades for and had held little hope of ever getting.

Bringing forward nation-building infrastructure spending is the right thing to do for both today’s generation and for future generations. Bringing projects forward creates jobs now whilst saving future generations tens of millions of dollars because the infrastructure is built
at today’s prices. It makes financial sense. In addition, that infrastructure will lift Australia’s productive capacity, strengthen Australia’s economy and ensure that Australia will emerge from the economic downturn a much stronger and more prosperous nation.

It is my view that it is not unreasonable to spread the cost of long-lasting infrastructure across the generations who will benefit from it. The Rudd government’s economic stimulus strategy combined with the 2009-10 budget provide the right framework to cushion the Australian economy from the global economic recession and to build tomorrow’s infrastructure at today’s prices. There is ample evidence that the Rudd government’s strategy is working. That is why the opposition is running a desperate, dishonest, debt campaign and talking down the economy. Let me refer to some of the evidence which indicates that the Rudd government strategy is actually working. I refer to a story in the Adelaide Advertiser of 1 May this year. It said:

Business confidence has rebounded sharply into positive territory as South Australian corporate leaders sense early signs of an economic recovery, a BankSA survey has found.

BankSA’s State Monitor, conducted three times a year, surveys 300 consumers and 300 business owners or managers.

The business index rose to 113.4—up 17.1 index points—in May following five successive falls to an eight-year low of 96.3 in February.

That story followed a previous story only about a week earlier, on 26 April, which said that cafe spending in Adelaide had increased by 3.8 per cent compared with the same period last year. The cafe sector in Adelaide generated $100 million worth of spending for the month of March. There are a lot of people employed in cafes not only in South Australia but around the country.

I will add some national figures to that. We heard only yesterday that the Australian Bureau of Statistics figures showed that the current account deficit fell by 27 per cent or $1.7 billion in the March quarter. That was one of the most significant falls that we have seen for a long time. We also saw yesterday that the number of homes approved for construction in April was just over five per cent higher than the previous month. And we saw retail figures which are now running at about 4.8 per cent higher than they were in November. These figures tell a very clear story, and that is the story that this government’s strategy is actually working.

Let me highlight what some of the government measures are which form part of this strategy. I would remind the House that 70 per cent of the stimulus package that the Rudd government has put out is on infrastructure spending. We have already seen that repairs and maintenance on more than 1,300 houses nationwide have been completed. Work is underway on 183 of the 802 houses for our defence personnel around the country. Twenty apprenticeships are being subsidised by defence housing. Of these 20 apprenticeship positions, five will be offered in Adelaide.

Every school in Australia has now been allocated between $50,000 and $200,000 for maintenance and repairs. Nationally this amounts to 13,172 projects in 9,490 schools, with total funding of $1.2 billion. Of that, South Australia has 1,171 projects in 788 schools and has received funding of $102 million. Under round 1 of the Primary Schools for the 21st Century
program, early work has commenced on more than 300 sites around Australia. Construction work for 105 public primary schools has been allocated to builders in South Australia to begin site inspections.

Under the stimulus plan’s energy efficiency program, more than 20,000 homeowners have installed ceiling insulation and more than 20,000 homeowners have installed a solar hot water system. We have now seen 78,000 first home buyers assisted by the first home owners grant since it was boosted earlier this year.

These are real projects creating or supporting real jobs for real people. These are jobs that are appreciated by the people with whom I speak. These are projects that have lifted the morale of teachers in so many of the schools I have visited in recent months, that will make our roads safer, that will add to the nation’s housing stock and that will create hundreds of apprenticeships and training opportunities for Australians.

Let me summarise what some of this investment has meant for the seat of Makin, which I represent. There is a total of $52 million in funding for 102 school projects in Makin. There is $2.38 million in Black Spot funding and $6.4 million for community infrastructure spending. The four councils that have an interest in the Makin area have collectively been granted $3.64 million for community projects. An amount of $2.7 million was provided for the upgrade of the Waterworld swimming centre in the Tea Tree Gully Council area. There are 20,700 pensioners and people on disability support pensions who will benefit from the increase of $32 to the single pension and $10 for couples. Again, that was announced in the budget. In addition there are people who will benefit from the carer allowance and carer payments.

Finally in highlighting issues that affect the Makin electorate, $69 million was allocated to extend the O-Bahn busway into the Adelaide CBD. The O-Bahn was constructed almost 30 years ago, but it stopped short of the Adelaide CBD by a couple of kilometres. Why it was ever constructed to stop short of the CBD bewilders me; nevertheless, it does. It means that the last two kilometres, the most congested part of the journey, take almost as long for commuters as does the rest of the journey. The O-Bahn busway is effectively the major transport node between the north-eastern suburbs of Adelaide and the CBD. It is a project that I have discussed with my counterparts in the state parliament on several occasions. It is a project that I certainly welcome funding for, and I know it will be welcomed by the tens of thousands of commuters who use it every week, because will make their travel times in and out of the city much shorter.

The Rudd government budget strategy is clear, responsible and strategic. Not surprisingly, it has widespread expert endorsement. On the contrary, what is the alternative budget framework from the alternative government, the coalition opposition? On Thursday 14 May the Leader of the Opposition, in his exclusive opportunity to articulate his alternative government strategy for securing Australia’s future, delivered 30 minutes of empty rhetoric criticising the Rudd government but offering the Australian people no alternative. Not once did he mention the coalition’s debt figure or how he would respond to the $210 billion revenue shortfall over the next four years. The breathtaking response of the opposition leader to the most severe economic downturn since the Great Depression was to raise the price of cigarettes.

The parliament was extended and reconvened, at considerable cost to taxpayers, to provide the Leader of the Opposition an uninterrupted opportunity to tell the Australian people what he would do differently. He offered the Australian people nothing as an alternative. Noticea-
bly, for an opposition running a fear campaign on debt, the bottom line to the opposition’s budget response is almost identical to that of the government. Where was the opposition leader’s honesty on the opposition’s debt figure?

In fact we got more honesty from the opposition shadow finance minister and the member for Warringah. The member for North Sydney, the opposition shadow finance spokesman, whom one would expect would know what the opposition’s debt figure should be, said that it would be around $25 billion less. The member for Warringah said it would be around $21 billion less. The reality is that when you analyse what was put as the alternative budget by the Leader of the Opposition, the bottom line debt figure of the opposition’s budget strategy is very close to that of the government’s.

This is a budget framed in the context of the global economic crisis that we are confronted with, framed in the context of the environmental issues that face this nation and framed in the context of the nation building that this country is well and truly overdue for—nation building that has been neglected for so long by the previous government. When we talk about debt, it is just as much a debt to leave infrastructure for future generations—whether it be hospitals, roads or schools that are absolutely run down—as it is to leave them with a debt in terms of a bottom line dollar figure. Both of them are debts and the reality is that it makes much more sense to provide that infrastructure right now. This is a budget that is responsible, balanced and appropriate for the times. I commend this budget to the House.

Mrs VALE (Hughes) (12.26 pm)—I rise to speak on the Appropriation Bill (No. 1) 2009-2010 and cognate bills. In my speech in the 29 May 2006 budget-in-reply debate, I spoke on the magnificent milestone of the coalition eliminating the $96 billion of debt that Labor left to the Australian people when it was last voted out of office in 1996. Now, after only the second Rudd Labor government budget, the numbers are much worse; in fact, it has been an extraordinary fiscal turnaround. When the coalition government came to office in 1996 it took over 10 years to pay off Labor’s $96 billion black hole and yet it has taken Labor less than 18 months to give Australia a new debt of even greater proportions. This is no small feat for a Prime Minister who once described himself as a ‘fiscal conservative’.

While we are all aware that we are in challenging times and while there may be an argument for appropriate stimulus spending within the Australian economy, this budget and previous cash splashes are expected to leave us with a $58 billion deficit for the 2009-10 financial year. The Prime Minister and Treasurer have finally admitted that we are going to end up with at least a $315 billion debt. Given the size of all the spending and the size of the debt it will create, it would be neglectful if such spending were not rigorously scrutinised by the opposition. After all, as one of the important mechanisms of our government, vigorous scrutiny is exactly what an opposition is about. Yet this government constantly criticises us for it.

There is a case to be made that restrained and targeted government spending in certain economic circumstances is a responsible approach but the concern I have with this budget and the previous cash splashes is that I am not convinced that it is at all restrained or in the least targeted to achieve the desired economic outcome. In these challenging times, the objective of government should be to strengthen the economy, particularly through the creation and preservation of jobs. After the 2007 election, with a $20 billion surplus, the Rudd Labor government had an excellent opportunity to provide productivity capacity upon which to build future growth. Yet in just over 18 months this Labor government has squandered this opportunity at
an alarming rate. All we will end up with—or should I say all our children will end up with—is another monstrous Labor debt.

One of the curious aspects of this budget is that the Labor government has borrowed not just for investment but for consumption. Once the one-off handouts are spent they are spent, and many of the recipients have not spent their cash handout but, understandably, have used it to pay off a household debt, thus thwarting the government’s hope of stimulating the economy.

It was disturbing to read the latest retail turnover figures published by the ABS on Monday. If we compare April this year with April last year, fuelled by Labor’s deficit, spending on alcohol has surged to an incredible 19.3 per cent. Also, if we compare the five months since December 2008, the period when the stimulus package kicked in, with the same five-month period the previous year, across the nation expenditure on alcohol has increased a truly incredible $460 million. The only conclusion is that the reckless spending of the Labor government has financed the greatest booze-up in the nation’s history, with this extra $460 million being spent on alcohol. And now, all that Australian working families will be left with is one mighty hangover of debt that will last for generations to come.

How is this government going to explain to future generations when they ask why we do not have the hospital services or the infrastructure that we so badly need? How will the Labor government explain that in 2009 the Prime Minister, in a great cash splash, sent out free money to all, and $460 million of it ended up being merely splashed against the wall in a massive surge of alcohol sales? We can see the cash splashes were not about fiscal rectitude or sound economic management. They were really about the next election, which will probably occur sooner rather than later. They were also about keeping people dependent on government in a grand return to big government, Labor style.

Looking further into the breakdown of retail sales, the failure of this government is plain to see. They came to office with a fanfare and a promise that they would take action to lower supermarket prices; all they have delivered is the farce of GroceryWatch—$13 million of taxpayers’ funds frittered away on a stunt. What has really happened to supermarket prices? According to Craig Kelly, the President of the Southern Sydney Retailers Association, the price at the supermarket checkout continues to go up while the price paid to our farmers continues to go down. If we compare the five months since December 2008, when the stimulus package kicked in, to the same five-month period in the previous year, across the nation expenditure in supermarkets has increased by $2.5 billion. As a nation we are not consuming $2.5 billion in additional quantities of food; simply, the supermarket duopoly has jacked up prices and siphoned off a significant part of the stimulus package. This, according to Mr Kelly, has left small business, the backbone of the economy—especially in the retail sector—behind the eight ball.

So, while the liquor stores and the big supermarkets rake in billions, thousands of small cafes in my electorate of Hughes and across the nation, and thousands of small business retailers of furniture, floor coverings, footwear, newspapers, books, stationery and recreational goods, are experiencing a decline in sales as compared to last year. For the small businesses of Australia the stimulus package has been a failure. In 2009 it is the people who run small businesses who are the real workers in Australia. They risk their capital, often their own homes. They work over 100 hours a week, often on weekends, and rarely take holidays. Most impor-
tantly, they employ many fellow Australians. Yet it is these small businesses, these working
Australians, who are going to pay the highest price for Labor’s debt.

I was interested to read the *Wall Street Journal* article ‘Canberra budget blowout: a record
deficit won’t buy economic growth for Australia’. This article took a particularly negative
view of the Rudd Labor government’s budget. It said:

This is an extraordinary fiscal turnaround from a year ago, when Australia turned in a budget surplus of
$19.7 billion. The country entered the global economic downturn with historically low unemployment,
muted inflation and very little debt, thanks to an uplift from strong global growth—especially from
China—and prudent fiscal management by the former Liberal government and its treasurer, Peter
Costello.

Tuesday’s sea of red comes largely courtesy of Labor’s political agenda, not the global recession. Over
the last fiscal year, the Rudd government has announced a spree of cash handouts, infrastructure pro-
grams and pet projects.

Also, according to an article in the *Australian*, it seems that Reserve Bank director Professor
Warwick McKibbin had some concerns. The article said:

Reserve bank director Professor Warwick McKibbin has warned that global government spending to
stimulate the economy is being dominated by political agendas that will saddle future generations with
debt and slow economic growth.

In stark contrast to the Treasurer, the Leader of the Opposition in his contribution to this de-
bate talked about how Australia should have a budget that marked a path out of the current
downturn, offering confidence and hope for a better future. He also emphasised the impor-
tance of small business in its crucial role as the engine room of our economy.

The coalition’s plan for recovery is built on four key principles to help Australia recover
and grow: (1) protecting and creating jobs for all Australians, (2) keeping debt as low as pos-
sible, (3) targeting spending at jobs and economic infrastructure, and (4) supporting private
enterprise and small businesses, the drivers of economic growth. The coalition’s plan for re-
covery puts forward measures that are practical, affordable, pragmatic and job focused and
that would greatly assist the economy in this difficult period. They include a tax loss carry-
back for businesses, new insolvency laws, cutting red tape and encouraging training.

The coalition believes that if businesses make operating losses this year or next year they
should be able to carry them back against previous years’ profits and recover up to $100,000
of taxes paid by them over the past three years. This tax refund would bolster cash flows for
businesses struggling in the current market. New insolvency laws like those in the United
States would provide fairer rules to deal with troubled businesses. A change to our laws to
emphasise the reconstruction of troubled businesses could save thousands of jobs that would
otherwise have been lost. Also, the coalition strongly believes in cutting red tape and making
it easier to do business with government. The coalition would reduce this burden to the lowest
in the OECD and join state and local governments to deliver a one-stop online portal for fil-
ings.

But I believe that there is even more that we can do to help small businesses. Other major
developed economies protect competition and consumers from the evils of geographical price
discrimination. In the United States, the home of free market capitalism, they have section
13(a) of the Clayton Antitrust Act, which states:
It shall be unlawful for any person engaged in commerce, in the course of such commerce … to sell, or contract to sell, goods in any part of the United States at prices lower than those exacted by said person elsewhere in the United States for the purpose of destroying competition, or eliminating a competitor in such part of the United States;

Any person violating any of the provisions of this section shall, upon conviction thereof, be fined … or imprisoned not more than one year, or both.

This has been the law of the land in the United States of America since 1936 but, regrettably, for Australian small businesses an equivalent provision remains missing from the Australian Trade Practices Act.

Any Australian housewife is well aware of the current situation as she shops for her family. She is aware that the Australian supermarket sector has degenerated into a state of hyperconcentration, with small business denied a level playing field, forcing them out of the market, leaving just two giant firms acting as gatekeepers to more than 80 per cent of Australia’s supermarket shelves, a level of concentration unparalleled anywhere else in the world except perhaps for North Korea. This level of concentration has been harmful to small businesses and the Australian farmer but also it has been harmful to the average Australian family, those working families who have suffered with the developed world’s fastest accelerating supermarket prices.

We have crossed the tipping point. We need a complete rethink on the Trade Practices Act and competition, and we should start with geographic price discrimination. All Australian consumers, all those Australian working families who are Australian consumers, deserve to enjoy the full benefits of competitive markets regardless of where they live. It should not be acceptable in Australia, the land of the fair go, for a large retailer with hundreds of stores to charge higher prices in areas where they face no competition and then leverage profits to lower the prices of their goods in certain communities where they face competition from small business with the intent to destroy and make unprofitable the businesses of their smaller competitors. Such a system or practice is so manifestly unfair and unjust, not only to small business competitors who are directly driven to ruin or bankruptcy by such practices but also to Australian families.

The present Trade Practices Act must be supplemented by making this particular form of discrimination a specific offence under our law. Such an effective law to deal with the evils of geographical price discrimination will enable small businesses to invest in the knowledge that they can set up shop and succeed or fail on merit without fear that a larger competitor might drive them from the market using the anticompetitive practices of geographic price discrimination.

What is the government doing to restore competition to the supermarket sector? Indeed, what is the government doing to take pressure off working families and to provide equality of competitive opportunity to small businesses? It does not appear to be doing anything. Perhaps the Minister for Competition Policy and Consumer Affairs, Mr Bowen, could start looking at his own backyard rather than continuing to waste taxpayers’ funds on the stunt of Grocery-Watch. As Channel 9 news demonstrated last week, right under the nose of the competition minister, within a stone’s throw of his electoral office at Fairfield, which is not far from my electorate, a major supermarket chain had used geographical price discrimination to destroy competition and to exploit consumers. As soon as the major supermarket chain had destroyed...
competition, forcing their more efficient small business competitors to shut their doors, they jacked up prices almost 100 per cent. All this happened right under the nose of our competition minister.

An effective prohibition on geographic discrimination is needed. It will provide a fair go—a level playing field. It will restore competition and it has the potential to create an entrepreneurial boom and to drive Australia’s excessive grocery prices down across the nation.

In conclusion, the coalition is committed to responsible spending and to ensuring future generations are not burdened by mountains of debt. The government of the day has a moral responsibility to ensure that any deficit spending is invested wisely for the benefit of future generations. Unfortunately, Australians are now paying the price for Labor’s reckless spending. Australia needs a coalition government committed to keeping debt low, encouraging small business, securing jobs and ensuring a bright, debt-free future for all Australians, and that can only be based on a solid economic foundation.

Mr CHEESEMAN (Corangamite) (12.40 pm)—I rise to speak on Appropriation Bill (No. 1) 2009-2010 and cognate bills. These bills, along with the previous stimulus packages, are transforming my electorate and Australia. These bills have the DNA of Labor all over them.

Labor is the nation-building party. We always have been and we always will be. Labor is the party of job creation. We are the party that builds the infrastructure for the future. We are the party that has put in place great institutions that last. Labor is the party that makes the changes that stick—the changes that are untouchable and that become part of the character of the nation. Labor has instituted things like Medicare, the fair go, superannuation, a nationally run system of quality higher education institutions and the signing of the Kyoto treaty.

Labor has always been the party that makes the big changes that come to define the nation. We are the party that shows decisive leadership, and that is what these bills are all about. This budget and Labor’s decisive response to the international financial crisis now form an important part of Australia’s social and economic history. Through these bills the party is building an education revolution. Labor is undertaking the biggest school modernisation in this country’s history. Through these bills Labor is building a sustainable future for the next generation of Australians—a sustainable future for our kids.

Labor is making thousands of Australian homes more energy efficient and making our world a more environmentally friendly place. Through this bill and related bills we are rebuilding the levels of social housing that the Liberals tore down. We are providing secure housing for the less well off and the disadvantaged. We are investing in community recreational facilities, providing opportunities for communities to come together in healthy pursuits. Through these bills we are rebuilding entire regional transport systems, public and private, for passengers and freight. We are making roads safer and more efficient. Through these bills Labor is investing massively in nation-building road and rail projects. We are improving our ports and we are linking up our rail, roads and ports into a complex matrix that will make our exports more competitive and will make commuting a safer, more efficient and less polluting experience for Australians. These initiatives are happening in my electorate and right across the nation.

I will make some comments now about what is happening in my own electorate of Corangamite, but first let us look at the magnitude of our national investment. Madam Deputy
Speaker Burke, as you know, there are some truly massive investments in this budget. There will be a huge future investment of $12.7 billion into schools. And there will be nearly $4 billion to help improve the energy performance of Australian homes and reduce energy waste and greenhouse gas emissions. There will be $6 billion for the states and territories to fund construction of approximately 20,000 new social housing dwellings across the nation. These are the big building blocks that will make Australia a better place tomorrow.

Every child in every primary school today and in future generations will have the benefit of this budget. A child born today will walk into a primary school of unprecedented quality in six years time. My son, Isaac—not yet two—will have a great choice of schools to go to in large part because of these bills and their investment. Isaac will have better schooling choices than I think previous generations have had, and I am very proud of that. But I am just as proud of something else. I am proud not just of the lasting investment we are making in infrastructure for the future but also of the immediate impact of these bills, which will be the creation of jobs. The immediate effect of these bills will be to provide work for thousands of builders, tradespeople, retailers and Australian manufacturers who would otherwise have been thrown out of work due to the current global financial crisis. Thousands of electricians, plumbers, carpenters, kitchen manufacturers, plasterers, painters and, importantly, apprentices will get work through these bills.

Through these bills we are saving thousands of Australian jobs. It has been calculated that there will be approximately 200,000 jobs as a consequence of the 35,000 projects that federal Labor is investing in. I want to make this point, which I think is important. It addresses the opposition’s cheap, opportunistic response to what Labor is doing. Let us look at the Liberal Party’s logic: ‘Do not invest in infrastructure for the future. Allow unemployment to rise. Pay out more people on the dole. The market will fix it.’ I find that proposition ludicrous. At the end of the Liberals’ economic strategy are longer unemployment queues, higher dole payments, no infrastructure and, of course, debt. Theirs is a debt strategy without infrastructure, and that leads to the demoralisation of families and workers. It makes no sense. It makes a huge amount of sense to invest in infrastructure—creating jobs today and leaving a lasting legacy.

I would now like to spend a bit of time talking about the practical effects of this budget and the government’s associated economic strategy in my own electorate and my own region. As I said at the start, Corangamite and the greater Geelong region are being transformed by this budget and the Rudd government’s economic strategy. Let us go through some of those impacts. Right now the bricks, mortar, tarmac, railway sleepers, wooden trusses, bearers and joists are being laid to open up my region to the world, to create a better city and a whole new region. As part of this budget and our decisive stimulus plan, we are building a whole new transport system, more connected towns, better schools and a healthier, more liveable environment. Never in our 200 years of recent colonial history has the greater Geelong region seen such investment on this scale in infrastructure.

