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FORTY-THIRD PARLIAMENT
FIRST SESSION—THIRD PERIOD

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

House of Representatives Officeholders
Speaker—Mr Harry Alfred Jenkins MP
Deputy Speaker—Hon. Peter Neil Slipper MP
Second Deputy Speaker—Hon. Bruce Craig Scott MP

Members of the Speaker’s Panel—Ms Anna Elizabeth Burke MP, Hon. Dick Godfrey Harry Adams MP, Ms Sharon Leah Bird MP, Mrs Yvette Maree D’Ath MP, Mr Steven Georganas MP, Ms Kirsten Fiona Livermore MP, Mr John Paul Murphy MP, Mr Peter Sid Sidebottom MP, Mr Kelvin John Thomson MP, Ms Maria Vamvakou 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. Julia Eileen Gillard MP
Deputy Leader—Hon. Wayne Maxwell Swan MP
Chief Government Whip—Hon. Joel Andrew Fitzgibbon MP
Government Whips—Ms Jill Griffiths Hall MP and Mr Christopher Patrick Hayes MP

Liberal Party of Australia
Leader—Hon. Anthony John Abbott MP
Deputy Leader—Hon. Julie Isabel Bishop MP
Chief Opposition Whip—Hon. Warren George Entsch MP
Opposition Whips—Mr Patrick Damien Secker MP and Ms Nola Bethwyn Marino MP

The Nationals
Leader—Hon. Warren Errol Truss MP
Chief Whip—Mr Mark Maclean Coulton MP
Whip—Mr Paul Christopher Neville MP

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**PARTY ABBREVIATIONS**

ALP—Australian Labor Party; LP—Liberal Party of Australia; LNP—Liberal National Party; CLP—Country Liberal Party; Nats—The Nationals; NWA—The Nationals WA; Ind—Independent; AG—Australian Greens

### Heads of Parliamentary Departments

- Clerk of the Senate—R Laing
- Clerk of the House of Representatives—B Wright
- Secretary, Department of Parliamentary Services—A Thompson
GILLARD MINISTRY

Prime Minister Hon. Julia Gillard MP
Deputy Prime Minister, Treasurer Hon. Wayne Swan MP
Minister for Regional Australia, Regional Development and Local Government Hon. Simon Crean MP
Minister for Tertiary Education, Skills, Jobs and Workplace Relations and Leader of the Government in the Senate Senator Hon. Chris Evans
Minister for School Education, Early Childhood and Youth Hon. Peter Garrett AM, MP
Minister for Broadband, Communications and the Digital Economy and Deputy Leader of the Government in the Senate Senator Hon. Stephen Conroy
Minister for Foreign Affairs Hon. Kevin Rudd MP
Minister for Trade Hon. Dr Craig Emerson MP
Minister for Defence and Deputy Leader of the House Hon. Stephen Smith MP
Minister for Immigration and Citizenship Hon. Chris Bowen MP
Minister for Infrastructure and Transport and Leader of the House Hon. Anthony Albanese MP
Minister for Health and Ageing Hon. Nicola Roxon MP
Minister for Families, Housing, Community Services and Indigeneous Affairs Hon. Jenny Macklin MP
Minister for Sustainability, Environment, Water, Population and Communities Hon. Tony Burke MP
Minister for Finance and Deregulation Senator Hon. Penny Wong
Minister for Innovation, Industry, Science and Research Senator Hon. Kim Carr
Attorney-General and Vice President of the Executive Council Hon. Robert McClelland MP
Minister for Agriculture, Fisheries and Forestry and Manager of Government Business in the Senate Senator Hon. Joe Ludwig
Minister for Resources and Energy and Minister for Tourism Hon. Martin Ferguson AM, MP
Minister for Climate Change and Energy Efficiency Hon. Greg Combet AM, MP

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<td>Minister for Privacy and Freedom of Information</td>
<td>Hon. Brendan O’Connor MP</td>
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<td>Minister for Sport</td>
<td>Senator Hon. Mark Arbib</td>
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<td>Special Minister of State for the Public Service and Integrity</td>
<td>Hon. Gary Gray AO, MP</td>
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<td>Assistant Treasurer and Minister for Financial Services and Superannuation</td>
<td>Hon. Bill Shorten MP</td>
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<td>Minister for Employment Participation and Childcare</td>
<td>Hon. Kate Ellis MP</td>
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<td>Minister for Small Business</td>
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<td>Minister for Human Services</td>
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<td>Hon. Mark Dreyfus QC, MP</td>
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<td>Parliamentary Secretary to the Prime Minister</td>
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<td>Hon. Catherine King MP</td>
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<td>Parliamentary Secretary for Disabilities and Carers</td>
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<td>Parliamentary Secretary for Community Services</td>
<td>Hon. Julie Collins MP</td>
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<td>Parliamentary Secretary for Sustainability and Urban Water</td>
<td>Senator Hon. Don Farrell</td>
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<td>Minister Assisting on Deregulation and Public Sector Superannuation</td>
<td>Senator Hon. Nick Sherry</td>
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<td>Minister Assisting the Attorney-General on Queensland Floods Recovery</td>
<td>Senator Hon. Joe Ludwig</td>
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<td>Parliamentary Secretary for Agriculture, Fisheries and Forestry</td>
<td>Hon. Dr Mike Kelly AM, MP</td>
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<td>Minister Assisting the Minister for Tourism</td>
<td>Senator Hon. Nick Sherry</td>
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<td>Parliamentary Secretary for Climate Change and Energy Efficiency</td>
<td>Hon. Mark Dreyfus QC, MP</td>
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SHADOW MINISTRY