Importantlly, these are not one-off infrastructure investments in isolation. A strategic linking of investments is the result of years of thinking by local business, political and community leaders. We are backing that vision with this budget. The vision is being significantly driven by federal and state government road and transport commitments of around $4 billion. Funding is committed to all of the Geelong Ring Road, and this massive transport project is now
nearing completion. The Geelong Ring Road will link seamlessly onto a duplicated Princes Highway through to the Surf Coast and through to Colac once the project is funded—again on a duplicated Princes Highway. A $50 million investment to upgrade rail links to the port of Geelong will connect our rail system to the major export facilities in western Victoria, which will make our region much more competitive—competing, of course, with other parts of the economy. While this has until recently been a primary producers’ export destination, this port can play a significant strategic role within the Victorian context.

Opportunities both for commuters on public transport and for rail freight will also greatly be expanded with a new $3.2 billion Geelong to Melbourne fast-rail link. We are investing in important arterial roads like the Colac Lavers Hill Road and other roads under the Roads to Recovery program as well as addressing several dangerous black spot rail crossings throughout my electorate. All of these transport infrastructure initiatives will subsequently improve car and rail usage across the City of Geelong, increase road transport efficiency and reduce commuting times for all. With reduced costs and more efficient transport, new businesses, industries and jobs will come to Geelong, with people following.

Social infrastructure is also being completely modernised, with hundreds of millions of dollars being ploughed into my region. Every school in our region is being upgraded as a consequence of these appropriation bills. New community and regional-level recreational facilities are being planned for Torquay, Bannockburn, Geelong and Armstrong Creek, and the borough of Queenscliff gets new recreational facilities as well. Bannockburn is getting a new $2 million sport and recreational facility and a community hub. Torquay gets $4 million for sports facilities for football, soccer, cricket and netball. Torquay is also getting an upgraded senior citizens centre and community house. The Grovedale, Warr Ponds and Belmont communities get a new state-of-the-art water recreation facility via the new Leisurelink centre. Colac has its pool precinct upgraded and improvements to the botanic gardens are taking place, with new tourism infrastructure in the Otways and down through Apollo Bay. There is a new GP superclinic funded for Belmont. The Great Ocean Road Renewal Program has been funded, to the tune of $1 million, to attack weeds, assess the impacts of climate change and protect Indigenous cultural sites along the Great Ocean Road. As I said earlier, the social infrastructure in our region is being renewed via this budget. That is of course all creating jobs. The Geelong region is being transformed in a way that few thought possible a few years ago. This is the mark of the commitment of federal and state governments to regional Australia and a continuation of the historic fact that Labor is the nation-building party. I commend these bills to the House.

Mr HUNT (Flinders) (12.53 pm)—This budget was an act of intergenerational theft because in one year the government spent the surplus from the last year, they spent the accumulated assets from the last decade, they spent the income from the current year and they placed a debt and a deficit on an entire future generation. Let me run through two things today: firstly, the numbers about this budget and, secondly, the problems with the particular environmental programs. When you turn to the numbers, they speak for themselves. The deficit in 2008-09 will be $32 billion. The next year it will be $58 billion. The next year it will be $57 billion. The next year it will be $45 billion. In the fifth year it will be $28 billion. All up what we are looking at over those five years is $220 billion worth of debt. But that is for those five...
years alone. We see that it will run out to 2016 before the expenditure begins, on a best-case scenario, to slow down.

So we are looking at a national gross debt of $315 billion, and that has to be paid off. In order to pay that off, we will see that, on $315 billion, if we assume five per cent interest, we are talking more than $15 billion worth of interest every year. That is an extraordinary figure, and that is money that would come from our hospitals, roads, schools—from our children and our grandchildren. That is the work of one year. If we had said prior to this year that, in one year, in a fit of panic, Mr Rudd would mortgage the next generation to the tune of $315 billion, who would have believed that possible? We would have been dismissed as incredible fearmongers. And yet we see that the minimum debt that this nation will face on a gross basis will be $315 billion.

That is a scenario that relies upon these fundamental assumptions: it relies upon record growth for a record period; it relies on record low expenditure for a record period, after we have seen the fastest-spending government in Australia’s history—in other words, a complete turnaround in character, complexion and intention on the basis of the projections in the budget; and it relies upon having to pay low interest rates for the bonds which have been dealt out to those who have taken up Australia’s government debt. These are the three fundamental assumptions just to get the best-case scenario of a $315 billion debt. That is why this budget in this year is an act of intergenerational theft. For one year’s madness in extraordinary expenditure the next generation and beyond will pay for it. That is why I worry.

There may be worthy individual projects within this, but what we see is this: when you choose the entire menu, when you choose everything that is on it, then you have forgotten the notion that a budget is about living within your means, it is about making difficult choices, and it is about ensuring that one generation does not impose an act of intergenerational theft upon those still to come. That is why I have deep and profound reservations.

Even with this mass expenditure, there are serious programmatic flaws on the environmental side. Firstly, let me turn to the issue which I have just been dealing with—the management of Australia’s natural reserves and of our riparian areas by groups such as the Desert Uplands Build-Up and Development Strategy Committee—the desert uplands committee. The desert uplands committee is a perfect example of the problem that we face because of the way the Rudd government is acting. They are based in Central Queensland and represent an upland or a highland of desert area that is Australia’s No. 1 biodiversity hot spot. It used to receive about $800,000, the vast bulk of which—over three-quarters—came from the previous coalition government. Their work involved chronicling endemic species at risk; identifying strategies to deal with them; and putting in place riparian care, maintenance and management, which means protecting the headwaters of streams which run down to the coast, up to the Gulf, or out towards the Lake Eyre region. Yet we see that the care and maintenance which they have undertaken has been completely rocked, taken away and destroyed in this budget.

Why? Because instead of friends groups, local environment committees, Landcare and catchment management authorities getting funding, the money has been ripped away to supplement state Labor treasuries. State premiers have taken the money in a direct transfer, through Mr Garrett, from these small groups—Landcare, friends, catchment management. These groups have had the heart torn out of their work—and real work done by organisations,
such as the desert uplands committee in Central Queensland, is being lost. That is important, that is real and that is profound. That sort of thing occurs throughout this budget.

The second example I want to give is in relation to water. What we have seen is a complete distortion of the plan which Australia needs. We need a plan to re-plumb rural Australia, not to buy the farmers off the land. Under us there was $5.8 billion set aside for re-plumbing rural Australia. For every $4 spent on re-plumbing there would be but $1 for buying water back—and only then after we had seen the re-plumbing. The ratio has been not only reversed but overwhelmed under the current government. In the budget papers we see that there is $75 million a year—that’s it—allocated to on-farm irrigation, to re-plumbing our farms, to fixing channels, dams and pipes, and to fixing up irrigation with a drip irrigation or modern centre pivot irrigation. We also see in the budget over $2 billion for buying out farmers, for selling out Australian farms and farmers, and for destroying jobs, as has been reported by one of the local mayors in the wake of the Twynnam buyout.

The result will be very simple: we will lose our food security and our water productivity and waste 600 billion litres of water. Farmers in Queensland, in Bourke, Dubbo, Parkes and Condobolin in New South Wales, in Kerang, Swan Hill and Mildura in Victoria and in the Renmark and Waikerie districts in South Australia have said: ‘We’ll make 600 billion litres of savings if you invest in us and if you invest in the land.’ But that money has been transferred to buying out farms and farmers. That is a tragic outcome. Instead of the once-in-a-century re-plumbing of rural Australia, we lose this opportunity. It is a great blow and a massive waste of 600 billion litres of water.

This brings me to the final systemic flaw and it is for the environment. We see on greenhouse emissions the wasting of 85 million tonnes of CO2. The waste coalmine gas sector has set forward the prospect of saving 85 million tonnes of CO2 between now and 2020. It will also generate hundreds of jobs in outback Queensland and outback New South Wales. It will do this by harnessing the waste methane gas from fugitive emissions in coalmines. If it is not harnessed, we will see it being wasted directly or the opportunity for generating electricity lost.

Because of a simple flaw in the government’s emissions trading scheme, the entire government expenditure of $4 billion to save 50 million tonnes through energy efficiencies is overwhelmed by more than 50 per cent. It is completely wasted. There is $4 billion to save 50 million tonnes, yet with the stroke of a pen we could save 85 million tonnes. Instead, 85 million tonnes of CO2 is lost. This could be easily resolved. It makes the $4 billion of expenditure a complete waste and irrelevant.

It is time to move beyond mere symbolic action, to concentrate on real things which will save water and emissions and help groups such as the desert uplands committee. That is what sensible environmental management is about. This budget fails, firstly, the profound intergenerational test. It fails our responsibility to the next generation by saddling them with a minimum of $315 billion worth of debt. If but one of the three fundamental assumptions proves to be anything less than the most rosy and optimistic of the forecasts then the debt will blow out far more. Secondly, where it does implement expenditure it makes the wrong choices on water, it makes the wrong choices on energy efficiency and it makes the wrong choices for groups such as the desert uplands committee, who will be out of business. This will put endemic species at risk and instead the money will go to state premiers. That is why I respect-
fully but regretfully believe that this budget fails future generations and ultimately constitutes an act of intergenerational theft.

Sitting suspended from 1.04 pm to 4.02 pm

Mr GEORGANAS (Hindmarsh) (4.02 pm)—I rise to speak today on the Appropriation Bill (No. 1) 2009-2010 and cognate bills. Australia is facing its greatest economic challenge in our lifetime. These are the most challenging global economic conditions since the Great Depression. This budget is about ensuring that we keep stimulating the economy by investing for the long term and supporting jobs while also ensuring that we restore the budget to a surplus after the global recession is over. The Rudd government has stepped up to the plate to tackle this unprecedented crisis.

I would like to outline what this budget and economic stimulus funding means on a local level to a community such as the electorate of Hindmarsh, which I am honoured to represent.

On 20 May a local newspaper in my area, the Guardian Messenger, had a story about local construction companies and the contracts that they have been winning to build new libraries, halls and classrooms under round 1 of the federal government’s Primary Schools for the 21st Century program. The article went on to outline the proprietors of these companies saying how many more people they have been able to retain and employ to undertake these school building projects and that they are very optimistic about winning further contracts employing more people in the near future. Another story in the Guardian Messenger ‘Trade jobs boost for south-west’ outlines a similar positive story about apprentices. A spokesman in the paper, Mr Atwell, who is an apprentice broker, said:

… the $15 million in the federal grants for major building works at local primary schools … coupled with such projects as the … desalination plant would help maintain demand for building, carpentry, plumbing and electrical apprentices in the region.

He went on:

It [the stimulus funding] is giving the smaller construction companies confidence to take on an apprentice because they know there is going to be a lot of work.

Youth Employment Alliance general manager, Martin Threadgold, said in the same article that construction was driving demand for apprentices in the south-west and he backed Mr Atwell’s prediction that the industry would continue to flourish as major infrastructure projects commence. These two examples are exactly what the economic stimulus package funding is all about. It is about supporting jobs and providing infrastructure for the future, and those are small examples of exactly what is taking place in my electorate.

I will go on to outline the more detailed economic stimulus plan funding in my electorate of Hindmarsh. The Building the Education Revolution funding has supported a total of 70 projects in 41 schools with funding of over $22 million. This is comprised of the National School Pride Program, supporting 59 projects in 41 schools with funding of nearly $6 million, and the Primary Schools for the 21st Century program, supporting 11 projects in seven of my schools at over $16 million. These projects not only support the great schools and school
communities in the area but also provide local jobs and support the local companies that are taking those contracts.

Another area is social housing. In the electorate of Hindmarsh 19 social housing units to the value of $5.3 million have been approved. Construction for those housing units will commence in 2009—that is, this year—with dwellings to be completed by 30 June 2010. On top of the 19 social housing units, 22 social housing units in Hindmarsh will undergo repairs and maintenance to the value of $1.8 million. Again, that will create local jobs in the area. From a previous announcement, 65 new affordable rental homes will be built in the electorate of Hindmarsh for low- and middle-income families under the National Rental Affordability Scheme, including 58 Adelaide workmen’s homes in Richmond. I will have the pleasure next week of going to a function to celebrate the commencement of those units in my electorate. This is an excellent outcome for households in Hindmarsh on low to moderate incomes, including for key workers who meet the eligibility requirements to rent these affordable rental homes. The National Rental Affordability Scheme aims to improve affordability in the private rental sector by requiring that the rent charged is at least 20 per cent below the market rate. Offering incentives for new homes to be built for rent to Australians on low and middle incomes is a win-win situation for tenants as well as for people working within the construction and building industry. Low to moderate income workers such as those in child care, retail and hospitality who live in properties built under the scheme will be able to afford to live in the area where their skills are needed.

There is also the Black Spot Program. The Black Spot Program targets dangerous sections of local roads through funding safety improvements such as traffic signals and roundabouts. The following local projects will be delivered during the 2009-10 year, with funding totalling nearly $2.234 million. Every council in my electorate has received funding. The City of Charles Sturt is gaining $844,000, the City of Holdfast Bay $271,000, the City of West Torrens $438,839 and the Corporation of the City of Marion $680,683—giving us a total of $2,234,000. There is also support for local communities through the Community Infrastructure Program. The $800 million Community Infrastructure Program is the largest ever one-off federal investment in local infrastructure across Australia. Every local council is receiving funding from the program for projects of their choice. This totals $1.157 million in my electorate. Again, the City of Holdfast Bay Council is receiving $196,000, the Marion City Council $325,000, the City of Charles Sturt Council $386,000 and the West Torrens City Council $250,000—giving us a total of $1.57 billion that will be spent on small projects in the electorate of Hindmarsh, which will create local jobs.

Pensioners also benefit from this budget. Pensioners will benefit from reforms the Rudd government has put in place. The Rudd government’s budget has ensured that local single pensioners will receive the increased support that they deserve. Single pensioners in the electorate of Hindmarsh will receive increases of up to $32.49 a week as part of the government’s secure and sustainable pension reforms. We all know that pensioners thoroughly deserve this extra support. It is great that, even in the hardest of economic times, the Rudd government has delivered for pensioners.

The reforms will improve the pension system by making it simpler and more sustainable into the future as the population ages. Having one of the seats with an older demographic, I welcome these changes—they have been a long time coming. They deliver a stronger and
fairer pension system which will serve pensioners and Australia well into the future. Pensioners in Hindmarsh can look forward to these increases from 20 September 2009. In my electorate, this will mean increased support for 19,695 age pensioners, 5,540 disability support pensioners, 8,793 families in receipt of family tax benefit part A and 750 people who receive carer payment.

Another measure I have been very pleased to see in this budget is support for the Export Market Development Grant scheme. I had the pleasure this week of hosting a forum in Adelaide with exporters from my electorate. At a meeting in the electorate last week exporters—some of them successful recipients of those grants—met with the Minister for Trade, the Hon. Simon Crean. The former government promised to make this scheme easier and then failed to fund it. The Rudd government has delivered an extra $50 million this year to help small- and medium-sized exporters through the global recession. The extra $50 million will provide a much needed stimulus to exporters, to protect jobs and increase market share. The extra funding will be paid to an estimated 1,800 Australian companies, which employ more than 34,000 workers across the country.

Minister Crean has stated that Australia’s recent trade performance has been one of the very effective cushions enabling Australia to weather the global financial crisis far better than others. World trade has not been a cause of the global financial crisis but it has been impacted by it. The most recent prediction is that there will be a drop in world trade by approximately 11 per cent. I am advised that Australia has continued to put in an important and strong trade performance with eight consecutive monthly trade surpluses. It was not until the government came to office that we highlighted the importance of focusing on service exports.

At this point the opposition have no plan to deal with the global recession and they are out of touch with the effects it is having on working families and their jobs. The opposition are opportunists who, in the midst of this global recession, are putting their short-term political interests before the national interest. We saw examples in my own electorate of jobs being created and contracts being won, and builders and contractors talking about the infrastructure projects and the school projects, saying how they have created jobs and ensured that their companies have plenty of work for their employees looking into the future. One of the companies is to employ extra staff because of the infrastructure programs and the school programs. Yet the opposition refuses to listen and is looking at political opportunities to talk the economy down, instead of talking it up and getting it back on track. When put under pressure about whether they would increase taxes or cut services, they admit that they would borrow for the $200 billion collapse in revenues.

This government’s stimulus package is working and the quotes from builders and contractors in my electorate proves it—I am sure thousands of others in electorates all around Australia say the same. It is working and that is one of the reasons Australia is doing better than most other developed countries. In the December quarter of 2008, Australia contracted by 0.05 per cent. However, we grew through the year by 0.03 per cent. This was a much better result than for 10 comparable countries. Japan had a negative growth of 3.2 per cent in the December quarter of 2008 and the US had a negative annualised growth rate for the March quarter of 6.1 per cent. Retail trade remains 4.5 per cent higher than it was in November 2008 before the stimulus. This compares to falls of 3.1 per cent in Japan, 2.5 per cent in the US, 1.7 per cent in New Zealand and 3.1 per cent in Canada. As an example, Westfield’s results show
an increase in retail sales of 1.5 per cent in the March quarter. By contrast, Westfield’s sales in
the US fell by 3.2 per cent. While unemployment is increasing in Australia, we are still travel-
ing far better than any other developed country. In the UK the unemployment rate is 7.1 per
cent, in Canada it is eight per cent and in the USA it is 8.9 per cent.

To prevent the full burden of the global recession falling on the shoulders of Australian
families and small businesses during economic downturns like this, the government must act
decisively and step in to stimulate the economy and support jobs. The global recession has
wiped close to $200 billion from our revenue, and the main cause of this deficit is the end of
the mining boom. It has meant a collapse in company tax and mining royalties.

The Rudd government remains committed to returning the budget to surplus once the crisis
passes. Budget estimates show a return to budget surplus in six years. The government’s bor-
rowings are responsible. The Commonwealth Treasury has estimated that, without our efforts
to stimulate the economy and support jobs, up to 210,000 more jobs would have been lost.
While some decisions are not popular, the Prime Minister is putting our national economic
interest first. This is a decisive and sensible budget that will support jobs and small businesses
today by investing in nation-building infrastructure while charting a course to return the
budget to surplus once the global financial crisis is over.

This is a nation-building budget focused on roads, rail, ports, clean energy and universities
across Australia, including in my electorate of Hindmarsh, as can be seen from the articles in
the paper that I referred to earlier, quoting builders, contractors and apprentices. The budget
will enable Australia to recover from the global recession faster than most other advanced
economies. It stimulates the economy and helps cushion Australia from the full impact of the
global recession while also laying the foundations for a stronger and more prosperous future. I
commend these bills to the House.

Mr COULTON (Parkes) (4.16 pm)—I rise this evening to speak on the Appropriation Bill
(No. 1) 2009-2010 and related bills. After 18 months of Labor government, the coalition’s $22
billion surplus has dropped to a whopping $58 billion deficit. The government has now ac-
knowledged that the gross debt figure will reach $315 billion, and unemployment is predicted
to double. Perhaps not surprisingly, regional Australia has been hit the hardest by this budget.
It is a touch of perverse irony that today’s balance of trade figures were enhanced by exports
from regional Australia. While Australia might not be riding on the sheep’s back once more,
certainly in the last 12 months of economic tough times worldwide the agricultural sector in
regional Australia has showed its worth and solid nature by carrying the rest of the country
through these tough times.

But there was very little at all in the budget for regional Australia. Twelve million dollars
and 312 jobs have been slashed from the Department of Agriculture, Fisheries and Forestry,
while $460 million is sent overseas to help foreign farmers. The key research agency Land
and Water Australia is being abolished and $12 million stripped from the Rural Industries Re-
search and Development Corporation. We have not heard much from the Minister for Agricul-
ture, Fisheries and Forestry on this. Just out of interest, in a recent survey of Australian farm-
er $70 per cent voted the current minister for agriculture the worst minister for agriculture
that Australia has ever seen. It is this lack of understanding of what potential lies in regional
Australia that I find particularly depressing about this budget. We need to support the agricul-
tural industry, not bring it to its knees. Another hit on regional Australia is the scrapping of the
Regional Partnerships program, costing communities an important source of funds for local infrastructure and community projects. So many communities in my electorate have benefited from this program, which was instigated by the previous government.

Unfortunately, at the last election, Labor committed to expanding the role of the area consultative committees and rebranding them as Regional Development Australia. According to Labor’s election policy, the ACCs were to play a leading role in facilitating development in the regions. This has not been the case. The restructuring of the ACCs has pretty well made them useless as far as seeking development projects for regional Australia. The entire ACC network will be closed down from 30 June and 150 employees do not know what their future will be. The government will no longer have any direct connection with the regions or any mechanism by which advice can come direct from the regions to the federal government. They are going to absorb them into a state government structure.

I might comment on the recent funding from the Community Infrastructure Program. My electorate got one project. The people of Mudgee were very pleased to get $4.6 million for their sports complex—the Glen Willow Sporting Complex. I congratulate the Mid-Western Regional Council for the work they did on the proposal. However, that is a mere shadow of what the former Regional Partnerships program used to deliver. I wonder how the good citizens of Lightning Ridge, Walgett, Boggabilla or Mungindi are going to benefit from a sporting complex in Mudgee. When you have an electorate that is 107,000 square kilometres, an eight-hour drive from one end to the other, having one regional development program in one town, while it is beneficial for that town, has next to no impact on surrounding areas.

There was also the legislation on Monday night—and we have just had some discussion in the other place about this—to take the name ‘regional’ out of the Regional Strategic Roads program and shift the Black Spot Program to have its funding directed onto the major network. That Regional Strategic Roads program has delivered great results to areas in my electorate. I quote the Wellington to Narrabri road, which incorporates road 353 out of Wellington, and the Grain Valley Way between Mullaley and Boggabri. The sealing of this road has given a great alternative route to the Newell Highway, but also fixed up a lot of safety issues and given access to markets to people that operate properties on that road and also access to education for their children.

I go back to the fact that, if regional Australia and agriculture at the moment are carrying this country through this economic downturn, why would a government cut back money and services that would enable these businesses to grow and expand? Everything the Australian people buy on the supermarket shelf starts on a local road. In my electorate I have multimillion dollar businesses that cannot deliver produce to market with as little as 10 millimetres of rain. I have large, successful properties that cannot find staff because people will not live where they cannot get their children to school, or young families do not want to go out there because they are worried about how they are going to handle the issue of childbirth when you live 200 or 300 kilometres from your nearest birthing centre. As we are looking to regional Australia to carry the country through this economic time, instead of nurturing it and encouraging it and helping it to grow, we are cutting it back. It is taking all the funding. We are putting Pink Batts in roofs and we are giving $900 to people to put through the pokies, but we cannot manage to put a bit of bitumen or a bit of gravel on a road that might carry 100,000 tonnes of produce a year.
Parts of my electorate are still in drought, but in 2010 the exceptional circumstances funding will cease. Indeed, many of my areas have been declared by the minister a fortnight ago as no longer in need of support—we have changed the word ‘drought’. Now, thanks to the minister, we cannot say ‘drought’; we have to refer to ‘dryness’—and these people are wondering how they are going to survive.

People are managing in parts of my electorate because the season has changed, but they are still in dire straits. What is on offer for them? I will tell you what is on offer. These people, who are professionals and who are recognised as the most efficient farmers and food producers in the world, are being given a couple of thousand dollars to undertake a TAFE course to improve their management skills. But, in order to receive any of this funding, they have to fill in their climate change strategy. I challenge anyone to fill out a form identifying their climate change strategy. I was a farmer for 35 years. There are variations in the climate. I am not talking about climate change per se; I am talking about the vagaries of climate. Climate can vary markedly. Teaching a farmer to adjust to climate change is tantamount to teaching your grandmother how to suck eggs. It makes no sense.

We are giving the farmers a fair rap here. Where else can we cut back on government expenditure? I know: we will take away the youth allowance for regional kids so that they cannot go to university. We will change the rules so that they can no longer go off grape picking or melon picking or working at Woolies over Christmas. They now have to find a regular job and work 30 hours a week, for 18 months. Mr Deputy Speaker, where in regional Australia does that sort of employment exist? And when someone has been out of the education system for two years because they have been working, how do they get themselves back to university? Previously, they would earn the $19,000-odd that they needed over a 12-month period by working very hard—they would work in very unpleasant, very hard jobs to earn that money—so that they could go to university at the start of the second year. The payments for youth allowance would then come through to them by mid-year. They cannot do that now. Universities will only defer a course for 12 months, so these young people will have to reapply as mature age students. Already the chances of a child from regional Australia getting a tertiary education are about half those of their city cousins. So how are the regional areas of Australia going to grow and prosper when the people who live there have fewer academic chances than their city cousins?

Then there is the issue of health. It is close to a fortnight from the time when the Prime Minister said that the bucks stops with him when it comes to regional health. In my largest town, Dubbo, the area health services still owe millions of dollars to local suppliers. It is indeed true—I know it as a fact—that the nurses have been sourcing bandages from the local vet. They have been buying test strips for diabetes.

Mr Adams—What a lot of nonsense!

Mr COULTON—that is absolute fact. I have testaments to that. The member for Lyons might like to visit western New South Wales and speak to the nurses—nurses that his government is supposed to be supporting. They have been left high and dry. Over the last week, the work in my electorate office has involved nurses, school principals and Aboriginal communities. They have been deserted by this government in this budget.

Another issue is the government’s propensity not to look at infrastructure for the Murray-Darling Basin but instead buy water back willy-nilly. There is the government’s re-
cent purchase of the Twynam Pastoral Co’s water and what that means to the community of Moree. The local Chamber of Commerce estimates that the sale of that one property will result in the loss of dozens of jobs, and they will never come back. We will go from a drought that was induced by nature to a permanent drought—a government induced drought.

We have had a go at the students and we have had a go at the nurses. How about the teachers? We have been hearing a lot about the great Building the Education Revolution fund! Guess where my work has been involved over the last couple of weeks: school principals, like the Deputy Principal of Warralda High School. This school is recognised as one of the leading vocational educational high schools in New South Wales, if not Australia. It is also the home of the Gwydir Concert Band. Warralda High School has been in desperate need of a school hall for the last 25 years, but it cannot have one. It can have another science lab, but it already has two science labs. The school does not want that; it wants a school hall. The primary school can have a school hall but the high school cannot.

In Mungindi, a central school with a large Indigenous population of 100 students only has, unfortunately for them, 48 students in the primary school; therefore, they cannot have an assembly hall. The Catholic school down the road has 52 students. They can have one. So the Indigenous students that go to the state funded school—the so-called ‘education for all’—are now going to be further disadvantaged, but the Catholic school up the road—good luck to them—will have a new hall. So the gap in public education widens. Where is the fairness in that? I forgot the Aboriginal community. We had the apology to the stolen generation with much gnashing of teeth, crying and wringing of hands 12 or 18 months ago. So what will we do? We will do away with the Community Development Employment Projects.

Ms Hall—That was yours! That was your policy!

Mr COULTON—It is not who is doing away with these programs now. I can tell you that the Gunnedah CDEP, Gunidah Gunyah Aboriginal Corporation, was formed by a great old gentleman called Dick Talbot. He brought his own lawnmower down and started organising jobs for young people mowing lawns around Gunnedah about 30 years ago. In the last two years it has found 140 jobs. I have letters in a stack that thick from local businesses decrying its demise. It undertakes mine restoration and looks after pensioners. It is one of the most highly regarded organisations in that community, and it has gone.

I have written to the Minister for Families, Housing, Community Services and Indigenous Affairs, Ms Macklin, politely pointing out that this needs to be rethought. If you want to help the Aboriginal community, why not keep something that is working? Nindethana Aboriginal Corporation in Moree have 50 people that they have had to put off. If their young people do not turn up for work, someone goes and gets them out of bed. They mentor them one on one. It is an amazing program. They have contracts with the New South Wales RTA and the local council and yet they are going. I could understand it if this was an oversight by the minister, but there is no flexibility. On all these things that have come through from this government, government knows best. Do not let the local community decide what they want to do—government knows best! The level of unrest in regional Australia is high. I say in conclusion that the only thing that the people in my electorate got their fair share of out of this budget was the debt.

Mr ADAMS (Lyons) (4.32 pm)—The member for Parkes is very lively today. He is a very honest member of the House who is very upset because—
Mr Broadbent—No good being good to him now!

Mr ADAMS—I am not going to be nice to him because I am just about to point out why he is a bit fiery today. The Minister for Infrastructure, Transport, Regional Development and Local Government has pointed out in a press release put out in the electorate of the member for Parkes that he was in the House and voted against money for black spots in his own electorate. He voted against money that would have saved lives in his electorate of Parkes. The member for Parkes has been caught out in his own papers about what he did.

I have been listening to the criticism of this Labor government in what the Labor government is doing to try to avert the complete meltdown of this country. There is, of course, a financial crisis happening in the world. People are nervous and are not spending in case they lose their jobs. They are buying less and companies are not renewing or expanding as they would normally do. They are waiting and are a bit nervous. Some companies, in the worst instances, are going out of business, especially those that have not renewed and kept up with changes in process or their markets. Those who study history may know that this scenario of a world financial crisis has happened several times before to varying degrees. Governments have reacted in different ways in the past—deep cuts in spending, pensioners’ incomes cut, people laid off from the public sector, countries putting up tariffs to increase protection and credit being denied. All this occurred as countries tried to isolate themselves from the continuing world crisis going on around them. It became crisis management and everybody brought the shutters down and attempted to wait it out.

This, of course, made the situation worse and, since the Great Depression and Wall Street crashes, economists have attempted to find the answers to keep economies stable in turbulent times. It should be understood that this could happen and has happened again. What happens in the international money market is not under the control of this nation. The question is: how do we, in Australia, deal with it? I have had a look at how we have traditionally developed our budget in Australia. According to Owen E Hughes in *Australian Politics*, 3rd edition, 1998:

Finance is the essential commodity of government; being able to direct the flow of government money is the single difference between government and opposition …

—as you always know when you are in opposition. Following traditional lines through the budget process, what they call ‘stabilisation’ has been the key point in dealing with current economic times. Hughes goes on to point out that stabilisation policy is where the government aims to improve the overall economy through budgetary process. All government spending and taxing decisions have a marked effect on the private sector as well. So, by varying these policies and the aggregate levels, an attempt can be made indirectly to influence the health of the entire economy. Of course, since 1945 governments have really accepted at the federal level the responsibility of promoting full employment, price stability, economic growth and a stable balance of payments. I do not think anyone on that side would disagree with us on this point. Spending and taxing have economic effects of their own and the net balance between them—the deficit and the surplus—is of major importance.

Keynesian economic theory argues that if the budget is in deficit the overall effects are multiplied, so that the whole economy can be stimulated. If the economy is overheated, then government can in theory budget for a surplus, which will slow the economy. This is the traditional position most Western countries have adopted to keep stability. There have been changes and moves away from the pure Keynesian position, to try to allow for the market to
be involved and for government to take a backward step. When the economy is in dire straits and threatening to free-fall, as in the US, urgent measures must be taken. We now see the US government playing a role in the recycling of some of the major auto industries in that country.

Once the Great Depression was on us, the state governments in Australia tried to stimulate their economies. Some of the schemes in the past were make-work schemes. We just need to look back to the depression of the late 1920s and early 1930s when some of our long-term infrastructure projects were born. A project often talked about still in Tasmania is the road up Mount Wellington—all done by labour that had become unemployed in the depression. There is a great story of unemployed people being given a pair of boots by the then Labor Premier to do the work. The road to the summit was constructed in the early 1930s in a relief scheme for the unemployed—an idea initiated by the then Premier of Tasmania, Mr A G Ogilvie. While the road is officially known as ‘Pinnacle Road’, it was for some time also widely known amongst residents of Hobart as ‘Ogilvie’s scar’, no doubt by the conservative side of politics. At the time the road was constructed, the mountain was heavily logged and almost bare, and the road was an all-too-obvious scar across the already denuded mountain.

Today the trees have grown again but the scar that most people see is not actually the road but a line of large rocks with no trees 50 to 100 metres above the road. The road itself was opened in August 1937 after nearly two years of work. It was opened by the governor, Sir Ernest Clark. Again in the 1970s there was the RED scheme that picked up the unemployed and tried to put them into meaningful work. This led later into Working Nation, one of the most successful work development and training schemes for the country.

It is now also a time to reskill people for the next stage in the economy. Many who were displaced from the workforce are from industries that are disappearing because technology and community expectations are changing. I can only point out the petrol driven car and its current difficulties. Governments are meant to anticipate change and look for stimulation of the economy that will provide long-term advantage for the future while keeping jobs alive and the skills that are needed in the new era. So projects such as road building, renewing rail networks, building houses, looking at new ideas and developing innovation products are all part of this. This budget is full of references to these sorts of activities. I applaud the Treasurer, the Minister for Finance and Deregulation and the Prime Minister for seizing the bear by its neck and making it pay attention to the government with these moves to stimulate the Australian economy.

This time we are increasing pensions, not cutting them. Governments all over the world are stimulating their economies. In Australia we are spending money on infrastructure, which lays the foundation for future recovery and gives us the stimulus to help jobs continue at present. What Australians should fear is unemployment going to 25 per cent, housing prices falling by 40 per cent and companies disappearing. Under the other side’s policies this was probably where the country was heading. This government had to borrow to make sure that we stimulated the economy. The simplistic argument from the opposition is that Labor has put the country into debt. But we ask: what would they do?

There are some issues I particularly want to comment on in this appropriations debate. There was some confusion in my electorate about some of the welfare measures in the pensioners area and the tertiary education area. Age pensioners currently receive a GST supple-
ment, telephone allowance, pharmaceuticals allowance and utilities allowance on top of the base rate of their pension. Some of these, like the GST supplement, are paid at the same time as the pension, while others, like the utilities allowance, are paid separately from the pension on a quarterly basis. To make things easier for pensioners, all of these allowances have been rolled into one payment, called the pension supplement. The pension supplement will be paid fortnightly, along with the base rate of the pension. Age pensioners will no longer receive the utilities allowance in a separate payment. Instead, it will be a part of the new pension supplement. Both single and couples pensioners will be paid the pension supplement in each fortnightly payment in addition to the base rate of the pension. These changes will start from 20 September 2009. Single pensioners will receive a $20-a-week increase in the base rate of the pension, along with a $2.49 increase in the pension supplement. Couples pensioners will receive a $10.40 increase in the pension supplement, and these increases are on top of the allowances that age pensioners already receive.

This means that from 20 September 2009 single pensioners will receive $1,462.76 per year, paid fortnightly, through the pension supplement on top of the base rate of the age pension. Currently, the combined allowances are around $1,320.20. This is an increase of around $142 in the total allowances paid. Single pensioners will also receive the $30-per-week increase in the base rate of the pension. For couples, the pension supplement will be $2,199.60 per year, paid fortnightly on top of the base rate of the age pension. Currently, the combined allowances paid are around $1,660.20 per year. This is an increase of around $539 in the total allowances paid. The pension supplement increases and replaces the utility allowance, the GST supplement, the pharmaceutical benefits allowance and the telephone allowance. After July 2010, pensioners will be able to receive up to about half of their pension supplement in quarterly instalments if they choose.

The government is acting to reform student income support to better help students from low socioeconomic backgrounds access university education. This reform is critical to Labor’s agenda to boost national productivity. The government will spend an additional $559.9 million over four years to increase the parental income test threshold for youth allowance. The income test threshold taper rate will be far more generous and will mean thousands more Tasmanian students will be able to access the youth allowance. Many students who previously would have had to work to gain youth allowance will now be able to access the payment automatically because of the increase in the parental income test. For example, a 19-year-old student living away from home with a 23-year-old sibling living away from home will be able to receive the youth allowance as long as their parents’ combined income does not exceed $139,388. The previous cut-out point was $75,324. This will allow an additional 67,800 students to access the youth allowance in 2010 and will see 34,600 existing recipients get a higher payment.

In addition, every student who receives youth allowance will receive a $2,254 student start-up scholarship every year they are in receipt of the youth allowance. This is a huge boon for students and will help them with the lump-sum costs of education, including expensive textbooks. Every student in receipt of youth allowance will get this scholarship for every year they are studying—that is 146,600 students in 2010 alone. In addition to this payment, eligible students who have to relocate to go to university will get a $4,000 relocation scholarship in their first year and $1,000 every year thereafter. This payment will assist with accommoda-
tion costs for students living away from home. There will be $6,254 in the first year and $3,254 in every following year of study. The relocation scholarship will be available to 28 per cent more students than currently have access to the existing Commonwealth accommodation scholarships—that is, 6,100 more students will be able to receive this scholarship.

The government are also acting to progressively lower the age of independence from 25 to 22. This will see an extra 7,600 new recipients of student income support in 2012 and give 12,100 existing recipients higher payments. The personal income test will also be lifted from $236 to $400 a fortnight, allowing students to earn more before their payments are reduced. For the first time, this rate will be increased in line with the consumer price index. This measure will also allow students to take on more casual work without losing their entitlements, and this will mean students have more take-home pay. This measure comes at a total cost to the budget of $287.3 million over three years.

These extra initiatives have to be paid for. The government will save $1.8 billion over three years by tightening the workforce participation criteria for assessing independence under the youth allowance. The workforce participation criteria that allow students to access youth allowance if they earn $19,532 over a period of 18 months will no longer apply. This is in line with recommendations of the Bradley review of higher education. It was never intended that school leavers should be considered independent under youth allowance because they take a gap year, live at home or work casually to earn this money. This is not an appropriate assessment of whether a student is independent of their parents.

The opposition have taken liberties with what has been developed in this budget and they have been disingenuous. We all know that we have to borrow money to put safety nets in place. While the opposition always takes liberties with the truth—I guess oppositions have a right to do that—they will also be judged at the next voting day. I support the budget. I support these bills and I certainly think that the country can avoid the worst of the recession with a budget as good as this. We can begin to haul back and get our economy back in balance again.

Mr CHESTER (Gippsland) (4.52 pm)—I rise to speak on the Appropriation Bill (No. 1) 2009-2010 and related bills. Much has been said already in this place about the direction the Rudd government is taking our nation with its high spending, high deficit and long-term debt. While debt is something that many Australians have come to expect from Labor governments, the magnitude of this debt—up to $315 billion—exceeds all other efforts. There is a growing fear within my electorate of Gippsland that Labor has lost control of our nation’s finances and that this unchecked and reckless spending with borrowed money will take decades to repay. I do not suggest for a second that everything in the budget is bad, but I am prepared to say that the focus needs to be on making sure we have value for money in the future.

It is hard to believe that in the massive spending spree that has occurred since the Rudd government was elected there are still people who have missed out. The winners and losers under this government are there for all to see. The government has turned its back on regional areas. It has cut programs in agriculture and rural and regional health throughout Australia. It has stranded regional students currently in their gap year. And even the programs that are designed to support regional jobs, such as the $14.7 billion schools program, are not living up to community expectations.
Let me begin with the cuts to benefits for students who are on their gap year, intending to attend university in 2010. It is hard to believe that just a couple of weeks after the fiasco where the Treasurer and the Prime Minister would not say the word ‘billions’ in public, we have the Minister for Education and the Minister for Youth avoiding the words ‘gap year’. In response to a question in the House last week, the Minister for Education could not bring herself to say ‘gap year’, and this week in a matter of public importance discussion the Minister for Youth was happy to claim that I was scaremongering on this topic, but she was too scared to say ‘gap year’ as well. I must admit that being attacked in the chamber by the Minister for Youth is a bit like bumping into Bambi in the forest. She tried to kick me around, but her heart really was not in it. She is no Labor attack dog. Even Bambi knows the government has made a blue in this case, and she knows that young Australians are being treated unfairly by a government that likes to talk about social justice.

Both ministers are accusing the opposition of scaremongering on this topic, but I fear the government may be giving us way too much credit. Do the ministers really believe that I am so well connected in my local community that I could find 3,000 people to sign a petition in just 10 days—that I can scare principals, teachers, students, parents and representative groups into writing all the emails and letters which have landed on the ministers’ desks? I am flattered that they believe I have so much ability, but the truth is that this is not a scare campaign in any sense of the word. These are people who are genuinely worried, and they have every reason to be concerned.

In what I believe was a well-intentioned effort to stop the misuse of the independent youth allowance, and in response to the findings of the Bradley review, the government took steps to change the workforce eligibility criteria. The government also increased the income thresholds, in a move which I do not believe anyone has criticised—not to the best of my knowledge. The problem for the government is the students who are left stranded in their gap year. The students did the right thing. They took advice from their teachers, their principals, their careers advisers and even Centrelink officers. They were told that, if they took a year off and achieved the eligibility criteria, they would be in receipt of $371 per fortnight. With these changes, the government has pulled the rug out from under their feet midway through the year. It is no wonder these students in particular are disenchanted. I fear they will not ever become engaged in the political process.

Do we really want young people leaving school to have their first experience of this great Australian democracy being that the government pulled the rug out from under their feet as they were preparing to go to university? I believe the young people in my community have a great deal of energy and enthusiasm to offer as young leaders of the future. How are we going to get them engaged in the democratic process if their first experience is one of complete disenchantment with the way they have been treated in their gap year? The minister talks about new thresholds and scholarships but will not admit that students right now in their gap year, who would have qualified for a full independence allowance, will be financially penalised. This is not a scare campaign. I must say to the minister, before she jumps on that white horse and charges down the hill to slay the opposition on this issue, that it would be prudent for her to stop and take a look over her shoulder. When she yells out, ‘Charge!’ she might find the cavalry is running the other way.
I have been stopped in the corridors of this place on three separate occasions this week by Labor backbenchers. They have urged me to keep up the fight. I understand that finally some of the backbenchers found their voice in the party room meeting this week. There is a gap running down the middle of the Labor caucus on this issue. Those who live in regional areas or care about issues of social justice are on our side, and the others are with the minister. My message to the minister is to take the time to read the letters from regional Australians. Just in case the minister or her advisers did not have the time, they could listen in now to some of the quotes from people who have contacted my office over the past two or three weeks. The Bairnsdale Advertiser is a well-respected local newspaper in the Gippsland electorate. On 22 May 2009 the headline read ‘Country kids are the losers’. The minister has the opportunity to make sure that the next headline will read ‘Minister comes to her senses’. Let me quote from the principal of Lakes Entrance Secondary College, Mr Craig Sutherland. I know Craig very well. He happens to be the principal of the school my daughter Morgan attends. Craig does a wonderful job in increasing the ambition of young people in the Lakes Entrance area. He is bitterly disappointed that the students he has coached in the last two or three years, in aiming towards the gap year process, have now had the rules changed midway through the year. Mr Sutherland was quoted in the newspaper as saying:

As for the government’s stated intention of making university more accessible—well this behaviour just raises the question of whether they have thought through their strategy—it should not be at the expense of participation by country kids. Access is always harder for country kids.

Minister Gillard has called such criticism scaremongering—but it is not so—the whole issue raises questions about universal access to university and the way young people can develop pathways to independence—how we allow them pathways to adulthood.

There are many more people out there who are keen to make the same point. Mick Murphy, the executive officer of the Baw Baw Latrobe Local Learning and Employment Network, says:

This policy discriminates against rural and regional students and has taken a city-centric view of further education. Sadly, this new policy is going to make university less attainable for many local people, which will have long-term ramifications for the social and economic fabric of Gippsland.