Leader of the Opposition                          Hon. Tony Abbott MP
Deputy Leader of the Opposition and Shadow Minister for  Hon. Julie Bishop MP
Foreign Affairs and Shadow Minister for Trade
Leader of the Nationals and Shadow Minister for Infrastructure and Transport  Hon. Warren Truss MP
Leader of the Opposition in the Senate and Shadow Minister for Employment and Workplace Relations Senator Hon. Eric Abetz
Deputy Leader of the Opposition in the Senate and Shadow Attorney-General and Shadow Minister for the Arts Senator Hon. George Brandis SC
Shadow Treasurer                                  Hon. Joe Hockey MP
Shadow Minister for Education, Apprenticeships and Training and Manager of Opposition Business in the House Hon. Christopher Pyne MP
Shadow Minister for Indigenous Affairs and Deputy Leader of the Nationals Senator Hon. Nigel Scullion
Shadow Minister for Regional Development, Local Government and Water and Leader of the Nationals in the Senate Senator Barnaby Joyce
Shadow Minister for Finance, Deregulation and Debt Reduction and Chairman, Coalition Policy Development Committee Hon. Andrew Robb AO, MP
Shadow Minister for Energy and Resources           Hon. Ian Macfarlane MP
Shadow Minister for Defence                        Senator Hon. David Johnston
Shadow Minister for Communications and Broadband   Hon. Malcolm Turnbull MP
Shadow Minister for Health and Ageing              Hon. Peter Dutton MP
Shadow Minister for Families, Housing and Human Services Hon. Kevin Andrews MP
Shadow Minister for Climate Action, Environment and Heritage Hon. Greg Hunt MP
Shadow Minister for Productivity and Population and Shadow Minister for Immigration and Citizenship Mr Scott Morrison MP
Shadow Minister for Innovation, Industry and Science Mrs Sophie Mirabella MP
Shadow Minister for Agriculture and Food Security  Hon. John Cobb MP
Shadow Minister for Small Business, Competition Policy and Consumer Affairs Hon. Bruce Billson MP

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

Shadow Minister for Employment Participation
Hon. Sussan Ley MP

Shadow Minister for Justice, Customs and Border Protection
Mr Michael Keenan MP

Shadow Assistant Treasurer and Shadow Minister for Financial Services and Superannuation
Senator Mathias Cormann

Shadow Minister for Childcare and Early Childhood Learning
Hon. Sussan Ley MP

Shadow Minister for Universities and Research
Senator Hon. Brett Mason

Shadow Minister for Youth and Sport and Deputy Manager of Opposition Business in the House
Mr Luke Hartsuyker MP

Shadow Minister for Indigenous Development and Employment
Senator Marise Payne

Shadow Minister for Regional Development
Hon. Bob Baldwin MP

Shadow Special Minister of State
Hon. Bronwyn Bishop MP

Shadow Minister for COAG
Senator Marise Payne

Shadow Minister for Tourism
Hon. Bob Baldwin MP

Shadow Minister for Defence Science, Technology and Personnel
Mr Stuart Robert MP

Shadow Minister for Veterans’ Affairs and Shadow Minister Assisting the Leader of the Opposition on the Centenary of ANZAC
Senator Hon. Michael Ronaldson

Shadow Minister for Regional Communications
Mr Luke Hartsuyker MP

Shadow Minister for Ageing and Shadow Minister for Mental Health
Senator Concetta Fierravanti-Wells

Shadow Minister for Seniors
Hon. Bronwyn Bishop MP

Shadow Minister for Disabilities, Carers and the Voluntary Sector and Manager of Opposition Business in the Senate
Senator Mitch Fifield

Shadow Minister for Housing
Senator Marise Payne

Chairman, Scrutiny of Government Waste Committee
Mr Jamie Briggs MP

Shadow Cabinet Secretary
Hon. Philip Ruddock MP

Shadow Parliamentary Secretary Assisting the Leader of the Opposition
Senator Cory Bernardi

Shadow Parliamentary Secretary for International Development Assistance
Hon. Teresa Gambaro MP

Shadow Parliamentary Secretary for Roads and Regional Transport
Mr Darren Chester MP

Shadow Parliamentary Secretary to the Shadow Attorney-General
Senator Gary Humphries