I know Mick well. He also is not in the habit of scaremongering. Phil Whiteman, from Churchill, wrote to me:

These kids who have done the right thing and planned their future want to study and better themselves but are now left in limbo. I do not agree with this change at all, but why does it have to be introduced without warning for this new wave of students. Surely students should be given sufficient warning that this policy is changing and then be able to plan their income and studies. This change should exempt country kids at best or at least not be introduced until the next financial year.

I understand Peter Jennings has also written directly to the minister:

These changes further disadvantage students from rural areas who must leave home in order to undertake university studies, unlike their urban counterparts who can live at home. From personal experience, I can inform you that accommodating a student in Melbourne costs in the order of $18,000 per year. In addition, with a two-year absence from studies, there is a greater risk that young people may remain in the workforce and not seek higher education—an undesirable outcome, I am sure you would agree. I urge you to abolish these changes and give country kids a fair go.

And finally from Sophie Jennings, a student from Gippsland who is now studying in Melbourne after completing a gap year, there was this comment:
Coming from Sale, staying at home while studying was simply not an option for me. I was so pleased and lucky to gain access to Queens College that I took a gap year in 2007 at the end of year 12 in order to earn enough to gain youth allowance so I could pay for my college fees. Many of us also have brothers, sisters and friends who undertook gap years at the start of this year, understanding that their hard work would be worth it when they became independent and gained access to financial services required to move to the city and study at university. Of course these young adults are now not assured of that.

There are many, many more. In fact, I believe I have sent at least 30 letters to the minister on this topic.

The minister has the title of ‘social inclusion’ among her portfolios. Surely she can understand that young people and their families in regional areas are feeling excluded. They are disenfranchised and they are angry about this decision and the impact it will have on them as they complete their gap year. They had plans which they made in good faith and in consultation with respected members of their school community. The minister needs to take action and guarantee that no student currently on their gap year will be worse off as a result of these changes. I accept that these are difficult economic times, but our students should not be paying the price for Labor’s spending and record debt.

In the time that I have left I would like to turn my attention to another education issue of great significance, and I refer to the government’s Building the Education Revolution program and some serious concerns that are being relayed to me by schools across Gippsland. If you listen to the minister, again, it is all rosy. But on the ground it is a very different story. There is a growing sense of frustration as schools realise that they are not going to be able to build a project that they want to complete, and in many cases local builders have been restricted from tendering for local projects. Many smaller schools will be receiving portable buildings instead of engaging local builders in construction projects.

I am not going to debate the merit of the Building the Education Revolution program. That debate was had and won by the government. My concern now is making sure that the people of Gippsland get value for money out of the $14.7 billion that has been allocated. I have written to the minister to raise my concerns about the lack of local jobs flowing from this program, but the minister has chosen to plough on regardless.

Many Gippsland schools can look forward to a truck turning up with a relocatable building on the back. It is the ‘portable education revolution’! This whole program was meant to be an economic stimulus to create local jobs, but there are not many local jobs involving a few portables being taken to some of my smaller schools. I have grave concerns about the veracity of this program and making sure that taxpayers will receive value for money in the future.

The Victorian government has an appalling track record of cost overruns and a failure to deliver regional infrastructure either on time or on budget. As I have told the minister, it would make more sense to get this money to the local school councils themselves and get them to administer the local contracts to help ensure that employment is generated within the local community. The schools in my region are very good at leveraging off any funding assistance. There would be opportunities to employ local traders and to deliver projects that are actually required within their schools, rather than the situation which is unfolding at the moment.

Schools are being pressured into accepting state government templates for projects that may or may not meet their needs. I have spoken to at least 10 principals in my electorate, and

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they are angry and frustrated with the way the program is being conducted. In its desperation to shovel the money out the door, the government has set unrealistic time frames and is pressuring schools to accept whatever is on offer. I have been told by the schools which are entitled to receive up to $250,000 under the government’s guidelines that all they will receive is one portable building. That is hardly a revolution.

Other schools which are entitled to much larger sums of money—up to $2 million—are being pressured to accept template designs which do not meet their individual needs. The school principals and the school councils know that they could build better and cheaper buildings using local contractors, but they are being ordered to take what they are offered and do not dare waste time complaining. It is galling to listen to the minister in this place spinning her lines about jobs in every community when the reality on the ground deserves much greater examination. I will give the minister the benefit of the doubt in that maybe she is not aware, given that there are so many projects underway across Australia, of exactly what is happening on the ground in Victoria. There must be greater commitment to achieving value for money for the Australian taxpayers, who will be paying off this government’s debt for decades to come.

For the benefit of the House and the minister, let me outline a scenario which was presented to me by a local builder in Bairnsdale. I will not name the firm because I fear that there are people within the system who are vindictive enough to compromise the builder’s chances in the future. The scenario goes like this. The firm is a significant employer in Bairnsdale and has completed work for the education department in the past. It was offered the opportunity to tender for three projects in Gippsland. There is nothing wrong with that, you might say, and members opposite would probably agree. But the three projects were located in Foster, San Remo and Wonthaggi. Those towns are all two to three hours away. Meanwhile, there was a multimillion-dollar contract available in Bairnsdale that the firm has been excluded from tendering for as part of the stage 1 process.

What genius in Melbourne in the education department came up with this plan, and why won’t the minister intervene to ensure that local traders have the opportunity to tender for all local projects? It defies logic and is completely contradictory to the minister’s comments that local jobs would be supported in every region of Australia. Once you get an out-of-town firm coming into a small regional centre to complete these jobs, there is a complete distortion of the local market. You will end up with workers being taken from existing local firms. It will destabilise the local workforce, and the profits, of course, will head straight out of town.

This system of packaging projects and offering them for tenders is convenient for the government and may suit the time frames, but it will not deliver value for money or support local jobs in the longer term. Keep in mind that this is only round 1 of the program, which involves 20 per cent of the total funding pool. When the next round comes on line with tenders for 40 per cent of the work, local builders fear they will miss out completely. I also fear that the next round will be dominated by major city companies and the locals will not even get the chance to tender because the packages will be priced out of the range that they are qualified to undertake. It is a very real concern for small country builders.

As an economic stimulus, the Building the Education Revolution program is starting to shape up as the biggest con job this government has delivered. The undue haste to roll out this program is showing no regard for the needs of the local education sector or the capacity of the
local community to undertake the work. When the Prime Minister talks about it being ‘shovel-ready’, it means, ‘Shovel the money out the door and cross your fingers that some of the projects actually hit the mark.’ I am not complaining about the nature of the program, in the sense that the government has made a commitment to spend that money, but it is up to the government now to ensure the money is spent wisely and fulfils its ambition of being an economic stimulus in creating jobs right throughout Australia. There should be a more strategic approach to this program, and local communities should have more control over when the money is spent, what it is spent on and which local firm is hired to get the job done. By putting locals first and supporting local small businesses, which are the backbone of the Gippsland economy, the government will achieve a lot more than it is achieving at the moment.

In the limited time that I have left I would like to refer to a topic that I have raised previously with the Minister for Health and Ageing on behalf of the health service providers throughout my electorate and the concerns over the rural retention grants. As feared in the lead-up to the budget, the minister has realigned these zones and there are many concerns within the health sector in Gippsland. In Sale, for example, the health sector has now been included in the same zone as Pakenham and classed as ‘inner regional’ in terms of any retention grants or government assistance. It is a bizarre decision which will make it harder to attract health professionals in the future to regional communities. It is an issue that I will be pursuing further on behalf of the health professionals in my region because the changes appear to fly in the face of every effort that has been made in recent years to encourage health professionals to practise in regional areas. In Gippsland, there has been some outstanding work done over the years with the rural medical school and the Monash University courses designed to give medical students a taste of life in a rural and regional setting, and I fear that these changes are completely contradictory to those moves.

As I said at the outset, Gippslanders are concerned with the way this government is managing our nation’s finances. I share their concerns as this government’s spending priorities are increasing the gap between city and country residents, and I do not believe we are receiving value for money on the borrowed money that is being run up in this budget.

Mr SHORTEN (Maribyrnong—Parliamentary Secretary for Disabilities and Children’s Services and Parliamentary Secretary for Victorian Bushfire Reconstruction) (5.07 pm)—The world’s economies have been turned upside down over the last 12 months. Old assumptions that we relied upon just a year ago have been swept away and replaced with a new uncertainty. It is in this context that I heartily believe that the budget is a budget for tough times. It is a budget for the future. It creates and preserves jobs. It commits money for long-term infrastructure. It supports needy people on low incomes. It is a budget for a time when bad economic news from overseas continues to cast its long shadow over the Australian economy.

But it would appear that some in the opposition seem unaware that we are living in the midst of a global financial crisis. The economic downturn may not be affecting some of the leafier electorates represented in this House, but it is definitely being felt in my electorate of Maribyrnong. I believe those in the opposition critical of the budget are conning their electorates by pretending that the global recession does not exist and are simply trying to blame the Rudd government. How can the opposition ignore the OECD forecast of the first global recession since 1945? How can the opposition ignore that 30 major banks worldwide have collapsed? How can the opposition ignore that major US car makers are fighting bankruptcy?
Many of our major trading partners are in recession. Japan’s economy shrank 3.3 per cent in the December quarter. The United States of America’s economy shrank 6.2 per cent, whilst our economy only shrank 0.5 per cent in the December quarter. In the United States, unemployment has risen to 8.2 per cent, and in China more than 20 million people have lost their jobs. I do believe that some in the opposition know so little about what is happening in the world economy that I expect them to say that swine flu originated in Moonee Ponds rather than Mexico—and certainly blame it on the Rudd government.

What we do not need is an opposition engaging in opportunistic policies, continually talking down the Australian economy and failing to offer alternatives to government policies. The coalition ignores the fact mentioned at the opening of my address that the world has changed in the last 12 months in a manner not possible to imagine 12 months ago. We cannot simply coast on Chinese demand and the mineral boom anymore.

The budget handed down by our Treasurer on 12 May needed to be about vision and needed to be about preserving jobs today and ensuring prosperity tomorrow. Indeed, that budget passed that test. It should be remembered that since the 2008-09 budget the predicted tax revenue over four years has dropped by $210 billion, equal to the federal government’s hospitals and health expenditure over that same period. If the opposition wish to win the respect of many, they should admit that any government would have to run a deficit in these circumstances. To have retained a surplus, we would have had to have either raised our taxes much further and faster or cut services. Both of these options would have been bad for working families. The temporary budget deficit was the most responsible course of action. Australia’s debt is the lowest of any major advanced economy. Australia has retained its Standard & Poor’s AAA rating and in fact the IMF, the International Monetary Fund, says we are in a better position to repay our debt than any other major nation except Chile.

Unlike the opposition, we do not simply have some sort of naive faith that the invisible hand of the market and the wisdom of merchant bankers will provide a solution in every case. Quick, decisive, responsible, thoughtful action by the government can cushion the worst impacts of the global recession on Australia. Government spending can effectively preserve jobs and businesses until the global economy recovers. This is not a radical position. All governments are doing it and the International Monetary Fund supports this proposition. The global economy is in a financial emergency, the economic equivalent of a car crash or, indeed, a heart attack. In a medical emergency the first thing the doctors must do is stop the bleeding and stabilise the patient. World leaders, including our own, have done this by guaranteeing bank security and injecting money into the financial system. Our Prime Minister’s bank guarantee reflects this policy. The next step is to get the patient back on their feet and well enough to leave hospital. We have done this through the stimulus packages, by putting money into the economy to preserve jobs. We took quick and decisive action whilst the opposition simply opposed. They were happy to leave the patient to quietly expire or go on a diet whilst on the operating table rather than do anything.

But now we have moved on to the next stage of recovery, rehabilitation. Long-term investment—that is, overdue investment, investment long sought after by the citizens of our nation, investment vital for the arteries of our economy—in roads and rail, ports and broadband will lay the groundwork for a strong economy and provide jobs for our children. For instance, in the west of Melbourne, including in my own electorate, the government is going
to contribute $3.2 billion to the dual rail link from Werribee to Southern Cross Station. This is the greatest investment in rail in the history of metropolitan rail in Victoria since the 1920s. This project will be a major benefit to one of Melbourne’s fastest growing areas to come and, indeed, one of the most important economic centres in the nation, the western suburbs of Melbourne. Spending on infrastructure will preserve jobs in the short term and make our economy more competitive in the long term.

Indeed, led by our Deputy Prime Minister, there is $1 billion of investments to improve our schools by providing new libraries and centres of knowledge. Many tens of schools in my electorate have already started to receive the benefit of millions of dollars in what is the most significant federal government investment in school infrastructure that our federation has ever seen. The knowledge economy makes investment in young minds crucial. I think we can recognise the wisdom of going into debt temporarily to pay for an asset which will increase in value. What greater asset do we have than the future of our children? The American economist Mark Zandi calculates that for every dollar spent on infrastructure we will see a boost of $1.59 to the nation’s gross domestic product through the multiplier effect. This is money spent in Australia on providing jobs for Australians, especially tradespeople, who otherwise would be beginning to struggle. This is a vital assistance to small business, ensuring the opportunity to work on projects which can start straightaway.

I think this is one of the main differences between the philosophies of the opposition and those of the government at this most significant period in the economic history of our federation. Labor has become in this government, as it has in previous governments, the party of hope. What we see is that we will not give up on jobs. By contrast, the opposition remains the party of pessimism, fear and uncertainty. We in Labor understand the damage that can be done to people and families suffering the curse of unemployment, the human cost of a recession: families struggling to pay off their mortgage, young people unable to find work, older people having their work careers prematurely shortened. What we seek is the preservation of jobs. We have seen the Treasury estimates which indicate the many tens of thousands of jobs that have been supported by this budget and the previous stimulus packages which formed the earlier chapters of which the budget is the latest. We understand the long-term value of keeping people in work and ensuring that small businesses are viable.

Cash flow is king to successful businesses, be they large or small. The opportunity to have government work which ensures an ongoing income flow through a business is what will make the difference this winter and this spring for many organisations and businesses working on one of the 35,000 infrastructure projects, great and small, triggered across the nation by the Rudd government. However, we have also been able to ensure that in a time of great economic hardship the Labor fundamentals of social equity are not discarded.

What a remarkable effort it is in this budget that, despite the incredibly complex and difficult economic circumstances, led by senior minister Macklin and the Treasurer, we have been able to keep our promise to pensioners. We will no longer have the annual debate about the one-off bonus, which the previous government would pay and then not put in their forward estimates. What we have done is increase the single age pension in this budget by $32.49. We have increased the couple’s age pension by $10.14. For the first time in a terribly long time, in many decades, we have started to redress the imbalance—
Mr Slipper—Under the standing orders, I wonder if the honourable member for Maribyrnong would be prepared to allow an intervention and to allow me to ask him a question.

The DEPUTY SPEAKER (Hon. JE Moylan)—The member for Fisher has a question. Does the member speaking wish to take the question?

Mr SHORTEN—I would be happy to take the question at the end of my talk but, having prepared this talk on the budget, which is an important address, I would be pleased to—

Mr Slipper—I only wanted to check something.

Mr SHORTEN—By all means. I am happy to talk to the member after I have given my speech and clarify anything which he is unsure about, and when he is speaking I would be pleased to raise a question so I can happily talk to him in his address.

Mr Slipper—So the answer is no?

Mr SHORTEN—I do not know what part of what I said was unclear. I am sorry, Deputy Speaker.

Mr Slipper—Will you take an intervention—yes or no—under the standing orders?

Mr SHORTEN—No. I am going through all of my talk. But I also make the invitation that, as I am here every day, I am happy to talk to the member.

This budget is pursuing our equity issues as well as the infrastructure investment to which I was referring. It would have perhaps been understandable if this government at this very difficult time had said to the age pensioners: ‘We’re sorry. This is not the year to fix up your issues.’ But we did not take that course of action, because we understand that in difficult economic circumstances those who are most needy suffer the greatest. So not only were we able to support single pensioners and, indeed, age pensioners but we have been able to redress the relativities between the single age pension and the couples age pension. Through our intervention and through this budget we were able to ensure that the single age pensioner now receives approximately two-thirds of the couples age pension, whereas previously it was below 60 per cent of the couples age pension.

Particularly pleasing for me in the portfolio of disability services was the fact that the people on the disability support pension, of which there are in excess of 700,000, have also received these identical increases. Indeed, people on the carers pension and carers allowance will also receive amounts of money. I do not pretend that resolves every issue that they confront, but it is certainly going to be a welcome addition as carers carry out their invaluable tasks and people on the disability support pension seek to try and improve their position.

These were groups who were neglected by the previous government despite a strong economy. In particular, the disability pensioners did not receive a lot of the fruits of the long boom in the Howard years. This pension increase has ensured, as have previous stimulus packages, that people on a disability pension are not treated as second-class citizens as they were by the previous government. Overall, this is a budget for difficult times. The global economic circumstances indicate numbers that we have not seen since World War II and the Great Depression. Overall, this budget demonstrates a vision for the future and builds an infrastructure for the future, and I commend it to the House.

Mr SLIPPER (Fisher) (5.20 pm)—I do regret that my friend the honourable member for Maribyrnong chose not to accept the intervention that I was seeking to make on his speech on
Appropriation Bill (No. 1) 2009-2010 and the related appropriation bills. It is one of the standing orders in this place which I think helps encourage cross-chamber debate when honourable members are able to stand in the chamber and ask an honourable member who is speaking a question about the substance of what that member is saying. The honourable member for Maribyrnong was talking about pensions and he said that the government had indeed responded to the needs of pensioners in a way that the former government had not. Recently, we had the Fisher Seniors Forum, and one of our speakers was Dr Barry Ritchie, head of the Retirement Income Research Group of the Association of Independent Retirees. While the government did receive some initial praise and some positive media coverage on the increase of $10.14 for age pension couples and the increase of $32.49 in the pension for singles, the reality is quite different. What the government has done—and the honourable member for Maribyrnong may not be aware of this—is to give pensioners an increase with one hand and then to take it away with the other hand.

Mr Shorten—that’s not right.

Mr SLIPPER—I will explain it to the honourable member, who claims that what I am saying is not correct. The $10.14 increase for age pension couples actually works out at a $9.09 decrease when one takes into account the cancellation of the annual $500 bonus payments that pensioner couples have received in past years but which will no longer be forthcoming from the government. The member for Maribyrnong is perceived in the government to be a member of great influence, and I would ask that perhaps he should take this matter up with the Prime Minister and the Treasurer. This may well be an unintended consequence, but the reality is that age pensioner couples who received an apparent $10.14 increase actually suffered a $9.09 decrease. Dr Ritchie also advised the Fisher Seniors Forum that, in addition, the $32.49 increase in the pension for singles is only a $22.87 increase when the cancelled $500 bonus factor is taken into account.

These pension figures are a major letdown not only to the pensioners on the Sunshine Coast and, I suspect, the pensioners in North Queensland in the area represented so ably by my friend the honourable member for Herbert but also to pensioners right throughout the country. Pensioners have been struggling with major cost-of-living increases across the board. With the global crisis that government members constantly talk about, pensioners are doing it very tough at the moment. They have waited patiently for a response from the government and they have got a response but, unfortunately, not the response that they had hoped for.

Mr Lindsay—Madam Deputy Speaker, I seek to make an intervention.

The DEPUTY SPEAKER (Hon. JE Moylan)—Is the member for Fisher willing to give way?

Mr SLIPPER—I am more than happy to accept an intervention, although I am not quite sure what it is.

Mr Lindsay—I would like to ask the member for Fisher a question. He has explained how the government indicated that for partnered pensioners there would be a $10.14 increase in the pension, but of course the pensioners are net worse off. That is how he has explained it. With pensioners who are in public housing, the state government takes a proportion of their pension when they get an increase. Because they do not actually get an increase, are they even
worse off as a result of that additional money that Housing and Homelessness Services in Queensland is taking from pensioners?

Mr SLIPPER—The honourable member could be absolutely correct. Of course, there are state and federal Labor governments and they could be working hand in hand. It is perfectly arguable that the Bligh state Labor government could well take more money from these pensioners who are in fact receiving less. This is totally unacceptable, and I know that honourable members will accept that this, as the member for Herbert has just said, is a double whammy.

Appropriation bills provide one of those few opportunities in the House when one can talk about matters that are of concern to constituents but which are not necessarily related to the particular substance of the bills. I spoke in the parliament earlier about the unusual and untenable situation that the coastal part of the Sunshine Coast has discovered itself in as a result of changes in the budget to the region’s health district classification. The Sunshine Coast is stuck between a rock and a hard place. It is too regional to attract doctors who wish to practise in a metropolitan area, and it is too metropolitan to offer incentives for doctors wishing to work in a regional or rural area—maybe a better way of putting it would be to say that it is too urbanised for that purpose. The Sunshine Coast is one of only two places in Australia that have had their classification changed to ‘metropolitan’ under the new classification scheme. The other place is Gawler, in South Australia.

However, there is another factor that further disadvantages the Sunshine Coast. While Gawler is able to employ overseas trained doctors, the Sunshine Coast is not. This is due to its classification under the district workforce shortages scheme. The Sunshine Coast finds itself alone in Australia as a region that does not fit into either of the government’s health classification pigeonholes. I would urge the Minister for Health and Ageing to look closely into this concern and make the necessary changes as soon as possible to ensure that residents on the Sunshine Coast, a rapidly growing area with a shortage of medical doctors, do not suffer the problems that would come with an even worse shortage of doctors.

The Sunshine Coast unfortunately missed out on funding towards a much needed rail project designed to connect Beerwah, through Caloundra and Kawana, to Maroochydore and on to the Sunshine Coast Airport, at Marcoola. This would help to reduce the traffic on our roads, improve safety and provide a practical and sensible public transport system which would be a major boost to the region. This project, which has been discussed for over a decade by various local councils as well as by the Labor state government, is entirely worthy of support. In fact, the Caboolture to Maroochydore corridor study, also known as CAMCOS, was completed in 2001. Since then, little has been seen to be done, although the state government website states that the state government is acquiring land for the project.