Shadow Parliamentary Secretary for Tax Reform and Deputy Chairman, Coalition Policy Development Committee
Hon. Tony Smith MP

Shadow Parliamentary Secretary for Regional Education
Senator Fiona Nash

Shadow Parliamentary Secretary for Northern and Remote Australia
Senator Hon. Ian Macdonald

Shadow Parliamentary Secretary for Local Government
Mr Don Randall MP

Shadow Parliamentary Secretary for the Murray-Darling Basin
Senator Simon Birmingham

Shadow Parliamentary Secretary for Defence Materiel
Senator Gary Humphries

Shadow Parliamentary Secretary for the Defence Force and Defence Support
Senator Hon. Ian Macdonald
| Shadow Parliamentary Secretary for Primary Healthcare | Dr Andrew Southcott MP |
| Shadow Parliamentary Secretary for Regional Health Services and Indigenous Health | Mr Andrew Laming MP |
| Shadow Parliamentary Secretary for Supporting Families | Senator Cory Bernardi |
| Shadow Parliamentary Secretary for the Status of Women | Senator Michaelia Cash |
| Shadow Parliamentary Secretary for Environment | Senator Simon Birmingham |
| Shadow Parliamentary Secretary for Citizenship and Settlement | Hon. Teresa Gambaro MP |
| Shadow Parliamentary Secretary for Immigration | Senator Michaelia Cash |
| Shadow Parliamentary Secretary for Innovation, Industry, and Science | Senator Hon. Richard Colbeck |
| Shadow Parliamentary Secretary for Fisheries and Forestry | Senator Hon. Richard Colbeck |
| Shadow Parliamentary Secretary for Small Business and Fair Competition | Senator Scott Ryan |
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The SPEAKER (Mr Harry Jenkins) took the chair at 12:00, made an acknowledgment of country and read prayers.

**BILLS**

**Sex and Age Discrimination Legislation Amendment Bill 2011**

Assent

Message from the Governor-General reported informing the House of assent to the bill.

**Tax Laws Amendment (2010 Measures No. 5) Bill 2010**

**Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Bill 2011**

**Taxation of Alternative Fuels Legislation Amendment Bill 2011**

**Excise Tariff Amendment (Taxation of Alternative Fuels) Bill 2011**

**Customs Tariff Amendment (Taxation of Alternative Fuels) Bill 2011**

**Energy Grants (Cleaner Fuels) Scheme Amendment Bill 2011**

Returned from Senate

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

**Higher Education Support Amendment (Demand Driven Funding System and Other Measures) Bill 2011**

Second Reading

Debate resumed on the motion:

That this bill be now read a second time.

Mr PYNE (Sturt—Manager of Opposition Business) (12:02): I am delighted to rise to speak on the Higher Education Support Amendment (Demand Driven Funding System and Other Measures) Bill 2011, which seeks to amend the Higher Education Support Act 2003. Firstly, it removes the restriction on the number of undergraduate Commonwealth supported places that Australian universities are able to offer. Secondly, it abolishes the student learning entitlement. Thirdly, it requires universities to enter into a mission based compact with the government and, finally, it requires universities to institute policies which promote and protect free intellectual inquiry in learning, teaching and research.

These changes in part give rise to some of the recommendations contained within the Bradley review of Australian higher education, which was handed to the government in December 2008. Professor Denise Bradley and her panel outlined a broad vision for the structure of the higher education sector. For the last 30 years the Australian university sector has been highly regulated with decisions, over how many places each higher education provider can offer for each course and how much they can charge students for each place, decided by bureaucrats in Canberra. This highly centralised system did not adequately respond to student demand. For example, if a student missed out on getting a Commonwealth supported place for their preferred course, his or her only option was to go to a private institution or to take up a full-fee-paying domestic place in that course. The Rudd government abolished full-fee-paying places upon coming into office under the then minister for education, Julia Gillard, driven by ideology rather than good policy. The system still allows overseas students access to these full-fee-paying places.

There were two recommendations of the Bradley review that were broadly accepted by the coalition which would have, firstly, increased the participation in higher
education so that by 2025 40 per cent of all 25- to 34-year-olds would have a qualification at bachelor level or above and, secondly, so that by 2012 all Australian universities would be funded on the basis of student demand. The second recommendation has amounted to the government enacting a partial deregulation of the current centralised system of dictating places. The deregulation of places, in theory, means that the number of places that a higher education provider can offer for courses to students can no longer be dictated by Canberra but is decided by the higher education provider themselves in response to student demand for specific courses.

Labor have committed to funding Commonwealth supported places for all domestic students accepted into an eligible, accredited higher education course at a recognised public higher education provider. No students are to miss out any longer on a place for a course of their choice on account of limited places. Currently Commonwealth supported places are capped by the Higher Education Support Act 2003, preventing the almost quarter of a million additional students required annually to fulfil the Bradley target from gaining a Commonwealth place. This bill removes those restrictions from most Commonwealth places from 1 January 2012. I also note that the government are providing a further $1.2 billion for this reform in 2011-12, that is, the demand driven funding system for undergraduate places, bringing the total funding for this initiative from 2010 to the end of 2015 to almost $4 billion at $3.97 billion.

The bill does not, however, uncap the number of enrolments of medical student places as those degrees are dependent on the availability of clinical placements provided by state and territory governments, nor does it uncap the number of Commonwealth supported places for postgraduate, non-research students. The uncapping of Commonwealth supported postgraduate places has been deferred at present and the measures in this bill do not extend to those places.

The bill also gives the minister for higher education the ability to cap the number of places in particular disciplines or at particular institutions in defined circumstances. These circumstances include the proliferation of graduates in a particular field where industry is not demanding large numbers of graduates. The coalition acknowledges that universities have welcomed the recommendations of the Bradley review and the measures contained within this bill. They are welcoming the opportunity to accept the number of places for each course that will be decided by the number of qualified students wanting to undertake the course.

However, very serious unanswered questions remain regarding the adequacy of higher education funding into the future. The most pressing question is this: as universities will now have to absorb a significantly higher number of students—both as a result of the move to a demand driven system as well as to meet the government's increased participation targets—who is going to pay for the extra infrastructure needed to cater for all of these new students? As with many of this government's reforms in education, the policy may sound good, but, as we all know, the implementation of that policy always remains contentious.

There have been various claims made about the new system's impact on student numbers and thus the adequacy of university resources. This is set to become one of the great challenges in education for the government. For example, the Group of Eight have previously made mention that the
sector will struggle to maintain quality if it is forced to absorb the increased number of students created by the introduction of the uncapped student demand driven system in 2012 and if base funding does not increase to cover funding shortfalls. Another study, the results of an Access Economics analysis of funding for university teaching and research activities commissioned by Universities Australia, also found that overall university funding levels are inadequate. They found that costs and funding do not match, that there are insufficient start-up funds for new programs and that the Commonwealth contribution rates for student places:  

... appear to bear little relation to the actual cost of teaching or to any clear notion of public benefit and the range of maximum student contributions appears to have no solid empirical or policy foundation.

There appear to be three broad options to address the issues at hand. Firstly, higher education providers could try to accommodate the greater number of students within existing facilities. Secondly, higher education providers could try to find the extra resources themselves. Finally, Labor could commit itself to meeting these extra costs.

The first option is clearly unacceptable. We cannot afford a decline in quality and standards in our universities, with overcrowded facilities or less student contact with lecturers and tutors. Any lowering of standards risks further damage to Australia's international reputation, which would in turn further damage our position as one of the best destinations for international students. The second option of higher education providers having to find the funding themselves is not straightforward. Australian universities currently receive funding from non-government sources at a much higher level than the OECD average for comparable countries. It is therefore highly unlikely that much more revenue can be squeezed either from business partnerships or from international students, students who already each year inject billions of dollars into the sector through full fees and indirectly subsidise the education costs for our Australian students.

The last option, the one in which the government foots the bill, remains unclear because so far the Gillard government refuses to commit itself to the provision of any additional funding. It is worthwhile noting here that the government rejected the Bradley review's recommendation for a 10 per cent increase in the base funding rate of student places. The government instead has committed to a review of base funding to universities. The review panel, led by the Hon. Dr Jane Lomax-Smith, the former South Australian Minister for Education, has been given the task of tackling the problems of determining the additional university funding required to meet the government's objectives and determining how it is to be raised. This review is expected to report back to the government around October 2011. This is only months before the scheduled implementation of major reforms in 2012.

Where to now? The higher education sector is far from agreement on the best way to overcome this problem. Many submissions have been made to the Lomax-Smith inquiry which will no doubt stimulate further debate about how to address the impending funding shortfall for universities in accommodating all of these new places. When the results of the review are released to the public later this year, the coalition will carefully analyse Dr Lomax-Smith's work and conclusions. We will also undertake further consultation and await the government's response to the review. But I stress again that this is yet another review from this government rather than the government actually making a decision. That
leaves the higher education sector yet again wanting to know what their future will be and without a clear direction from the government. The Lomax-Smith review will inform the coalition's response in this area and to speculate about the future policy direction without having considered the recommendations regarding future funding would be premature. At the end of the day, it is up to the government to come up with the solutions. They will need to make tough decisions. They are the ones who have announced the participation targets and the decision to move to a student demand driven system. They are responsible for dealing appropriately with the consequences of their decisions and need to front up with the solutions to any resulting policy challenges.

My hopes of Labor being able to pave a clear way forward in the so-called higher education revolution and address the sector's concerns about a real shortfall in funding to achieve these targets are not high. The government, for example, have no clear plan to get back into surplus. This is their fourth budget deficit in a row and since Labor came to power they have turned a $20 billion surplus into a $50 billion deficit. Labor governments have always been heavy on spending and light on restraint, including this one. As I said in relation to the government's review into schools funding, chaired by David Gonski AM, I cannot see any Labor government having a bucketload of cash to implement options stemming from the review. I fear the same for universities when the Lomax-Smith review concludes. But, despite the coalition's concerns about the transition to a demand driven funding system, we broadly support the measures contained within this bill.