I now turn my attention to the search for the Australian hospital ship Centaur, which was sunk in a Japanese war crime on 14 May 1943 with the loss of 268 lives. I have called on the government and the Prime Minister to fund the effort to find the wreck of the Centaur. I commend the Prime Minister and the government for funding this effort, which will bring closure to the survivors of this tragedy and also to the families of those who were lost. The Centaur was a hospital ship, Madam Deputy Speaker Moylan, and you would be interested to know that it was displaying the Red Cross and was therefore legally immune from attack when it was torpedeed and sunk by a Japanese submarine. A memorial to the tragedy is located on the shoreline at King’s Beach at Caloundra in my electorate. Memorial services are
held there, as well as in Brisbane and other locations, to mark the tragedy. I commend the
government for their decision to assist in ensuring that the ship is found by allocating $2 mil-
ion of the $4 million budget for the search. I would also like to say that local people much
appreciate the fact that at last they will receive closure with respect to this very great tragedy.

On the Thursday after the Treasurer delivered the budget we heard the Leader of the Oppo-
sition respond to the budget, and he pointed out how Labor’s reckless spending would bring
about a great deal of debt. It now transpires that the debt will be $315 billion at this point in
time, and the Treasurer did not even announce the fact that there was a $58 billion deficit that
he had created himself. In fact, there was close to a $90 billion turnaround, given the surplus
which the current government inherited from the former Howard government at the time of
the last election.

Government members talk incessantly about ‘temporary debt’ and how it is okay to go into
deficit temporarily—you make surpluses in good times and deficits in bad times and it all bal-
ances out. The real problem is that we are now in more debt as a nation—much more debt—
than we were at the time the Howard government was elected in 1996. The honourable mem-
ber for Herbert would be interested to know that it means $9,000 for every man, woman and
child in Australia.

Mr Lindsay—It’s shocking.

Mr SLIPPER—It is shocking, as the honourable member has been kind enough to point
out to the chamber. The government talks about temporary debt, but I think this is intergenera-
tional debt. The government is borrowing to spend money now, to throw money out the door
in cash splashes, to in effect squander money—to squander the sound economic management
of the former government. You will find that children not yet born will be paying this debt
back in the future.

Mr Lindsay—Labor will never pay off the debt.

Mr SLIPPER—Labor will never pay off the debt, and we will have to change the gov-
ernment so that a Liberal-National government will be able once again to repay the devastat-
ing result of Labor excesses.

We have a situation where the government is doing what Labor governments like to do, and
that is to be a high-taxing, high-spending, old-fashioned Labor government. It really has be-
come out of fashion for governments to build up deficits, but this government is like a pig in a
trough. It is enjoying doing what Labor governments have historically done—writing cheques
today without having to worry very much about when those debts are actually going to be
paid. The government is completely out of control. There is an increasing level of concern in
the community generally over debt. If you ask people whether they wanted the cash pay-
ments, most people would say yes. Then, if you say to them, ‘But is it right that governments
should be shovelling money out the door like that?’ most of them say no. We accept that there
needs to be some spending, but the government has gone far too far and it has not taken into
account the long-term cost of repaying this debt.

The honourable member for Maribyrnong went on about what this government has done
for those people who are in receipt of pensions. The reality is quite different.

Another matter which is very relevant is the private health insurance rebate and the fact
that the Leader of the Opposition in his budget reply speech suggested that tobacco should be
taxed at a higher rate of excise than currently. Were this to occur, there would be a relatively small increase in the price of cigarettes, but this would mean that the private health insurance rebate would be able to continue as it currently is. The way to have a strong public health system is to have a strong private health system. The larger the proportion of the Australian community which is covered by private health insurance, the smaller the proportion of the Australian community that will be on public hospital waiting lists. If the government makes it impossible for people to continue to afford private health insurance, increasing numbers of people will join the queues for surgery in public hospitals.

Labor, of course, has an ideological hatred of private health insurance. It is sad, though, when you have a situation where the government is allowed to pursue its prejudices at the cost of the health of Australians—indeed, at the cost of the private health system but also, consequently, at the cost of the public health system. I think that the Minister for Health and Ageing should really consider very carefully the offer made by the opposition to support an increase in excise on tobacco products in exchange for making sure that the government keeps its promise, which was not to interfere with the private health insurance rebate.

The community expects governments to keep their promises. Regrettably, this government has not kept its promise to the Australian people with respect to private health insurance and changes to the workplace relations system. This government seems to do or say one thing one day and then not hesitate to tear up that promise. This government thinks its claim of changed circumstances makes it acceptable to break its promises. As I have been saying in the main chamber over the last couple of days, the government clearly has a system of core promises and non-core promises—but the reality is probably that the government does not have any promises worth keeping at all. The Australian people have lost faith in this government. The Australian people will simply not trust a government that says one thing before the election and in some cases even after the election and then is prepared to treat the Australian people with absolute contempt.

Mr RIPOLL (Oxley) (6.36 pm)—It is always a great privilege to have the opportunity to speak on appropriation bills, because not only can you speak about the areas of funding contained in the particular bills but you can also, as is customary in this place, range a little more widely about general appropriation and some of the key issues that face the Australian people—and today is no different. The purpose of Appropriation Bill (No. 1) 2009-2010 and the cognate bills is to provide the funding that is necessary to implement measures described in the nation-building and stimulus plans, two essential planks in the Rudd Labor government’s strategy for ensuring Australia’s economic future and that of ordinary working Australians and their families. Today’s national accounts reflect exactly that. Our strategy, while it is difficult and will involve some pain, is having the right effect, and it is benefiting all Australians.

Indicators show that the nation-building projects are having a positive effect on the country. Unemployment dropped by 0.3 per cent in April this year in comparison to April 2008, which was well before the world financial crisis began to impact at the level that it is now. Australia’s strong position relative to other economies can be seen in the growth figures for the last quarter. As the Prime Minister said, Australia is now the only advanced country not in a recession. This is not something that should be taken lightly, nor is it something that should be deemed to have just happened by accident or chance. This is actually part of the very strategic approach that the Rudd Labor government and the Treasurer have taken to ensure that the
Australian government minimises the impact of the global financial crisis on ordinary Australians.

The impact of this crisis is no different in the electorate of Oxley from that in any other electorate in this country, except perhaps for a few things. The electorate of Oxley is disadvantaged in many ways, and that shows up in national statistics. According to the Australian Bureau of Statistics, the electorate sits in the top five most disadvantaged communities in Australia. Disadvantage is not evenly distributed throughout my electorate. There are pockets of people who are well off and who can manage to look after themselves but, at the same time, there are also pockets of individuals who struggle with day-to-day living expenses and who feel it most when economies begin to falter. It is those people whom I am concerned about. I think all of us should work very hard to ensure that these communities do not unfairly bear the weight of the global financial crisis on their shoulders. I refer here particularly to people who are unemployed, who are in the lowest income levels and who struggle to make a living—the working poor.

We are lucky in this country, but we are not lucky by accident. We are lucky by design, by strategy and by the measures that I have already mentioned. We have worked hard, we have planned hard and we have taken the tough but necessary decisions to ensure that we minimise the impact of the global financial crisis. I want to congratulate the Treasurer and the Prime Minister for having the courage in what are very difficult and challenging times to make those difficult decisions and to stare criticism in the face. The opposition merely want to destroy what the government is trying to do while, at the same time, not put forward any positive proposals themselves.

Our strategy is well documented. It is a strategy to assist families and working people. It is a strategy that included a stimulus package of $10.3 billion over the Christmas period last year to make sure that retail did not falter and that it did not feel the full shock of what was happening around the globe. The evidence today speaks for itself in terms of the impact that had. Nobody can argue about the figures and nobody can deny the outcomes of that particular stimulus package. We have gone further because we feel it is necessary to do the things that were left undone for more than a decade—the great lost opportunities that I have talked about in this House many times. We wanted also to assist pensioners with a substantial and real increase to their income levels. It is above what was deemed by many to be the threshold level of $30. We went slightly higher than that—$32.50 per week for a single pensioner—because we recognise, acknowledge and understand the difficulty that a single pensioner faces in trying to meet their cost of living. We went further to make sure that couple pensioners were not disadvantaged, and, while they did not need the same sort of increase, they still needed some recognition of the difficult times that they face, so couple pensioners got a bit over $10 per week, which was a substantial amount for them as well.

We did not stop there. For our strategy to have the broad impact that we wanted across the Australian economy—to assist families, pensioners, industries and small, medium and large business—we made sure we included packages in our automotive and manufacturing sectors in infrastructure, which is a major plan in our strategy moving forward. About 75 per cent of our economic strategy has been aimed directly at infrastructure. This does two things: one is to make sure that employment and jobs grow in skilled areas, and the other is to provide legacy infrastructure for this country—infrastructure that will benefit our children and infrastruc-
ture that will deliver well into the future for future generations and for the Australian economy.

We have also provided and ensured that there is confidence in the markets, confidence in our banking system and confidence that Australia is in a position to have enough liquidity to continue to do what it does. We had to make sure that our banking system, our financial markets and the things that underpin our economy did not falter as they have done in other places around the world. But there is a lot more that needs to be done. We do these things at a macro level, but we also do these things at a micro level—at a local level—where it affects people directly. It is not necessarily always based purely just on economic terms. There is an important element to social infrastructure and that is to look after those people that rely and depend on us to look after them because they are not in a position to do that for themselves on their own. The government has, in that vein, invested $6.4 billion to build around 20,000 social housing dwellings across the country. This will stimulate building and jobs in the construction industry. It has been estimated by Treasury that it will support some 15,000 jobs nationally over the next two years. It is a very important part of the puzzle in terms of delivering for the Australian people and the Australian economy.

In Oxley in particular, the government will be building 21 social housing units. I welcome those very much. I appreciate the work of the minister. I understand that, with 150 electorates, a lot of work needs to be done, so I appreciate any effort that is made in the western suburbs and the western corridors of Brisbane and Ipswich. We are also providing support for existing social housing through the repair and refurbishment of existing houses—281 homes in the electorate of Oxley will benefit from such refurbishments—which I think is a good way forward and delivers right across the board. The way I see it is that it is the government adding value and it is the government taking its housing responsibility seriously. For the first time in a very long time, it is the Commonwealth, once again, taking on board its responsibilities in infrastructure and housing and playing a key role in what has been shoved off to the states by the previous government for far too long.

The government is also committed to helping the most marginalised people in our community. We have already seen this through our decisive action in a variety of areas including for people who are on very low incomes, pensioners and the homeless. I do not know whether it is ever necessary to say it, but we can always do better, we can always do more and we can always strive to provide in those areas where we fail. There is no doubt that housing is one of those areas where we must do everything we can to improve the circumstances of people currently living rough or without a home or who, for some reason outside their control, find they no longer have a place to live or perhaps even a family to share a home with.

The government takes very seriously its commitment to small business. We did so while we were in opposition and we continue to do so while we are in government. The government will be assisting small businesses by giving them some crucial tax breaks. I heard the calls from the Liberal and National parties when they were in government about all the things they could, would or maybe should do for small business. We did not actually see a lot of it. We heard a lot of talk.

 Opposition members interjecting—

 Mr RIPOLL—I hear them interjecting already. They cannot help themselves. They like to talk a lot about small business. They see themselves as the crucible, the saviours and the bas-
tion of all things small business, but why is it always Labor governments that actually have to do the hard yards and the work? We are not afraid to take that on. We were not afraid to put forward the 30 per cent tax break and now the 50 per cent tax break. We are not afraid to take on red tape and bureaucracy to make life easier for small business. So, while the Liberal and National parties merely talk about how much they support small and medium enterprises, we actually deliver. That is a key point to be made. It always comes back to us. For the decade that they were in government, these are things they could have done. What was preventing them?

I would challenge any small business owner, next time they see their member of parliament, of any creed, to ask, ‘What did happen in the previous decade?’ The GST. What happened? They got slugged with another tax. Importantly, what we have done by ensuring that we have the 30 per cent and 50 per cent tax concessions in place is encourage small business to maintain jobs and to spend money on critical pieces of equipment, making sure that we continue to grow and develop our economy. With 1.9 million small businesses across the country employing more than 3.8 million Australians, the government does recognise how important it is to support them. We recognise not only small businesses but also workers. We recognise the integral relationship they have in building and creating the wealth. We are not of the view of the previous government that they were the only ones who created anything in this country rather than small business themselves. By increasing those tax breaks, we have gone a fair way in demonstrating that.

Of course, that is not the only thing we have done. We are looking at unemployment. We talked in opposition about skilling people and the skills shortage and now is the time to, as they say, make hay while the sun shines. What we need to do is ensure that we continue to upskill people and train people when times are tough, so that they will have the skills that are necessary when the economy turns around. We are committed to protecting the jobs of Australians during these tough times.

One of my favourite topics, and one that members of parliament may or may not be sick of hearing me talk about, is that of infrastructure. I cannot talk about it enough because I see it as such a critical piece of government policy that no-one else can deliver. The big infrastructure projects really are left to government to deliver. It is one of the largest areas of neglect that the previous government took upon itself to turn a blind eye to. It just left it to others to do.

They talk about what is left for future generations. Well, back in 1996 it was not possible to determine exactly where we would be in 2007, 2008 and 2009 after almost 12 years of the Howard government. If only they had realised the damage they were doing to the economy by not investing in the future, by simply waiting for someone else to do it and by not taking those revenue rivers of gold that flowed into Canberra from the mining boom and the great times that this country had. By not investing those revenues in infrastructure, we forwent a great opportunity.

Opposition members interjecting—

Mr RIPOLL—I hear interjections from two members from Queensland on the other side saying, ‘Have you seen what is happening in Queensland?’ Yes, I have. I have seen what is happening in Queensland. If only the previous government, the Howard government, had had enough foresight, just a little bit of foresight, to say we should invest not in the states but in critical infrastructure for all Australians.

MAIN COMMITTEE
State governments come and go, but Australian people live right across this country. We needed the Commonwealth in the past decade to invest in infrastructure—in the Ipswich Motorway, which cost our local economy so dearly, and in the Bruce Highway—and critical jobs in rail and ports. We hear members say, ‘Pick me.’ You talk now about getting things done, but, while the Liberal and National parties were in government, they did not deliver. They now criticise us—

Mr Lindsay—Deputy Speaker, I seek to intervene.

The DEPUTY SPEAKER (Hon. JE Moylan)—Will the member for Oxley allow a question?

Mr RIPOLL—No, I will not. One of the things we have done which the Liberal and National parties did not do is look at infrastructure beyond roads, rail and ports to safety in all rural and remote communities, the ones the Liberal and National parties purport to represent. It took a very long time for a government—the Rudd Labor government—to put the money on the table, to fix up boom gates and rail crossings, to make sure that we not only invest in rural communities but that we also make them safer. The other side smirks and thinks it is all really funny. There is one great way to make sure you can drive a local economy in a small remote country town or hamlet, perhaps in Victoria or somewhere else—that is, by investing in their schools. It has probably been over 30 years since there has been investment as significant as that made by this government. I am very proud of the work we have done not only in managing to avoid a technical recession in this country but in maintaining jobs and investing in critical rail and road, in schools, in education and in hospitals, and in a range of other areas. We had the courage to do that in tough times, unlike the other side, which, during the good times, did not have the courage do anything good at all. I commend the bills to the House.

Mr BRUCE SCOTT (Maranoa) (5.52 pm)—I rise tonight to speak on the Appropriation Bill (No. 1) 2009-2010 and cognate bills, or rather on the Rudd Labor government’s latest budget, which will have a number of alarming effects on rural and regional Australia, particularly in my constituency of Maranoa. I fear there is nothing good in this budget for the people of regional and rural Australia. Indeed, with the deficit of $58 million proposed in this coming year there will be a $9,000 debt for every man, woman and child in Australia—every child born today will have a $9,000 debt stamped on their birth certificate, compliments of the Rudd Labor government.

Last year, regional Australians copped a $1 billion budget cut. In this year’s budget there will be some $908 million less in the Agriculture, Fisheries and Forestry portfolio to spend in rural and regional Australia next year. There is a massive $35.877 million cut to the government’s funding of Australia’s vital quarantine and biosecurity programs, which could well have the net effect of threatening our reputation. In the past, our robust quarantine measures have always protected us.

We have already experienced the economic destruction caused by equine influenza, which the minister spoke about briefly in question time today. And we have already witnessed—from afar, thankfully—the devastation caused by foot-and-mouth disease in England in 2001. We must prevent that happening at all costs. With these sorts of cuts to the budget, we wonder whether the minister is truly serious about quarantine and the protection of our clean and green image. At the same time as the government is cutting its contribution to quarantine and biosecurity programs, it is raising taxes for user charges on exports. Exporters have no choice
but to use the Australian Quarantine and Inspection Service, whose charges are going to be increased by some 1,352 per cent. That is going to destroy jobs. It is going to cost the industry dearly. The industry have no say; they are just going to have to cop it—another new tax by this Labor government.

Despite the Labor Minister for Agriculture, Fisheries and Forestry, Tony Burke, claiming that food security is of paramount importance, this cruel government has axed the respectable Land and Water Australia and slashed $12 million from the budget of the Rural Industries Research and Development Corporation. What a time to be cutting agricultural research, the very industry that in the December quarter kept this economy from dipping into recession. It was the best-performing sector of any export industry sector in Australia.

The Rudd government is talking up the need for the emissions trading scheme legislation being in place before the Prime Minister goes off to Copenhagen with his tribe of media advisers and of course the press gallery. He wants it in place so that when he goes to Copenhagen in December he will be able to tell the rest of the world what he wants to do rather than listen to what the world, collectively, would like to agree to. We have Minister Burke at the same time slashing research funding which could have the net effect of reducing our global footprint in the agricultural sector. But, no, the minister has already proposed to cut that agricultural research program.

Typically, Labor’s vendetta against the bush does not stop at rural research. Allocation for drought assistance has been reduced and will be terminated in 2011, after the next federal election. That is the proposition. So much for supporting our farmers and our small businesses through these very tough times. In a blow to the horticultural industry, the Rudd government has made a 50 per cent cut in funding to administer the Horticulture Code of Conduct. Agriculture was the only sector, as I said earlier, to record growth in the December quarter, yet this Labor government has a complete lack of interest in this industry. That has been proven in this budget. Claiming himself a country boy, the Prime Minister paraded himself before the last federal election saying, ‘Up there at Nambour, I grew up in a country town on a farm.’ Goodness me!

This total lack of interest in regional Australia was on display when he allowed his Treasurer to abolish the area consultative committees across Australia. Labor promised prior to the election that the role of the area consultative committees would be expanded. They would be known under the new name, the new badge—we could have lived with that—of Regional Development Australia. But the ACCs, the area consultative committees, have been shut down and 150 wonderful employees—dedicated, committed, knowledgeable employees—have received their Rudd redundancy letter. They are now out of jobs at the end of this month. Minister Albanese repeatedly assured everyone that the jobs at the ACCs were secure. Well, he did not tell the truth.

Rural and remote Australians have a right to be outraged with Senator Conroy’s handling of the communications portfolio. He and his Labor Prime Minister promised to roll out new broadband services by the end of 2008. That was a pre-election commitment. ‘We’re going to roll it out by the end of 2008.’ Well, 2008 has been and gone, and there has been nothing except a raid on the communications trust fund. The Labor government wasted around $20 million on running a flawed tender process for its original national broadband proposal and then terminated it—$20 million of taxpayers’ money for nothing, squandered in a reckless way
with no direction. Then, to cover up the obvious fact that their tender process was a dismal failure, they announced that they were going to build their own high-speed broadband network. But, despite their grand promise to build a $43 billion network, the budget actually provides no funding certainty beyond a planned initial investment of $4.7 billion. There is rhetoric on one hand and no action on the other. It will take some eight years and only extend, under their proposition, to 90 per cent of Australians. If we look at the fine print of the Labor government’s plan, it is revealed that this new network will not extend to towns with populations of less than 1,000, which means that nearly all of my electorate of Maranoa will be denied access to fast internet. Yet it will be their tax dollars that will be funding the debt that will be building this network. And it looks like they are going to have to wait for a change of government to get it right.

The Labor government wasted no time in ripping off rural Australia when it came to government. It gutted the Communications Fund, which was established by the Liberal and National parties in government and was going to provide a perpetual fund for rural telecommunications. It was going to be their safety net. Now the Australian Broadband Guarantee program has become the latest victim of Labor’s economic management. This was a very popular program introduced by the Liberal and National parties to provide subsidised support for Australians living in broadband black spots. But this Labor government has announced budget cuts of $23.1 million over two years to the Australian Broadband Guarantee program and it has confirmed it will phase it out entirely. This Rudd Labor government just loves to bash the communities of the bush. It is a bush basher. That is the only way that I can describe this budget: it is a budget that bashes the bush, and it is the Labor Party that is doing it.

Rural and regional students are also being left behind by this Rudd government when it comes to education. In a slap in the face for these students, the Treasurer has made changes to the Commonwealth accommodation scholarships which will negatively impact on young people in my electorate of Maranoa. Currently a scholarship provides $4,415 per annum for up to four years for eligible country students. But this will be replaced with a relocation allowance that provides $4,000 for the first year. When you look at the fine print you see there is $1,000 for each year thereafter—another impact on country students.

The Labor government clearly do not understand the difficulties facing rural students who cannot live at home while studying. This can only be evidenced by their absurd citycentric decision to force students to work 30 hours per week for 18 months to qualify for youth allowance. This change means that students will effectively be forced to work full-time whilst studying or defer their studies for two years. The Labor Party just do not get it. A student whose parents earn a combined income of $43,000 and who lives at home and is working 15 hours per week—that is, two days a week—to support themselves would currently be able to attain eligibility for the common youth allowance to help them through their study and to pay for their books, rent and food. That student will no longer receive the common youth allowance unless they double their hours of work.

Many students in my electorate of Maranoa take a year off after school to save up for the impending costs of their tertiary education. Once again, thanks to this Labor Party and the Prime Minister, some of these students will need to wait even longer to move to the city to go on to postsecondary education. I really do fear that there are going to be students from rural and remote parts of Australia who will opt out altogether. They will not go on to further edu-
cation beyond secondary education because of that gap year being extended and the inability of their parents to support them. It is going to be a tragic circumstance for so many of the students who live in rural and remote Australia.

The coalition will be fighting for rural and regional students. We have taken action in the Senate to ensure that students currently undertaking a gap year in order to qualify for youth allowance will not be unfairly disadvantaged by Labor’s retrospective budget changes—and I repeat those words ‘retrospective budget changes’—to the independent youth allowance. These students, who have taken a year off to save for their postsecondary studies, have been completely blindsided by this Labor government. I can assure you the coalition is out there fighting to make sure that they are not left out in the cold by a Labor government that is failing students from rural and remote parts of Australia.

I am sure the area of health is dear to your heart, Mr Deputy Speaker Washer. Not only has the Prime Minister failed regional students; he has also failed the rural health system. In fact, he has failed the entire health system. Despite his promise to ‘fix’ our hospitals, not one cent of Labor’s stimulus package went into health, and then there is their ideological hatred of the private health system. Government support for private health insurance has been reduced for higher income earners, and a higher surcharge has been placed on those who do not have insurance.

This will affect not only the 60,500 people in my electorate of Maranoa who have private health insurance but all Australians. Public hospital waiting lists will only get longer as people decide to lower their level of private cover or opt out altogether. The Liberal-National opposition worked hard to deliver the rebate incentives, because for every dollar spent on them two more are saved in the health system as a whole. Mr Rudd, the Prime Minister, promised again and again before the election that he would not touch the private health insurance rebate. Yet here we have another broken promise from a callous, arrogant Prime Minister and Labor government.

In another broken promise, the Prime Minister said he would not change the safety net, but now some will face higher out-of-pocket expenses because of another promise broken by this Labor government. More Australians will face increased gap payments for pathology services. Cuts to funding in this budget will see pathologists cut the level of bulk-billing and increase co-payments for patients. This will lead to poorer health outcomes, increased rates of undiagnosed illness and poorer management of chronic conditions as people avoid going to the doctor because they cannot afford to undertake pathology tests.

In a horrific blow to rural, regional and remote communities, cuts to the Medicare rebates for surgery will mean many people in rural and remote areas will miss out on vital cataract surgery. These patients rely on specialists who fly out from the cities and from the coast to perform surgery in remote communities. Dr Bill Glasson, well known to me, who chairs the Regional Telecommunications Independent Review Committee, is an ophthalmologist who travels to Longreach three times a year to perform more than 100 procedures, and 100 people are able to see again quite clearly after those very successful procedures. He relies on this rebate to pay for his equipment, the flights and other necessities in performing these important surgeries. Another doctor from the south-east corner of Queensland flies out in his own aircraft—he has a pilots licence. He goes to Cunnamulla, Charleville and Quilpie in my electorate to perform similar cataract surgery. Yet all this will end with this cut to the Medicare re-
bate, and it is a tragedy. How tragic it will be for the people in rural communities to lose their sight simply because the stroke of the Treasurer’s pen is going to cut that Medicare rebate for cataract surgery.

Mr Danby—Rubbish. Honestly!

Mr BRUCE SCOTT—I hear the members opposite. I wonder: have they really ever been out into a rural community? These ophthalmologists go not only to rural communities but to many Aboriginal communities. They provide a vital service. I commend those doctors. They are bringing a vital service that otherwise would not be available in those communities. The scoffing I hear from the other side of the House is an absolute disgrace. The Labor government’s reckless spending and this deficit budget mean that rural Australians, like many Australians, are paying for the failure of the management of the economy by this Labor government.

Mr DANBY (Melbourne Ports) (6.08 pm)—I want to begin my remarks today by giving an account of the 2009 budget achievements in my electorate of Melbourne Ports. We often get opportunities to talk in this House, but it is most important to listen. We have listened to the Australian people. We have heard the stories, life experiences and worries of people all over this country. I believe that our investment in education infrastructure is an indication of the fact that we have been listening. We understand that Australians are fearful about the fate of their jobs. Small business owners are anxious during this period of global economic turbulence. We understand that the way out of these difficult times is not by sitting on the fence and doing nothing but by doing what the Treasurer has set out in this budget.

The government has pledged $42 billion to the Nation Building and Jobs Plan, which will stimulate local economies and invest in important infrastructure in the long term. In Melbourne Ports, the federal government has signed off on $1.1 million which has been delivered to local councils covering all or part of Melbourne Ports, $832,000 has been delivered to local councils to maintain and upgrade local roads in the Roads to Recovery program, $1 million has been delivered to the six local projects which target dangerous sections of road under the Black Spot Program, and 9,200 needy pensioners will benefit from the additional $16 million substantial pension reform over the next four years. Under this reform, the government delivers an increase of $32.50 per week to full-rate single pensioners and $10.14 to couples, effective 20 September 2009. All of these measures demonstrate that the Nation Building and Jobs Plan is about building a new future, not reinventing the past.

I want to focus on the Building the Education Revolution, which set aside $14.7 billion. I was very pleased to have the Parliamentary Secretary for Government Service Delivery, Senator Arbib, join me at Elwood Secondary College recently to announce the second round of the National School Pride Program in Melbourne Ports, one of the three elements of the BER. Acting Principal Andrew Nichols and parents, along with school captains Nurshat Fulati and Stephanie Langadiotis, welcomed the $200,000 grant for landscaping and maintenance on the school campus. This program will deliver $6 million to 43 primary and secondary schools in Melbourne Ports to stimulate jobs in our local community. Construction will commence as soon as possible, with many of the National School Pride Program projects to begin shortly. Schools in Melbourne Ports will be spending their share of the National School Pride Program funds on a wide variety of projects, from upgrading the school oval at Caulfield Junior Col-
lege to replacing carpeting at the Victorian College for the Deaf, while Albert Park Primary will be provided with a special mezzanine teaching space.

Four primary schools in Melbourne Ports received $8,350,000 in round 1 of the Primary Schools for the 21st Century component of the BER. Caulfield Junior College received $3 million, Galilee Regional Catholic Primary School received $2 million and St Michael’s Grammar School, St Kilda, received $2.5 million—all allocated for multipurpose halls. Yesodei Hatorah College, Elwood, received $850,000 for a 21st century library. I am very pleased to hear from Pam Chessell, the principal of Sh elford Girls Grammar, that they are going to spend their money on a school assembly hall.

The next few months will be exciting as the investment in our schools will flow through to local businesses and others in the construction industry. The third element of the BER gives high schools the opportunity to apply for a slice of the $1 billion set aside for 500 science laboratories or language centres. Although the allocation of funding under this program is extremely competitive, a number of high schools in Melbourne Ports have applied and are hopeful of being successful.

Another very worthy funding program in the budget which will benefit a number of eligible schools in my electorate is the Secure Schools funding program. Under the first round of this program, schools within my electorate such as Yeshiva Beth Rivkah College received funds for security improvements. These include security fencing, glass protection, lighting, CCTV, alarm systems and security training. Regrettably, some schools within my electorate missed out on the first round due to teething problems with the program. These problems have been acknowledged and I have been advised that the application guidelines for the program have been revised. My office has this week been in communication with the Attorney-General’s Department, which advised that all schools which were unsuccessful in the first round of funding were being contacted. These schools are being advised that they will soon receive further information about how to amend their funding applications to conform to the guidelines. I expect that close liaison with the department, as well as revision of the guidelines, will mean that eligible schools should not have further major problems in accessing Secure Schools funding. The funding is integral to protect those who are most important for the future development of our nation—our children. The funding is a result of my and the federal government’s campaigning for secure schools in the community, schools which are free from threats of ethnic or religious overtones which impinge on the safety of schools, teachers and students. I welcome the government’s action regarding this issue and I will continue to campaign for and support such initiatives.

I would now like to turn to something wider in this year’s budget that has not been much commented on, outside particular things in my electorate. It includes the appropriations for defence. I am very supportive of both the strategic direction of the white paper and the consequential boost to funding enforced capability that it outlines. China will over the next decades be a stronger Asian military power. Its military modernisation has been very strong—in fact in double digits for more than the last 10 years. A major power of China’s stature can be expected to develop globally significant military capability befitting its size, but the pace, scope and structure of China’s military expansion warrant concern and will cause even greater concern if China does not reach out to others to build confidence regarding its military plans. China has long-term goals joining economic growth to military power. The Japanese slogan
‘Rich country, strong arms’ was transformed into China’s 16-character policy which states, ‘Combine the military and civil, combine peace and war, give priority to military products, let the civilians support the military.’

Although any sort of conflict with China or other states in the region is unlikely and to be avoided at all costs by means of our diplomacy, a worst-case scenario for Australian enforcers means that our defence forces should be flexible enough to face all possible developments. As such, it is welcome that the white paper lays out substantial additional investment for the Navy, Army and Air Force. Acknowledging the key role of the Navy, as the Prime Minister did in his speech last year, and protecting Australia through the air-sea gap, we have the respective acquisition of 12 new and more powerful submarines, bigger and more potent replacements for the Anzac-class frigates and cruise missiles to arm our ships and submarines. Major investments in the Army will include upgraded tanks and combat vehicles, UAVs, and an increase in battlefield helicopters. Australia’s air power will be reinforced by 100 new Joint Strike Fighters as well as surveillance, refuelling and cargo planes.

Also noticeable in this white paper is the starkly different way Indonesia is viewed in comparison to earlier white papers. We can be thankful that Indonesia is no longer viewed as a potential threat to Australia and Australian interests. The changed view of Indonesia reflects the remarkable gains by that country in the past decade. I have been there a number of times, and I can attest to the vibrant nature of Indonesian democracy. It has managed a successful transition to multiparty democracy, embarked on a long journey of economic reform and been a proven strong partner for Australia in the fight against terrorism. It is likely that these positive trends will continue, and I know that the people of Australia wish the people of Indonesia well with these developments as a democratic state with improved social and economic cohesion.

I would like to conclude my remarks on the budget allocations by speaking about an element of allocations in the Department of Foreign Affairs and Trade budget. I recently had the opportunity to organise an international conference on human rights in North Korea in Melbourne, with 350 participants, including the shadow Japanese finance minister, the leading opposition MP from South Korea and many Australian MPs. The conference was for the most part funded by private NGOs—in particular, it was held in partnership with a South Korean NGO—and private philanthropists, although we did apply for separate Commonwealth funding. The conference has already happened, and it is relevant because two funding programs continue under the current budget.

I was successful in getting sponsorships for the conference under one of these Commonwealth programs, which is the AusAID International Seminar Support Scheme. Under the scheme I was able to sponsor a number of attendees to Australia, including the keynote speaker, Dr Vitit Muntarbhorn, the very famous Thai professor of law who was the UN Special Rapporteur on Human Rights in North Korea. The purpose of this scheme is to allow people from the region to attend human rights conferences in Australia. It is a fine scheme, and I am glad to see it is being continued in the current budget.

I also applied to the DFAT funded Australia-Korea Foundation. The raison d’etre for the AKF is to administer and fund projects and programs which will promote people-to-people and institutional links covering the spectrum of Australia’s relations with Korea. It is administered by a board. The focus of the conference was obviously on human rights in North Korea.
As I said, it was opened by the foreign minister. It had MPs, international participants, a major international art exhibition and films brought straight from North Korea that had not been seen anywhere in the industrialised world before. It was aimed at raising awareness of this issue in Australia as well as suggesting actions Australians could take to help the poor people of North Korea. The conference also involved scores of Koreans coming to Australia, including politicians, academics, religious leaders and human rights activists. I was thus very surprised to be told that the AKF board refused to help fund the conference—particularly after the secretariat had encouraged us, saying that given the international participation and the very high profile of the participants we were sure to be supported.

The failure of the AKF to help the conference resulted in a number of very embarrassing cutbacks. One cutback on audiovisual costs resulted in the malfunction of a DVD movie that the conference was watching in its final session. The civic reception at the town hall had to be cancelled. A longer term exhibition of art of the North Korean refugee Sun Mu at the town hall had also been planned but was called off. I had agreed to find funding for one of the conference’s dinners on Friday night but, as a result of the AKF decision, embarrassingly had to renege on this promise and the South Korean co-organisers had to pay for the dinner.

I applied for AKF funding for the conference on 28 January and was advised by the AKF secretariat that the conference had every chance of support. However, on 13 February I was advised that the board had rejected the application. On 22 February I emailed the AKF secretariat, funded by the Department of Foreign Affairs and Trade, a number of questions. These were:

- Will any of the other functions (sponsored by the AKF) be opened by the foreign minister?
- Will any of the successful applications involve 30+ MPs from Korea, Indonesia, Japan and Australia?
- Will any of the successful grants involve bringing more than 50 South Koreans to Australia at no expense to the foundation?
- What criteria for AKF grants did we not fulfil in this application?

On 25 February my staff sent an email to the AKF secretariat asking for my questions to be passed on to the board, and as of this moment we have still had no response. It is regrettable that a fine organisation like the Australia-Korea Foundation would not respond to requests from members of parliament. I can assure it that answers will be requested, as this organisation is funded by the federal budget under these appropriations. By hook or by crook, members of this parliament will find it accountable.

Mr BROADBENT (McMillan) (6.22 pm)—I rise to speak on behalf of the thousands of young people who find to their dismay that this budget demonstrates the government's total lack of understanding of or sympathy for the needs of young people across regional Australia. In fact, as I left to come to this chamber I found the member for Maranoa in the outer areas of the parliament crestfallen that he had been scoffed at by the member for Melbourne Ports because of his stern defence of regional issues in this country. For a member to scoff at a member representing a regional area of Queensland, like he did, and for the member for Maranoa to have such a reaction as to call the member for Melbourne Ports a ‘bush basher’ I thought was very unusual. I know that the member for Fowler would not have participated in any such
Mr Danby—Mr Deputy Speaker, this is a chamber where people usually do not ascribe to people terms that they have not heard themselves. I strongly object to being called a ‘bush basher’. I was not in fact called a bush basher by the previous speaker. He referred to people generally.

Mr Danby—I would ask the member to withdraw.

Mr BROADBENT—One such measure that is causing a great deal of concern among my constituents is the proposal to change the youth allowance and how students qualify for this support. My greatest concern in this area is the situation that 2008 school leavers find themselves in at present. Having made the decision in good faith to take a gap year in 2009 in order to work and qualify for youth allowance, they now find the rug has been pulled out from under their feet.

Many letters and emails from concerned parents and students have come into my electorate office on this matter. Rural students in Victoria defer their courses at about 2½ times the rate of city students. Students in McMillan and rural Victoria generally also face difficulty in finding 30 hours of work a week, which, under the new rules, has to be done within 18 months. In country towns, especially during the current economic climate, where are kids from our area going to find that sort of employment? This tightening up of the work criteria for youth allowance is forcing students to work longer—in effect, two years. Most university courses will only allow deferral for one year. This will mean many students will need to reapply for a university place.

Despite the changes, the Rudd government has made no change to the actual youth allowance itself. We could talk about the amount of money that is available for young people; the money offered is below the poverty line. Parents who send their child to Melbourne or wherever their university placement may be find that rent can be up to $15,000 a year. The highest payment of the youth allowance is well short of the Newstart allowance for singles, at $453.30 a fortnight. This could and does work as a disincentive for young people, especially disadvantaged people, to participate in higher education rather than seek full-time employment.

The Bradley review recommends that, by 2020, 20 per cent of enrolments in higher education should be filled by people from lower socioeconomic backgrounds. It is difficult to see this happening for rural students under the new arrangements. The Bradley review also concluded that there is a need for an increased number of people with high skill levels in order to ensure Australia’s competitiveness into the future. This necessitates the increased participation in higher education of people from disadvantaged groups, including Indigenous people, people with low socioeconomic status and those from regional and remote areas. These people are currently under-represented in Australia’s higher education system.

The start-up scholarship of $2,254 and the relocation grant of $4,000 plus $1,000 each year thereafter are welcome additions, and I applaud the government for those decisions. But the students must have first qualified for youth allowance, and therein lies the problem. A transi-
tion period for the 2008 students needs to be introduced in order for them to gain the youth allowance under the old rules and to give recognition to their hard work and determination to become independent. Students leaving school at the end of 2009 would be expected to work under the new rules being introduced from the beginning of 2010.

For concerned members of parliament in this House, there is another issue that has not been taken into account. Jason Beck, a principal who runs a great school in one of the more disadvantaged areas of my electorate, said: ‘Our teachers and career officers have provided the best information they can to our students and parents and now this has happened and they all feel like they have let down their own students. It has caused its own amount of stress within the school community.’ If that has happened in one school in one regional town, I dare say every member of parliament should go to their secondary schools and ask: ‘What have you told your children? Do you feel that you have let them down in the advice that you have given them?’ Think about that—you are a teacher, you are a professional; you have done the right thing. You have offered them the best information you possibly can because you have got the wellbeing of those students and their families at heart. What do you say when they come back to you and ask, ‘What’s happened?’ The greatest letdown you can feel is when you have done the wrong thing by those you have advised. Anybody who has been a teacher—not that I have—in any organisation knows how important their advice is to young students. I for one have been a recipient of great advice from people that have been so good to me over the years through the education process.

I call upon the minister to give this immediate consideration given the social justice issues involved here—and I mean serious social justice issues. I think the government have mucked this one up and they need to address it. That is just one of the budget measures that demonstrate a lack of concern, a lack of feeling, a lack of understanding and a lack of heart for rural Australia. That is why I condemn the member for Melbourne Ports for his remarks with regard to the member for Maranoa.

Also of concern to rural communities such as my electorate of McMillan is the stimulus associated with the spending on education. There has been serious concern about the government’s failure to deliver on its promises—not the amount of money but the actual process of delivery. We witnessed the massive cost blow-outs of the computers in schools rollout, and now we have rural and regional communities suffering under bureaucratic mismanagement in the Renewing Australia’s Schools program.

On 3 February the Deputy Prime Minister stated that this investment would:

… not only support jobs—it is also a down payment on the long term strength of the Australian economy.

Those are all valuable ideals. The program is ‘a $1.3 billion investment to refurbish and renew existing infrastructure and undertake minor building works’. It sounds like Investing in Our Schools, but now we have a bigger Investing in Our Schools—on borrowed money. The $200,000 for every Australian school is certainly a welcome boost in these economic times. The question, as has been pointed out by the coalition time and time again, is: what is the actual impact of this spending? Initially, it was presented as a program which would boost local communities’ economies by providing opportunities for local businesses to come on board and construct the much needed works. Bureaucratic bungling has taken over, and now local
businesses are being directed and dictated to as to what jobs they can tender for and where these jobs will take place.

I will describe one case in point. In round 1 of funding, a building contractor in Wonthaggi tendered for a number of schools in his immediate community but was informed that he was not eligible to tender for those projects. Instead he was given a list of projects he could tender for, and they were all well outside the normal areas of his operation and some would require travel of over 100 kilometres for all his people. At the same time, one of the contractors eligible to do the renovations in the Wonthaggi community is located 250 kilometres away in Bairnsdale. I ask members: where is the logic in this process? How many dollars are going to be wasted in these tenders? How many dollars are going to be wasted in travelling, accommodation and other expenses in having workers transported across Gippsland when that money could be going to our students in the schools, as was the government’s intention? What value for taxpayers’ dollars are we seeing here?

This is a very disappointing outcome for local communities. In this example, the local contractor has built up a large and skilled workforce over a number of years and has successfully conducted business in the local community. On expressing his disappointment to the AAP Corporation Pty Ltd, the company responsible for issuing the contracts, he was told that the projects were allocated purely on a financial registration level with the Construction Supplier Register. The distances for the builders’ subcontractors and suppliers or their local connections with schools have not been taken into account.

He was also informed that, if local contractors declined the tenders offered in round 1 due to the cost factors mentioned already, the tenders would go to the big building contractors. Their offices can be found in the capital cities. Smaller builders would miss out. This was not the government’s intention. I hope this is unique to Victoria and not happening all over Australia, because I would not want to be the local member who has to go and tell the local contractor, ‘You’ve got to travel 250 kilometres.’ If you are in a city electorate, it probably does not matter, but if you are in an electorate as big as mine it sure does.

This is a very disappointing outcome for local communities. In addition to this, if the locals fail to accept a tender in the first round, what are their chances in round 2 of the Renewing Australia’s Schools program? They have been told they could be excluded. So much for the stimulus going to local communities, local jobs and local working families in regional areas. I wanted to drop that line in because it is very important—local working families in regional areas.

Further doubt as to the effectiveness of the education spending has been expressed in recent press reports:

Former Melbourne University dean of education Brian Caldwell argued yesterday that the program—the $14.7 billion school infrastructure program—lacked vision and there was a lack of transparency in the way the funds were being spent.

While it was appropriate that the money be spent quickly to stimulate the economy, he said the rush to build should not undermine the lasting value of what was built.
That is from the *Australian* of 28 May 2009. According to the report, many schools in Victoria were finding they did not qualify for the federal funding according to the templates adopted by the state education department to streamline the building process. It said:

Professor Caldwell cited the example of one school that had received funding for a new gym even though it already had a perfectly adequate one. “What they need is a top-of-the-line, up-to-date library … but the designated templates don’t allow the configuration they want,” he said.