There are, however, a number of measures contained within the bill that we do have concerns about. The first of these is in relation to the mission based compacts between the government and higher education providers, which are to provide a framework for jointly achieving reform objectives. These mission based compacts are supposed to provide a strategic framework for the relationship between the Commonwealth and table A and table B providers in the act. These compacts are to set out how higher education providers' missions align with the Commonwealth's goals for higher education, research, training and innovation. Specifically, we have concerns that compacts which are funding agreements between the Commonwealth and the universities will be used to micromanage universities rather than to simply align universities' objectives with those of the Commonwealth. The new funding and policy environment through the introduction of compacts is intended to free universities from command and control government regulation and to promote efficiency, autonomy and diversity in the sector. Universities will have the right to enrol as many students as they judge eligible for a guarantee of government funding and there are supposed to be no intended limits other than in areas such as medicine, as I mentioned earlier. The mission based compacts are in theory supposed to constitute an agreement between each higher education provider and the government about mission, size and the achievement of government targets. But providers are supposed to then be left to manage how they deliver these themselves. The compact system is also designed to monitor progress towards the 20 per cent low socioeconomic status participation rate and the 40 per cent attainment target and to reward providers as progress is made.

But the coalition finds it hard to trust that these deals will actually be realised. Labor is addicted to red tape and there is a real risk that these compacts will unnecessarily
burden higher education providers. We do not have to look far to realise that, under the Gillard government, this risk is very real. Just look at small business. After more than three years of Labor, small business is drowning even further in red tape. Labor promised to make life easier for business by pursuing a one in, one out rule for new regulations. No new law was supposed to be introduced unless an existing one was taken off the books but, instead, Labor has imposed 220 new regulations for each one they have removed. So the one in, one out rule became the 220-for-one rule under the current government. If Labor imposes excessive reporting and regulatory arrangements on our higher education providers, it means more time, money and effort that they have to divert from real work to filling in forms for bureaucrats in Canberra and less to spend on students. Excess red tape and regulation benefits no-one. It means more cost for business; it stifles investment; it lessens innovation; it decreases productivity; and it ultimately creates a lower standard of living for Australians.

A coalition government would have a whole-of-government approach to reducing the cost and burden of regulation by cutting the overall cost of existing regulations by at least $1 billion each year; by instituting a fair dinkum one in, one out policy—no new regulation will get through the gate unless another one is being cut; by holding politicians and their bureaucrats to account by forcing them to explain to all Australians what they have done to end the mounting burden of paperwork; and, finally, by talking with industry and asking them about the real need for regulations and stopping unnecessary red tape from being introduced in the first place. We will also make bureaucrats calculate how much it will cost for providers to deal with the regulations they have created.

Our commitment to reducing the cost regulation by a quantifiable $1 billion per annum follows a successful adoption of annual dollar based red tape reduction targets set by the Victorian government. Victoria's approach to regulatory reform is highly regarded by business. The coalition recognises the proven success of Victoria's deregulation policy and will adapt and refine it. Commonwealth departments will be required to tell us how many hours small business will spend on filling in government paperwork and how much it will cost. This will include things like new software, advice from accountants, and training and time spent away from work to learn any new requirements. Departments and bureaucrats will also have to explain how many businesses will be impacted by regulatory changes and how much they will have to do to comply. Any cost provider will need to be examined by the Productivity Commission and they will be transparently included in departmental annual reports. We will also make sure that departments and bureaucrats explore other alternatives before imposing regulations, and we will require ministers to pursue the least-worst regulatory option for all policies and programs. Ministers and their departments will have to meet these targets and they will be held to account each and every year.

We wish to place on record our doubt about the government's ability to fund this new demand driven system, without resisting their predisposition towards excessive controls. The coalition does not oppose the introduction of compacts or agreements in theory, but we find it hard to believe that Labor will deliver them reasonably. It is interesting to note that any closure of courses or shifts in load between campuses will need departmental approval. Higher education
providers are also going to be required to meet a range of other specifications that include social equity and research to support their circumstances for performance and general funding. In fact, the Vice-Chancellor of the University of New South Wales, Professor Fred Hilmer, has previously suggested that asking universities to each meet a range of excessive and/or competing targets would lead not to 'diversity in excellence but to mediocrity and uniformity'. For these reasons, the coalition is proposing to move the following amendment, which states:

That all words after "That" be omitted with a view to substituting the following words:

"whilst not declining to give the bill a second reading, the House:

(1) notes:

(a) the growing burden of red tape and regulation imposed on small businesses, not-for-profit organisations and industry by the Gillard Government; and

(b) that the increasing regulatory burden represents a broken election promise whereby the Labor Government said that it would only introduce a new regulation after repealing an earlier regulation: a "one in, one out" rule; and

(2) calls on the Gillard Government to immediately adopt the Coalition's red-tape reduction policy which will seek to reduce the cost of the Commonwealth's regulatory burden by at least $1 billion per year."

No doubt that amendment will be circulated at the end of this speech.

The compact missions should be capable of reaching a range of different but complementary arrangements. It should be possible for higher education providers to choose what they do on the basis of their identified strengths rather than being forced to expand their operations beyond their capacity. Labor must have a national agenda on the reduction of red tape if they are to have compacts that are both achievable and worthwhile in meeting the Bradley objectives. Only a coalition government will reduce the cost and burden of regulation by at least $1 billion per year. Only the coalition is determined to ensure that government makes it easier, not harder, for higher education providers to prosper. The coalition also seeks to retain the student learning entitlement. The student learning entitlement was introduced by the Howard government in the Higher Education Support Act 2003 to achieve two objectives: first, to prevent students from occupying a Commonwealth supported place for an excessively long period of time, effectively denying another student a place at university; second, to prevent professional students from studying at the taxpayer's expense for decades, accumulating a large HECS debt with no intention of ever paying it back. As an aside, I was at university long enough ago to remember the professional students at the University of Adelaide, some of whom had left school when they were 17 and were still at university when they were 40. It seemed an excessively long period of time to improve their skills and knowledge in order to be able to make a contribution to the wider community.

Mr Tehan: Until they join the Labor Party to get in this place.

Mr PYNE: Exactly, until they join the Labor Party to get into this place. I might say my favourite professional student at university was also the president of the communist party at university. She was a delightfully charming person, but I did feel that she might well have had long enough at university and that it was probably time, having had several partnerships and several children, to perhaps move into the workforce and allow the taxpayer's contribution to her education to finally be realised.
The deregulation of Commonwealth supported places removes the first of the rationales, but I believe there are still very strong reasons for retaining the student learning entitlement. While the government may assert that there are very low instances of professional students in Australian universities and there are problems with effectively administering legislation, simply abolishing the entitlement is sending the wrong message to students and the taxpayer. In fact there are very low levels of these perpetual students as a result of the Howard government's reforms and indeed the introduction of the student learning entitlement. To abolish the student learning entitlement in its entirety would see the return of students doing degree after degree for decades at significant public expense with no ability for the government to recover their HECS debt. Today the minister for education, Senator Chris Evans, has accused the opposition of wanting to hold on to this measure because we want to increase red tape on universities. But as I have already pointed out, it was under Labor that red tape and bureaucracy flourished.

Students at university should never ever forget the great privilege that is being afforded them by the Australian taxpayer. Only around 30 per cent of the population attend university, but it is the taxes of all Australians that keep them operating. Students at university should accept that they owe the taxpayer a debt and pay it back. Only the Labor Party would see a benefit in scrapping a measure that stops the Australian taxpayer and the HECS system from being abused in this manner. We on this side of the House do, however, agree that there have been some substantial changes in the way some undergraduate degrees are taught and that the upper level of the student learning entitlement should be set at eight years rather than the current seven. This would, for example, allow students to undertake a bachelor of science with an additional honours year and then complete a medical degree.

We understand the government may attempt to stop this amendment on technical grounds by asserting that the extension of the term of the student learning entitlement is an appropriations measure and that the opposition may not appropriate public moneys. However, this amendment would actually reduce expenditure. The student learning entitlement provides a cap on the length of time a student may occupy a Commonwealth supported place. The government seeks to remove this cap and has provided expenditure to match this removal. Therefore our amendment would reduce the burden on the Australian taxpayer rather than increase it. As a consequence, in my view, this is not an appropriations measure and does not offend the rule of what this House can or cannot consider.

I am therefore going to move amendments that seek to reverse these student learning entitlement changes. I will table the amendment that is in my name and have it circulated at the end of my speech. These amendments, if adopted, will retain the cap on the length of time a student may occupy a place and increase the entitlement currently in place from seven to eight years. However, compared to the government's bill, which sets no limits, the opposition amendments set a limit of eight years.

The last matter I wish to address relates to schedule 3 part 1 clause 3 of the bill, which provides inter alia:
A higher education provider that is a *Table A provider or a *Table B provider must have a policy that upholds free intellectual inquiry in relation to learning, teaching and research.

To ensure crystal clarity, the coalition will amend the bill to ensure the policy applies to
students as well as academics. Students have complained for many years about their work being marked not on the quality of their argument, their understanding of the material and the clarity of their thoughts, but on the basis of their political philosophy. I might at this opportunity tell you a small vignette about my own undergraduate degree, which I know will enthrall the member for Braddon. In my first year at university in constitutional law 1, I chose to do my first essay on the dismissal of the Whitlam government in 1975. Amazingly I only got 30 per cent for that essay and when I went to see the lecturer in constitutional law 1 she explained to me that, while there was not anything particularly wrong with my essay, I might stay away from political subjects in future at university. I did not complain because one takes the rough with the smooth, but I think there are students who have a much worse experience at university than I had. Therefore, we do seek to include the same intellectual freedoms for students as this bill introduces for academics.