In the *Australian* on 1 June there was this report:

HUNDREDS of high schools will miss out on—

the—

the federal government program to upgrade science laboratories after the Government refused to widen guidelines for eligible schools.

A letter to the Minister for Education, Ms Gillard, signed by the Federation of Parents and Citizens Associations of New South Wales, the New South Wales Secondary Principals Council, the New South Wales Teachers Federation and the New South Wales Aboriginal Education Consultative Group urged a revisit of the funding arrangements ‘to enable more schools and a greater number of students to benefit’. This was rejected. For the sake of the local communities supposed to be benefiting from the stimulus package and for the schools supposed to be benefiting from upgrades and renovation, I would ask the minister to again revisit the guidelines and policy driving the allocation of taxpayers’ dollars before round 2. This demonstrates the apparent inability of this government to understand the issues confronting rural and regional Australia.

A further issue of serious concern to rural communities is the Rudd government’s decision to scrap funding for Landcare network coordinators. The fact is that the government have now moved a lot of funds to larger groups of people—and I will conclude here because my time is up. This is a difficult issue. What the government have done is move to larger commitments for bigger bulk plantings that they can put a plaque on. It is a plaque-inspired Landcare rather than a plant-inspired Landcare. We in the country have done great things with plant inspired Landcare. We are not interested in plaque-inspired Landcare. Mr Deputy Speaker, I thank you for giving me the consideration of your time in the House tonight.

Mr LAURIE FERGUSON (Reid—Parliamentary Secretary for Multicultural Affairs and Settlement Services) (6.36 pm)—The member for McMillan seems slightly off tune. He seems to be making in some cases legitimate criticisms as to delivery. But this is at variance with the thrust of the opposition’s position, which over the last few weeks has been one of endless preoccupation with the level of national debt in this country. The opposition is trying to appeal to ignorance. It is trying to appeal to the simple-minded. One would not think that the United States has seen $1.1 trillion of troubled loans. One would not think that the United States is facing 8.9 per cent unemployment and that 539,000 people there lost their jobs last month. One would not believe that in Europe $1.4 trillion worth of debts are in doubt. Given that figure of 8.9 per cent in the United States, one would not believe that the unemployment levels of European nations in May were 7.1 per cent in the UK, eight per cent in Sweden, 8.3 per cent in Germany and 8.8 per cent in France. One would not believe that currently in this world Chrysler and GM are producing 90 million cars but are able to sell 55 million of them. One would not believe that we have seen a situation, one that at an earlier stage we would not
have believed could occur, where in the United States and in the UK essentially we have govern-
ments forced to purchase banks because of this very crisis.

Mr Broadbent—Not here.

Mr LAURIE FERGUSON—Exactly. If the previous government had got its way in de-
regulating further the financial markets, the current protections for this economy would have
disappeared, as they have in Europe. What we are saying is that the opposition are trying to
delete the context and the reality in which this government has been forced to act. With them
it is as though it is all plain sailing and the government is simply spending under a fatuous
kind of nonpolicy. I thought that most of the previous speaker’s contribution was not about
decrying the expenditures, as he actually seemed to be saying we should have had a better
delivery of them. That is quite at variance with the opposition’s fundamental position. As I
said, we have here a situation that is not as it was. There is a global economic crisis. There is a
situation in which the government has been forced to act. We could cite examples around the
world: Citibank, AIG and the Royal Bank of Scotland, which at one stage was the biggest
company in the world. There was a situation whereby the UK government had to pump into
that bank $45 billion as an emergency, taking 95 per cent of the bank, and then give a $302
billion guarantee.

That is a situation in which the government finds itself. It is a situation that many countries
around the world face. There have been different reactions to it. There have been different
aspects of the crisis, but fundamentally there has been a collapse of confidence, a situation
where large international banking institutions have collapsed. Germany—a country that has
decried other Europeans being too liberal in loosening policy—sees a possible contraction of
its economy by 5.4 per cent over the next year. Going by the contributions from the opposite
side, one would think that nothing is happening in the world, that the government is not being
forced to act and that it does not seek to create jobs to protect employment in a crisis. An ear-
lier speaker, the member for Maranoa, was cited, and that shows that they have a bit of a con-
centration on the situation of rural students. It is understandable. They are the people who are
closest to them, the people they are connected with.

Unfortunately for some of us, we have different preoccupations. My electorate is 46 per
cent overseas born, and that is a situation that has certain realities. Those people are in the
most marginalised part of employment. They are the people least considered in the employ-
ment market. They are identified in suburbs that have the highest unemployment rates even
now. I am not for a moment resiling from the government extending the first home owners
scheme—the $14,000 and $21,000. Certainly there will be some people who take up that
scheme who probably should not. There will be a proportion of them for whom it would be ill
advised. But we cannot deny that it has had an impact on keeping the industry afloat. I re-
cently went out to part of my electorate with the state and federal ministers for housing to see
the national public housing policy in practice. There the employer—not the union, not the
workers, but the employer—said on national television that he was only being kept afloat by
those measures. That is the reality in an area where there has been a long-term connection
with the building industry. It has been a very high buyer. So I do not for a moment resile from
that.

Nor do I believe that the major emphasis should be on the level of debt in this crisis.
Twelve thousand dwellings in my electorate—because it has significant public housing—will

MAIN COMMITTEE
have long-overdue maintenance. The state government over a period of time—Labor and Liberal governments historically—have been associated with neglect of this sector. There will be $4½ million going to that in my electorate. I say that it will be money well spent. This is about people living in decent accommodation and people whose jobs doing maintenance will be protected, and it is about the crucial building materials sector. We have heard mention of Bradford Insulation with regard to some of the environmental measures. In this sector money directed to the first home buyers scheme and social housing will protect jobs. Similarly, 109 dwellings will go up in my electorate, and that social housing is very worthwhile. It is aimed at people who are homeless and it is doing something to create employment.

We have had a very extensive infrastructure contribution in the budget. I know that some in New South Wales have decried their failure to get enough money for the West Metro—they are only getting $91 million for a feasibility study. But, quite frankly, over a period of time people in my region in Sydney have lost faith in a number of commitments on rail connections to Parramatta. If the state government could not make a proper submission then I think they should spend less time in cabinet meetings decrying their failure and more time on possibly delivering worthwhile paperwork. There will be significant work in private and government schools, with a variety of measures—refurbishment in general, painting, floor coverings, stormwater components and general building maintenance et cetera—throughout the area.

Despite the overwhelming problems that are being faced by the global economy, one can say that, while one would not be surprised if the economy deteriorated further, in the short term there are some signs that the government’s measures have had some worthwhile outcomes. We only have to look at a few figures from the last few days to see that. Consumption is up by half a per cent, seasonally adjusted. There has been 0.4 per cent GDP growth, when people were expecting a fall, particularly after the 0.6 per cent in the December quarter. I do not for a moment say that there are not going to be projects that fail, because there is a sense of urgency that things have to be done now. We are in a situation where we cannot pay 25 architects and 36 engineers to sit around for the next six years on projects. We have to make sure that things are occurring now.

Despite those problems, there are, as I say, signs that the measures are having some impact. We all know that unemployment in April, surprisingly, was only at 5.4 per cent. But government itself expects it to rise to well over eight per cent. But, as I say, there are signs that, as everyone says, the Australian economy is stronger; it has better protections in its fiduciary controls and, in addition, these government measures seem to be going somewhere.

I particularly welcome the government’s initiatives in regard to jobs—the $41 a fortnight for people who could possibly suffer long-term unemployment. It is hoped that by 2011 50,000 people will take up training and education. They will also receive training and learning bonuses and education entry payments. Crucially, we want people to engage with the system. We want people to take up opportunities. We do not want to see people get into a rut and fall into a pattern where people will not employ them because they have been so long out of the system they have lost skills or have skills that are no longer valuable. There are strong initiatives not only in regard to a very extensive infrastructure program but also in regard to attempting to make sure people do engage with the education and training scheme. I am hopeful that in the next day or so we will see that emphasis reiterated with announcements about TAFE expenditure in New South Wales. Lidcombe and Granville TAFEs in my electorate...
have proposals. I would think that that would be another worthwhile initiative in regard to the budget.

In this budget, $25 million will go to Silverwater for a learning centre at Energy Australia. That will look at an interactive education facility designed to educate students, builders and the public about the possibilities and benefits of building green. The project will enhance the capacity of Energy Australia to conduct research and training that will support the implementation. You could not get many sites better than that. It is close to the Olympic precinct and two major roads, Silverwater Road and Parramatta Road. That is, as I say, a very worthwhile gesture. Also near to the Sydney Olympic Park, there will be $78.5 million going to boost the Bureau of Meteorology in the next generation of weather forecasting. In the area of $100 million is going to those two projects within the Reid electorate.

As well as that, I want to say that in this budget the government continues to fund settlement at a level that is commensurate with the refugee humanitarian intake. A number of organisations, particularly the Auburn Migrant Resource Centre, recently received the coming year’s SGP allocation. They are organisations that are doing very valuable work in trying to make sure that people entering this country are engaged with the mainstream and not marginalised and put into ghettos.

In conclusion, I reiterate the point that this is not in a vacuum. This is not to be compared with actions of this or that previous government. It is not to be seen as a partisan political practice. We are dealing with a very stark economic crisis. We have a situation where the government could choose to sit on its hands and wait until banking confidence increases, until trade revives and until other countries take initiatives. Or, in contrast, it could choose to do something to ensure that consumption is maintained; to ensure that the retail sector is kept afloat, thus ensuring that jobs there are retained; to ensure that money is spent on housing construction, mainly in the area of social housing and the school system, which have seen fairly distinct failings in regard to construction; and to ensure that, through all that, jobs are maintained at the same time.

Similarly, infrastructure spending is a two-way thing—making sure that economic efficiencies occur and that infrastructure is there for ports, road and rail. But, at the same time, it means that suppliers, transport, manual labour and engineers et cetera are maintained so that companies continue to operate. It is unfortunate that people have chosen to go into rather infantile remarks about what per capita debt is in this country and how long it will take to pay it off, as though this was some kind of loosely thought out, late-at-night decision over a few grogs by the government. There is a crucial national need to maintain employment and maintain consumption in this country.

Mr WOOD (La Trobe) (6.51 pm)—I wish to speak about a number of projects in my electorate, and first of all about a great local win. I must congratulate the Berwick Lodge Primary School and in particular the principal, Henry Grossek; the school council; the parents; and also the lucky students. We had a ridiculous situation where Berwick Lodge Primary School was going to receive $3 million under the Building the Education Revolution package—I have spoken previously about this in parliament. They actually wanted a library and six classrooms, which you would think on the face of it was a very fair proposition. But, in fact, when they went to the education department, they were told, ‘No, you cannot have six classrooms
and a library; you must have a gymnasium.’ As I have said before in this House, they had already said: ‘We have a gymnasium. We want a library and six classrooms.’

It got to the ridiculous situation where the school principal, Henry Grossek, had to contact me. He had been through all the right processes trying to get this ridiculous situation changed, but in the end he had to go public on this issue and seek our assistance. Then—surprise, surprise—we had the government’s cabinet meeting in my electorate at the Emerald Secondary College, and during the day Henry Grossek was able to speak with the Deputy Prime Minister, Julia Gillard, and explain the ridiculous situation happening to Berwick Lodge Primary School. Finally, some common sense has prevailed and Berwick Lodge Primary School will get their library and six classrooms.

But, more importantly—and all members from both sides should be very careful of this—even though we are supposed to have this great friendly love-in between the federal Labor government and the state Labor governments, it would appear that the state Labor government in Victoria was taking the cream off the top of the funding, because the gymnasium which they were trying to force Berwick Lodge to have was not worth $3 million. Therefore, where was the remaining money going to go? People were saying it could be in the vicinity of $1.5 million.

Berwick Lodge Primary School can now have its library and six classrooms and can also use the additional funding for whatever it needs to be used for. I congratulate Henry Grossek for going out there and making an issue of this. It is very unusual for a principal to do this, because in the guidelines it pretty much says that, if a principal goes out and speaks publicly, his application becomes null and void. I want to ensure—knowing that sometimes the education departments like to punish people who speak out against them, especially in Victoria—that nothing happens to Principal Henry Grossek or any of the teachers at his school for taking this strong stance. I believe that all members of parliament, on both sides, would agree that nothing should happen to a person who has done the right thing to ensure that the money which his school was to receive is able to be distributed fairly within his school.

This is going to help all schools in La Trobe, because it would appear that there are other schools receiving federal funding where that money is being creamed off the top. We want to make sure that the Rudd Labor government, with its so-called ‘education revolution’ is held accountable for every cent it spends to make sure the programs and projects are delivered in the way they are supposed to be delivered.

Something that I know would greatly interest the residents of Berwick, in particular, and going right up to Oatlands and Timbara, is the Clyde Road. The Clyde Road goes over the Princes Highway and it goes pretty much through the main street of Berwick. Anyone who has driven along Clyde Road would know that in the morning, with the Pakenham train line in peak hour and later on in the day, it is just a nightmare to get through. Anyone who has lived down there or has driven there in peak-hour traffic will know how bad it is. Another intersection that you could say is in the same sort of state is Springvale Road in Melbourne. I would not say that the Clyde Road is quite as bad as Springvale Road, but at times it would not be far from it.

There is some good news. Under the previous Howard government we funded the Bryn Mawr Bridge, which helps residents, especially in Beaconsfield and suburbs such as Officer, by enabling them to sneak around via Kangan Drive going past Beaconshills College. As a side
issue, I do think that when we funded the Bryn Mawr Bridge the residents on Bryn Mawr Boulevard definitely suffered some local community pain for this project. What I mean by that is that they now have a thoroughfare going along their street and past their houses. I did say at the time that the residents would need to be catered for. The residents approached me and they were greatly concerned about not having privacy barriers put up. I recall that on the day the Bryn Mawr Bridge was opened I was approached by the CEO of Casey, who is a good man, but something went horribly wrong with our conversation. The Casey council did a great job and funded this project under budget. I believe the whole project was allocated $10 million and it ended up being $8 million. The council wanted the remaining money to be spent on Kangan Drive to assist with Beaconhills College, which was a very fair proposition. I did stipulate that I thought it was only fair that privacy barriers be erected along Bryn Mawr Boulevard to help the local residents. Only recently residents contacted me, two years after the event, and said that the privacy barriers had not been installed. I believe that is wrong, and I believe that the council is now going to address it.

Another issue which the local residents want addressed is the problem of motorists speeding along there. I have been there myself. It is a 60-kilometre zone but, as a former police officer, it appears to me that some of the trucks going down the road are driving over the speed limit. Even if they were right on 60 kilometres per hour it is very dangerous, especially after hours when you have got kids leaving Beaconhills College and students walking along the boulevard. I believe that during school hours that section should be made a 40-kilometre-per-hour zone along with all the other school zones around the state. I think that is vitally important, and it is something that I will fight along with the local residents to achieve. Recently there was an accident. The residents are greatly concerned. In this accident a car went through the fence of one of the residents. Luckily, there were no children in the backyard. They do want some protective barriers—some of those guardrails—and I support that.

I will come back to the Clyde Road issue. This was one of my major commitments last election. The Howard government committed $25 million to it if re-elected. Initially my Labor opponent attacked this as a waste of money, saying that it was not required and not needed. Eventually he saw common sense and committed to the project through a Labor Party announcement. Labor said they would commit $30 million to the project. I was at the Beaconsfield community political debate during the election, where my opponent publicly said he had had meetings at the time with the state roads minister, Tim Pallas, who had committed to funding the other half of the project.

At the same time the former Howard government made a major election promise around Springvale Road, as I previously mentioned—which is not in my electorate but in the seat of Deakin—as did the new Rudd government. What is really sad and disturbing about this is that the $140 million Springvale Road grade separation project, as Minister Anthony Albanese announced in his media release on 29 April 2009, is about to go ahead. From what I hear, the works will be underway very shortly. Very sadly, the Clyde Road intersection, which was announced during the same election campaign, will not be going ahead. All we have had is the state Labor government committing $1 million for a feasibility study. This is an absolute disgrace. It is an outrage that two projects were announced at the same time but one is not going ahead. It appears that one is going ahead because it is in a Labor member’s electorate and the other, because it is in my seat of La Trobe, is not being funded. I think it is grossly unfair to
all the residents in the local area, especially when the government is heading towards putting this country in $315 billion of debt.

My electorate of La Trobe is in one of the fastest-growing corridors in this country, yet I do not have a major road project anywhere. There is no rail project. On numerous occasions I have called for an upgrade of the Belgrave train line, a third line from Ringwood to Ferntree Gully and the duplication of the line from Ferntree Gully to Belgrave. That is something I called for when I was in government, and I will continue to do so. If you look around the country, in South Australia the Rudd government has committed to light rail projects. I think it is grossly unfair that the residents in the outer suburbs of Melbourne have been left behind. I think it is an absolute disgrace.

Finally, I have some good news. Fernlea House palliative care hospice was started off a number of years ago by Jan Lancaster when she purchased the property. I believe it was in 2004. I have spoken on this numerous times in the House. I could not believe it when, after the Rudd government were elected and heading into the May 2008 budget, they gave the residents 30 days notice that they were going to close it down. The minister, Justine Elliot, was forced—through Derryn Hinch, I believe—to come to the party and hand over $200,000 to the project. I will give Minister Justine Elliot some thanks, though, because I know it went right to the death knock. With a local campaign, we put together a very strong petition. I must thank all those people from Fernlea House palliative care—again, Jan Lancaster, Ann Davis and Helen Pike—for the great and fantastic work they have been doing. All the volunteers use their own time to go and help people in their final days and make their lives very comfortable. Justine, obviously following the strong campaign, made $470,000 available. I do thank the minister for that.

In saying that, though, the poor residents and all the staff have gone through the awful experience, for two years in a row, of waiting and waiting for funding to be made available. It is one of those projects where the volunteers are doing a fantastic job. It is in Emerald, the suburb where the Prime Minister had his community cabinet meeting and—surprise, surprise—the announcement came two days before. Whether that had much to do with it—I would say so. The good news is that, finally, Fernlea House is getting some funding.

Another issue raised with the Prime Minister at the community cabinet meeting was the question of the weed funding promised for the Dandenong Ranges. I initially made a $3 million commitment. Obviously, we did not win the election, but Minister Garrett promised to make a strong commitment to do something. The first thing he did was cut the funding for wandering trad, funding which the then minister for the environment, Malcolm Turnbull, had committed to. This is a disgrace. On the night of the community cabinet meeting the government had no answers. It is a broken election promise. They should immediately make funding available to help the local residents, especially all the volunteers who remove weeds. Not only are weeds a major problem in our creeks, where they suck up all the water and the platypuses are forced to go into creeks in residential areas, but the weeds, which would remain dormant in cooler temperatures, will, with climate change, now grow. I again call on the Rudd government to fund weed management in the Dandenong Ranges.

Mr PRICE (Chifley) (7.07 pm)—From the outset, I want to say that I totally support Appropriation Bill (No. 1) 2009-2010 and the cognate bills and I support the government’s
budget. Listening to the honourable member for La Trobe makes me think we need to go back a little bit. The member for Fowler might agree with me: I am not sure that we heard the words ‘global financial crisis’ in the contribution—not once. You would think that everything in the world is just plain sailing. That is not the case.

I am proud of this government for acting decisively in what, on the face of it, has been the worst financial crisis we have experienced worldwide since the Great Depression. We have forgotten about the many banks in the UK and the US collapsing. There is a great debate in America, where the federal government has effectively nationalised a number of banks. It is true to say that there was no rule book, there were no guidelines, for these unprecedented circumstances, but this government took action.

Late last year the government took action with the first stimulus package. We have been criticised because a lot of that involved handing out money—to pensioners, which I think was a good thing. We do not apologise for that. In the second stimulus package, we provided up to $900 for a lot of struggling families. I think that was a good thing. What has been the result of these initiatives? We have seen a bounce in retail sales, which are up significantly. The proof of the government’s actions is in the pudding—it is reflected in retail sales.

Through our stimulus plan we have embarked on the largest infrastructure projects that I have ever seen in my lifetime. In fact, 70 per cent of the money that we have provided in our stimulus plans is going to infrastructure. What has that meant for Chifley? I can proudly stand here and say to the honourable member for Canberra that I have $47 million for my electorate. I am delighted about that. There are 1,854 projects for Chifley. Why is that important? The whole thrust of what we are doing with our infrastructure funding, particularly in Chifley, is really to ensure that our local tradesmen—our brickies, plumbers, electricians and small business people—have an opportunity, as the private sector work has dried up, to get involved in these infrastructure programs, and I am sure that they will. I repeat: 70 per cent of our economic stimulus is being devoted to building infrastructure. I think there is a growing understanding—and this is not just one of the criticisms made by the government—that there were wasted opportunities in the 12 years of the Howard government in relation to infrastructure. We are rectifying that.

More than $11 million has been allocated to provide much needed repairs and maintenance for all of the 66 schools in my electorate. I know that is very welcome, because when you visit these schools the principal, the teachers and the parents are very bubbly about what a difference it is going to make.

Ms Annette Ellis—They are very excited.

Mr PRICE—Yes, they are very excited. Eight of my primary schools have already been allocated in excess of $16 million to build new multipurpose halls and libraries, while the remaining local primary school upgrades will be announced in future rounds. So, if you have missed out, do not be upset; the first eight are out of the blocks but there is more to come.

I have never hidden the fact that I have a very large department of housing community in my electorate. I can say that 28 new social houses will be built locally and that—and I suppose this has been long overdue—1,735 of the department’s homes are going to undergo repairs and maintenance. This is huge. All up, I would have about 7,000 of those homes in my electorate. I am not sure what the maths are, but I know that a significant percentage of those homes are going to undergo repairs and maintenance.
homes are going to undergo long-awaited repairs. I know that there are some very good people who have been living in those homes for many a year and who have paid their rent to the department of housing regularly but who have a backlog of repairs on their dwellings. So they are going to see the light of day. We are talking about 1,735 houses. We are going to have some very happy tenants there.

Blacktown City Council has received a total of $2.2 million to build local infrastructure. I think that is for about 10 programs involving a whole range of different parks and gardens in Blacktown. I am absolutely delighted about that. I should mention, of course, that within that allocation there is $146,500 towards the Black Spot Program. So, all in all, you can see why I am so excited about all those projects that have been announced and that will commence in my electorate—1,854 in number.

We are building infrastructure to ensure that the federal government are taking up the slack while the private sector contracts. When the private sector recovers, of course, our infrastructure program will continue, but not at such a significant dimension. Why shouldn’t a government, in an unprecedented economic downturn, a global recession, the likes of which I have not previously experienced—which, quite frankly, no-one in this room has experienced—take the initiative? What does it mean? We are concerned about families. We are working together. We are concerned about the impact. I would love to say, but I cannot, that no family in my electorate and no Australian family will be hurt by this downturn. What I can say to them is that they have a government that is doing everything that it possibly can.

The opposition keep on talking about $300 billion of debt. It is a lot of money. But I have a graph from the IMF. I am not trying to defy you on props, Deputy Speaker Scott. I cannot display it on PowerPoint. This graph shows very clearly, Member for Canberra, Australia’s level of debt as a percentage compared to GDP. At its worst Australia’s will be 13.8 per cent of GDP. In the second-largest economy in the world, that of Japan, the equivalent will be 140 per cent of GDP. We will hit 13.8 per cent and then we will decline. The advanced economies will hit 80 per cent. Australia will hit 13.8 per cent. The US and the UK are about the same, a bit over 80 per cent—that is, the size of their debt as a proportion of their economy will be a bit over 80 per cent. I repeat: in Australia it will be 13.8 per cent. No-one likes borrowing such an amount of money, but what these figures demonstrate is that we have a great capacity to do it.

Ms Annette Ellis—And a need.

Mr PRICE—Absolutely. Why wouldn’t you want to act? What is the price of not acting? If we did not act, if there were no stimulus package, if there were not these 1,800 projects occurring in my electorate, your electorate and coalition members’ electorates, unemployment, rather than being predicted to be eight per cent, would probably be 10 per cent or 11 per cent, with all the hurt and harm that unemployment does. I would think all members should understand the harm and hurt of unemployment, but we certainly do on our side—and we want to minimise it. That is why we have taken these initiatives. I do not apologise for it. I am happy to go and explain what we are doing, why we are doing it and how my community will benefit. I think people out there understand it. The one thing they do understand, even if no coalition member mentions the word, is that we are living in the midst of a global world financial crisis of a dimension that we have not seen before.
Indeed, it was really interesting in question time when the Minister for Finance and Administration drew attention to his counterpart’s statement quoting Herbert Hoover—not Edgar Hoover; I nearly fell for the same mistake. What did he do in that depression? What did a lot of other countries do in that depression and recession? They made it worse. We had in Australia Sir Otto Niemeyer coming from the Bank of England telling the state governments and telling the federal government: ‘You can’t have an expansionary budget. You’ve got to cut back on your Public Service. You’ve got to cut back on your expenditures. This will save you.’ Well, it did not. We all know it exacerbates it. No-one wants to exacerbate it. Certainly we on this side of politics do not want to exacerbate it. As much as we can we want to cushion the pain we will suffer.

Maybe there are some on the coalition side who say: ‘The economy will be stronger if we have 11 per cent unemployed. It will be good for the economy. Labour will be cheaper. We will be able to in the longer term prosper better from that.’ That is a pretty heartless approach to unemployment and one that I reject totally.

I again want to make the point that we did take initiatives; we are being criticised for it; and today we have seen some of the results. We are not out of the woods but we have seen the results. What happened to our economy today? It grew by 0.4 per cent. It did not contract like all those other economies around the world that are contracting significantly. We actually grew. We are not, if you like, in a recession. Let me finish on this point about what is happening worldwide in the same quarter: the United States had a contraction of 1.4 per cent; Japan, four per cent; Germany, 3.8 per cent; France, 1.2 per cent; the United Kingdom, 1.9 per cent; Italy, 2.4 per cent; and the OECD on average, 2.1 per cent—they are all contractions. We have grown. And it is a good thing.

On a day when the coalition knew at 11.30 that the economy had grown and not gone into recession, they put on an MPI about the government’s finances—well, it surprised me. They obviously did not have a plan B. I give unqualified support for these appropriation bills, unqualified support for the budget and unqualified support for the extraordinary measures we have taken in the interests of small business, in the interests of our economy and, most especially, in the interests of the people of Australia to try to cushion the effects in Australia of this horrific world global downturn.

Mrs GASH (Gilmore) (7.22 pm)—Thank you, Member for Chifley. You and I would have electorates which are very similar socioeconomically. The government come to the House seeking permission to create a gross debt of $315 billion for Australia, as has finally been admitted by the Prime Minister. As if blowing a $21 billion surplus and raiding the Future Fund’s $60 billion was not enough, they want to raid superannuation funds as well. At the moment we seem to be living in a twilight zone of mixed messages from the government that regularly underestimate their predictions, which makes you wonder whether they have a handle on what is going on. More and more commentators have fatalistically accepted our record deficit and are now focussing on how we are to undo the damage that has been done.

If the government has the reputation for getting its forecasts wrong, where does its prediction of 10 per cent unemployment sit? And, if you have got a job today, will you have one tomorrow? There is no disputing the fact that the government has a responsibility to intervene in the economic threat facing the country. There is no disputing that stimulatory spending by
the government was needed. The question remains whether what was spent was by definition stimulatory or simply opportunistic wish fulfilment.

I have no problem with spending on schools, with spending on transport links that encourage growth and job creation and with spending on mechanisms to improve productivity and efficiencies. There is no doubt that confidence is a critical component to meeting the challenges ahead. We entered this period with a $21 billion surplus, a legacy that this government lacks the grace to concede helped it to absorb the impact of the downturn. Some have drawn parallels between the Rudd government and the Whitlam government, and I can see what they are saying. The forecast of a recovery to surplus in about 2022 is wishful thinking, as is the evidence that supports that expectation. The forecast has been dismissed by industry, by the market and by almost everyone else except Treasury. It is a line being peddled by the government, but no-one believes it anymore. This is what the *Australian* newspaper said last week under the headline ‘RBA director Warwick McKibbin has stimulus doubts’:

RESERVE Bank director Warwick McKibbin has warned that global government spending to stimulate the economy is being dominated by political agendas that will saddle future generations with debt and slow economic growth.

There is far too much politics in this budget, and that is becoming so apparent through the machinations of this government. The sad fact is that our foreign debt will consume a sizeable proportion of our annual income for years to come. Debt repayments will not go to vital social programs—the same thing that happened under the previous Labor government—that is, programs that we will need to fund to enable us to confront the challenges of an ageing and shrinking workforce in the years ahead. Yet in today’s news alone the New South Wales Labor government is signalling the end of free public health in about five years time. We have taken a huge punt on the fact that China’s future economic growth will be our saviour.

Gilmore has a chronic unemployment problem, largely because it does not have a credible ongoing infrastructure program to support its employment demand. In the 12 years under a coalition government an extra $2.1 billion was invested in the region—that is, $2.1 billion above and beyond what would have been expected in the normal course of events. There was unprecedented investment in things like the development of Main Road 92, the medical school, campuses of the University of Wollongong in Nowra, Moss Vale and Batemans Bay, and HMAS *Albatross*. All the recent announcements were commitments made under the previous coalition government. Also there was an underwater sea lab, $35½ million for the environment, $64 million for the Princes Highway and $243 million for aged-care facilities, just to name a few.

Gilmore is an area that was first shackled by the Carr Labor government and then by its successors. Environmental constraints are at the fore because it seems we cannot turn a sod of soil without breaching some sort of environmental statute. We are surrounded by national parks and reserve, which box in our ability to expand geographically. Our builders cannot get enough work because there is not enough land being released to build new houses. The sensitivity of these environmental areas means that no significant activity can impinge either directly or indirectly into what has been classified as an environmentally sensitive area. Many people are attracted to relocate to Gilmore but soon discover that jobs are scarce. The net effect is an institutionalised level of unemployment well above the national average. What is needed is a policy that strikes a balance between social, economic and environmental
demands, a policy that allows our community an equal opportunity with metropolitan areas. So far it has been a policy skewed towards the environment, driven largely by the ideology of prevailing state Labor governments.

If ever there was a case for serious investment in infrastructure for road and rail, Gilmore has to be it. I am hard pressed to find any initiative from this government or its state counterpart that recognises Gilmore’s chronic unemployment problem and the chronic lack of opportunity. I remember about three years ago the local paper, the South Coast Register, ran a forum on poverty on social welfare. I use the term ‘forum’ loosely, because it turned out to be very anti Howard government and achieved nothing and went nowhere. Despite a change of government, I am disappointed to find the newspaper’s sentiments remain unchanged. However, even the newspaper recognised there was a problem so many years ago, long before the global economic meltdown excuse became fashionable justification for inactivity.

Probably the most significant gesture by this government—if it were serious in its rhetoric about the need for infrastructure spending—would be to provide some serious money to upgrade the Princes Highway. State Labor seems reluctant to do it in any serious, tangible way. Yet while we were in government there was the incessant wail, ‘The feds should be doing more.’ In fact, I learned today that the state Labor government has actually reduced the amount of money that it will spend on the Princes Highway. But we managed to find an extra $65 million when we were in government to upgrade portions of what is sometimes referred to sarcastically as ‘Highway 1’. Now it seems there will be no more money from the federal government for the next decade or two, as we pay off the debt that it has created. Now the shoe is on the other foot, and what did we get from Labor? Silence. The railway service to Bomaderry from Kiama needs attention too, but there is nothing there either except layoffs and more job losses. In fact, there is nothing exceptional that will stimulate extra jobs to any significant degree so that Gilmore’s eggs do not remain in the ever-decreasing basket.

When you look at the 2006 census figures for Gilmore, the population distribution shows a curious anomaly. The age group of 15 to 24 years is underrepresented compared to the national average. In Gilmore it is 10.6 per cent, where the national average is 13.6 per cent. That is a disparity of something like 30 per cent. The reason our youth are so under-represented in the census is that they are forced to move out of the area to find work.

We also have amongst the highest prevalence of people on some form of social security support. The number of young people in Gilmore relying on social security is deplorable. Until we can find ways of opening more doors for them, we are consigning them to a welfare mindset. The Work for the Dole scheme, which was created and piloted in Gilmore, was tremendously successful. It was created as a specifically directed initiative to address the youth unemployment problem that existed in Gilmore even then, in the late nineties. We actually took the initiative to address the problem. Work for the Dole opened the doors that the jobless needed opened, with an employment uptake rate of about 65 per cent. Despite this very apparent and measurable success over many years and in many localities, the scheme has fallen victim to the political ideology of this government. It has been sidelined.

While on the subject of young people, I would like to comment on the youth allowance issue. Changes to the youth allowance will disadvantage thousands of our young people. The Rudd government has dismissed the coalition’s fears, saying that more young people will be eligible for assistance. The reality is that $1.88 billion is being wiped off the bottom line of
the youth allowance. It is my fear that young people from regional areas like the Shoalhaven and Eurobodalla will be the worst affected. Studying while living at home is not always an option, and the absence of regular work and efficient transport compound their problems. While a reduction in the age of independence for youth allowance payments is welcome, it is more of an election promise than a budget decision. Like many other inclusions in this year’s budget, we have here a great promise that will not see the light of day until after the next election. That is why we want a Senate inquiry into these proposed changes to examine the fine print. It is our belief that, if you want to encourage more people from disadvantaged backgrounds to study, you do not make life harder for them or turn them away from this worthy option. I have a letter from a constituent which demonstrates what our young people are confronting. This is what he wrote to me:

Dear Mrs Gash,

In brief, I have had a dream … to study agriculture at university.

I gained entry to Sydney Uni to do Agriculture Science and deferred my course to start in 2010 so that I became eligible for the Independent Rate of Youth Allowance by earning approximately $19,000 in the required time.

To achieve this, I am presently employed with the Australian Agriculture Company in western Queensland as a jackaroo working a minimum of 50 hours a week.

I am enjoying this experience greatly, especially knowing that this will assist me financially to achieve my further studies.

Casual work in the Ulladulla area is minimal but despite this I was employed casually at Bunnings for approximately 16 hours a week which is insufficient to reach the income level necessary for the Youth Allowance.

Also my parents income of $52,000 is insufficient to financially support both me and my sister at university.

When I go to university I will need the Independent Youth Allowance rate to help cover my accommodation costs.

So I propose that if there have to be changes they commence in 2010 so that students like myself who are midstream in the process, achieve what they set out to do.

Hey, Mr Rudd!

Don’t change the rules of the game midstream. You didn’t even consult us and we are voters too.

As unemployment is predicted to rise dramatically, why is this government imposing additional pain on the adults of tomorrow? From 1 July there will be new workplace laws in place, and many employers are fearful that this will increase their costs. At the end of the year the award standardisation regime comes into place, and already I have employers telling me they will put people off or go offshore.

Who are the most vulnerable job seekers? Our young people, of course, and they are beginning to bear the brunt of misguided, ineffectual policies. Do not keep punishing them. Our young people cannot afford a Labor government that says one thing and then does something totally the opposite. We are not asking for more handouts. What we are asking for is a fair deal. If we have such a high unemployment rate with limited prospects, why aren’t we getting special consideration? Why aren’t our unemployed getting the special consideration they need from this government? A clearer case cannot be put. Where are the extra job creation schemes
for Gilmore? A sincere attempt under the previous government was for the establishment of a specialised technical vocational facility in Gilmore—an Australian technical college, or ATC. We wanted our youth to be given the same opportunities to better themselves that were enjoyed by their city cousins in Wollongong. But what happened? Wollongong got the ATC, and now they have two and we have none, and our youth are no better off: more restrictions, more red tape, more favourable treatment for union leaders—but, I might add, not for their members, many of whom are losing their jobs through no fault of their own and are still young enough to face up to the prospect of having to find work in a shrinking market until they are aged 67.

I suppose I am viewing this parochially, but when small business people come to me and ask what the government is doing what am I expected to say? Recently the Prime Minister ran another jobs summit, this time in Wollongong, but it seems no-one from outside the Labor electorates got an invite. To make matters worse, one of the state Labor members whose seat falls squarely within what is generally accepted as the Illawarra, the member for Kiama, was absent. He could not make his second jobs summit, having missed the first as well. Instead he was out with the defence minister in the Shoalhaven at HMAS Albatross, with helicopters and sailors, getting on TV. We have since written to him to invite him to a jobs forum that we are holding in Gilmore that will be chaired by the Leader of the Opposition, Malcolm Turnbull. I am happy to report to the House that he has accepted our invitation.

The other irony is that, whilst the Illawarra jobs summit was pretending to be worried about jobs, the coal industry was saying the government would cull 22,000 jobs from the industry through its misguided emissions trading scheme. Is ‘farce’ too strong a word to describe this government’s convoluted efforts? It is abundantly clear to me and many in the community that the government is not serious about addressing the growing unemployment crisis, to which it has contributed significantly through its own misguided policies and which it has conceded will contribute to unemployment, rather than containing its growth. These are policies like the Fair Work legislation, which shows naked favouritism to the union movement; policies like award standardisation, which will drive up the cost of employing young people, as they are the most likely to be casually employed; and policies which featherbed electorates that do not have problems to the same degree as Gilmore. I am dismayed by this budget. Even though I speak out against it, it will be carried on the numbers. I have no argument with the necessity to maintain effective infrastructure, but what the government proposes will not be effective. It wants us to take the good with the bad, and that is just blackmail.

I would remind all in my electorate that Australian taxpayers will be paying for this for years to come. I have had enough experience with the citycentric behaviour of the New South Wales government over the last 15 years to know that Labor will not look after rural and regional Australia in the way it deserves to be looked after. There is a lot of lip service but no real dollars, and there will be even fewer dollars now.

This is what I want for Gilmore: I want the government to immediately sink enough money into the Princes Highway to fast-track an upgrade so that businesses will be attracted to set up their enterprises. I want the government to recall what the member for Kiama said when he was the junior road transport minister in the Iemma Labor government. He said that he wanted the feds to pitch in. I had hoped he would have stood by his sentiments, but he has
not. The importance of the Princes Highway to Gilmore cannot be underestimated. It is our only effective coastal road link from Wollongong to the Victorian border. The economies of the many towns and villages along our coastal strip rely on the highway as the social and commercial lifeline. The predominant industry for our coastal region, tourism, depends on being able to get customers to our electorate to support local commerce. I want the government to sink enough money into the area to stop our young people from leaving in droves to find opportunities that are not available here. I want the government to reverse the policies that will handicap small businesses and drive up unemployment in these parlous times. It is not a big ask, but it is a fair ask.

I would like to conclude by repeating the words of my colleague the shadow Treasurer in his address to the Business Council. Speaking about Mr Rudd, he said:

Even if he could return the Budget to surpluses of $20 billion per year it will take more than a decade of continuous surpluses beyond that level to eliminate the debt.

Mr Rudd will be long gone from office before then and we in the Coalition will again be called upon to fix the nation’s public finances after this black period of Labor’s irrepressible, irresponsible economic mismanagement.

Debate adjourned.

Main Committee adjourned at 7.38 pm
QUESTIONS IN WRITING

Health and Ageing: Moncrieff Electorate
(Question No. 687)

Mr Ciobo asked the Minister for Health and Ageing, in writing, on 12 May 2009:
In respect of the Government’s funding of organisations and projects between 3 December 2007 and 20 January 2009:
(a) which organisations and projects based in the Moncrieff electorate received funding from the Minister’s department;
(b) what sum of funding did each organisation and project receive; and
(c) for what purpose was each funding commitment made.

Ms Roxon—The answer to the honourable member’s question is as follows:
Please refer to the answer provided to Senate Question on Notice 1276, published in Hansard 13 May 2009.

Environment, Water, Heritage and the Arts: Moncrieff Electorate
(Question No. 690)

Mr Ciobo asked the Minister representing the Minister for Climate Change and Water, in writing, on 12 May 2009:
In respect of the Government’s funding of organisations and projects between 3 December 2007 and 20 January 2009: (a) which organisations and projects based in the Moncrieff electorate received funding from the Minister’s department; (b) what sum of funding did each organisation and project receive; and (c) for what purpose was each funding commitment made.

Mr Garrett—The Minister for Climate Change and Water has provided the following answer to the honourable member’s question:
In relation to my ministerial responsibilities, the following organisation and project within the Moncrieff electorate received funding from the Water Smart Australia program administered by the Department of the Environment, Water, Heritage and the Arts (DEWHA).

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Amount $ (excl GST)</th>
<th>Purpose</th>
</tr>
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<tbody>
<tr>
<td>Gold Coast City Council</td>
<td>1,500,000</td>
<td>Capturing water losses through pressure management of the Gold Coast water supply reticulation system.</td>
</tr>
</tbody>
</table>

Details of funding from programs administered by other elements of DEWHA are being provided by the Minister for Environment, Heritage and the Arts in response to Question on Notice No 607.

Australian Institute of Police Management
(Question No. 703)

Mr Abbott asked the Minister for the Environment, Heritage and the Arts, in writing, on 12 May 2009:
(1) What discussions has he, his staff, or officers of his department had with the Australian Federal Police and others about the environmental impact of the proposed new Australian Police College at Spring Cove, Sydney.
(2) Is he confident that a big new development will have no adverse impact on the environment, especially the penguin colony.

QUESTIONS IN WRITING
(3) When will he form a view on the impact of this development on the environmental amenity of the site.

Mr Garrett—The answer to the honourable member’s question is as follows:

(1) Officers from my department (DEWHA) have had a number of discussions with the Australian Federal Police (AFP) and others, including the following meetings:

- 19 February 2008, site visit to the Australian Institute of Police Management, Sydney. DEWHA officers met with representatives from the AFP, the NSW Department of Planning, the Manly Council, and members from stakeholder groups including the Manly Environment Centre and the North Head Sanctuary Foundation;
- 28 March 2008, Canberra. DEWHA officers met with representatives of the AFP;
- 8 April 2008, Sydney. DEWHA officers met with representatives of the AFP and the NSW Department of Planning;
- 21 April 2008, Canberra. DEWHA officers met with representatives of the AFP; and
- 28 July 2008, Canberra. DEWHA officers met with representatives of the AFP.

(2) I am currently considering the NSW Government’s assessment report in relation to that matter.

(3) I shall form a view after I have considered all the relevant information on the matter.

Australian Institute of Police Management
(Question No. 710)

Mr Abbott asked the Minister for the Environment, Heritage and the Arts, in writing, on 12 May 2009:

(1) Is he aware of media reports that the Minister for Home Affairs has given the ‘green light’ for the proposed new Australian Police College at Spring Cove, Sydney.

(2) Has he considered the environmental impact of this new building on this site; if so, what was the outcome.

(3) Has he considered the possibility of the Police College staying permanently at the School of Artillery, North Head, Sydney, where it is currently temporarily located.

(4) Has he or his department canvassed the option in part (3) with
   (a) the Australian Federal Police,
   (b) the Minister for Home Affairs, or
   (c) his department.

Mr Garrett—The answer to the honourable member’s question is as follows:

(1) Yes, I am aware that the Minister for Home Affairs has received NSW Government approval for the proposal.

(2) I am currently considering the environmental impacts of the proposal under the Environment Protection and Biodiversity Conservation Act 1999.

(3) No. I understand the Australian Federal Police considered alternative sites for the proposal prior to referring it under the Environment Protection and Biodiversity Conservation Act 1999.

(4) No.