Requiring universities to have a policy on academic freedom for students as well as teachers will assist students in exploring their own philosophical underpinnings without fear that their views will offend the sensitive and indignant sensibilities of some academics. While the coalition is well aware that many higher education providers have policies and procedures in place that seek to manage these issues, we are aware of a number of examples where the different political affiliations of students and lecturers have caused problems. For these reasons, I will move the amendments standing in my name, which will be circulated at the end of my speech.

I do note also that the Nation Tertiary Education Union has commended in their press release the government, in particular Senator Carr and Prime Minister Gillard, in relation to their commitment to acknowledge through this legislation 'that one of the distinctive purposes of every Australian university is to promote and protect free intellectual inquiry.' I do hope that they can therefore provide the same acknowledgement to this amendment on behalf of students who also deserve this same recognition. The coalition hope that the government and the crossbenchers in this House will see the merits of these amendments and the others that I will move today on reducing red tape and maintaining the student learning entitlement so that the Australian taxpayer can continue to feel confidence that the students who attend university will at some point in the future pay back what they owe to the taxpayer. I do commend the bill to the House with the amendments as described by the coalition.

The SPEAKER: Order! If I can just get the attention of the member for Sturt, because I may be creating a precedent—

Mr Pyne: A crisis!

The SPEAKER: No, not a crisis—there may be a crisis for either of us. At this point in time I am not sure that I can accept the second reading amendment on the basis of its relevance to the legislation, but I do not want to rule it out. What I suggest, and what I am stressing at this time, is that whilst it would not be in his name, if he would allow me to hold the amendment in abeyance until we could have some further discussions about it, I might allow it in somebody else's name and not use the rule that I have already dealt with the same wording. It may be that there will be a question about the wording of the second reading amendment but, even if it was the case that subsequently the chair accepted the same words, if I knock it out now that will not be possible.

I know that this is an exceptional way but, on the run, I have tried to look at the bill
before us and the sentiments in the second reading amendment. I know that the honourable member for Sturt in his contribution made remarks, and even then I was trying to be alert to see the relevance of those remarks directly to the bill. I do not want to rule it out point blank with no further opportunity to have a look at the second reading amendment. As I said, one of the problems would have been, if I knocked it out now, anybody on behalf of the member for Sturt would not be able to move the same words. But I am not saying that. I am saying that there is the possibility that these same words will be allowed—or a modification—but I think it might assist if we were to have the discussion about the second reading amendment so that we can work out a way to go forward.

I apologise that I have used this complex way of dealing with this matter, but if I was to make a ruling on the run at this time it would be to not allow the second reading amendment. But I think we can at least have some discussion about it.

Mr PYNE: Can I just follow up on that, Mr Speaker.

The SPEAKER: Yes, certainly.

Mr PYNE: This, of course, is the generosity of spirit that I talked about in supporting you for the Speaker's position late last year, which I described at the time as 'not feeling the love'. But I feel a lot more today as a consequence of the way you have described my second reading amendment, and I am grateful for that.

In your consideration of the second reading amendment, can I point you to the bill and the compacts between universities and the government that are part of this legislation. It is the submission of the coalition that these are extra red tape and are a regulatory burden, which therefore, in our opinion, means that a second reading amendment about red tape and regulation would therefore be appropriate. I am grateful that you are not ruling out the second reading amendment immediately. I am very prepared to talk to you further about this and for your consideration in concert with the clerks. You will probably report either to me privately or to the House at a future time.

The SPEAKER: I thank the member for Sturt and I will try to resolve this matter as quickly as possible.

Mr SIDEBOTTOM (Braddon) (12:33): I wonder whether the member for Sturt would like to table his essay. I would be more than happy to have a look at it in a very unbiased fashion. Being an ex-chalkie, I am sure I would find it very interesting but probably would concur with a marker that it was probably only worth 30 per cent. Anyway, I would love to have a look at it.

It is always a pleasure to talk on education in this place and particularly to support education reform by this government. Since 2007 it has had a tremendous record of investment and genuine reform, of bringing the higher education system and supporting it well into the 21st century. The Higher Education Support Amendment (Demand Driven Funding System and Other Measures) Bill 2011—for those who might have forgotten, listening to the member for Sturt for the majority of his speech—is about increasing flexibility for higher education institutions. The bill is fundamental to the Australian government's reforms to ensure that all Australians have the opportunity to gain a university education and, I might add, complements the newly legislated student support scheme, which has already seen many more students continue on to university than would have occurred, and indeed did occur, in the past. This is a vital education and economic reform.
We are moving towards a knowledge economy where the new jobs of the future will increasingly require higher levels of education. Indeed, when combined with the world-leading National Broadband Network, these new economy jobs will have no boundaries. Workers will be able to live in a city or region and work for local, national or global firms on local, national or global projects. The workplace will increasingly be more global with competition fundamentally based on brains rather than brawn.

I would like to share with you a new text that I have come across. It is called *The Sixth Wave: how to succeed in a resource-limited world* by James Bradfield Moody and Bianca Nogrady. It is by Vintage Books and was published in 2010. It talks about the new world, the new economy and the new age and it is relevant to this legislation because this legislation is all about preparing people to support themselves, their families and communities in this new economy. It says:

Driving all this—the new economy—will be a spectacular boom in technologies ranging from clean technology to digital mapping to online collaboration. Traditional physical and geographical boundaries will mean nothing in a world where everything and everyone is online. Industry will increasingly realise value from services rather than resource-intensive products and new business leaders will emerge to challenge the status quo.

And, indeed, they are. It goes on to say:

The way we organise the institutions which make up our society will also be transformed, none more so of course than our universities and institutions of higher education. The increasing competition for natural resources will pressure us to account for every tonne of carbon, joule of energy and litre of water. Things that until now have been valueless will acquire price tags, from carbon, to water, to biodiversity.

I conclude with this final comment:

In this next wave of innovation resource scarcity and massive inefficiencies will be the big market opportunities. Waste will be the source of this opportunity and nature will be our source of inspiration and competitive advantage.

That is in part the type of world that we inhabit now and will increasingly inhabit in the future. These reforms go some way to bring our people to developing the skills, the mindset and the competencies that are required for this new world.

Higher education is a major key to our future economic prosperity and the sector needs reform to allow greater opportunity and choice for students and greater flexibility for universities to determine their own direction and priorities. The bill does this because, for the first time in our history, public universities will be funded for student places based on student demand. The decades-old system of central planning, where every year universities had to negotiate with Canberra for student places, will be gone and should be gone. Universities will be able to grow with confidence and diversify or specialise in response to their student needs.

The Gillard government's higher education reforms have already given many more Australians than ever before the opportunity to get a university education. Since 2007 we have seen an extra 80,000 undergraduate students go to university and a doubling of Commonwealth supported postgraduate places of up to 33,000 a year.

By 2012, the government will have increased higher education expenditure on teaching and learning by 30 per cent in real terms since 2007.

Regional universities like my own in Tasmania are now growing strongly after years of neglect under the Howard government. Enrolments at regional campuses have increased by 10,300 undergraduate students since 2007 and this number is set to grow.
further. This is also the case in particular in my electorate of Braddon on the north-west coast of Tasmania with enrolments and offerings at the University of Tasmania's Cradle Coast campus in Burnie increasing steadily. For those who are not familiar, Tasmania has one university with three campuses in Hobart, Launceston and Burnie.

For years before 2007, student numbers at Burnie were stuck at around 600. Under Labor we have seen rapid growth in student numbers. At the start of this year we had 890 students and are expecting there to be about 1,000 students for the second semester this year. For a small regional economy like mine this is a huge change and a testament to the campuses' pioneers and the current administration.

I want to talk more about the Cradle Coast campus in the area where I live because I think it highlights some of the key points in the reforms that the Gillard government is making. The Cradle Coast campus was established because Braddon has historically— and continues to have unfortunately— very low post-year 10 education attainment scores. There was not a widespread tradition of higher education in my electorate. That is improving but it is still not good enough. The University of Tasmania Cradle Coast campus is changing this in a very real and significant way.

The campus offers full bachelor degrees of regional resource management, early childhood and primary education, a Bachelor of Business, a Graduate Certificate in Business, a Bachelor of Arts, a Bachelor of Social Work and also natural environment and wilderness studies. I am very glad to add that on 13 July the minister for higher education will be opening the Regional Universities of Australia Conference on the campus at Burnie. They have done very well to get that regional campus conference.

The campus also offers postgraduate degrees—a Master of Teaching; a Master of Social Work—and has many PhD candidates, especially in agricultural science and allied industries. I now employ one of those doctorate graduates. It also offers first year courses only for Bachelors of Law, Science, Economics, Social Science, Social Science (Police Studies) and Behavioural Science, along with the University Preparation Program. For a small regional campus it is doing a sterling job and increasing its offering to students, but the offerings that it is making to its students are locally contexted and locally driven. That is the key to success and, indeed, that will be the key to success for all our regional campuses throughout Australia.

As a result of these offerings we are now reaching out to those who never saw themselves going to university. Many of these students are classified as mature aged and could be mothers with school-age children, tradespeople and working women looking to upgrade their skills or workers looking to change careers completely. These students are very well serviced and encouraged, irrespective of their previous education attainment, due to the very successful University Preparation Program, which takes into account the local context of its learners and is tailored accordingly.

Importantly, the Cradle Coast campus is keeping more young people in our region. Heavens above, that is one of the key necessary resources to continue to nurture and motivate our regions and our communities. Young people in the past in my area would have had to move to Launceston, Hobart or the mainland to get a higher education. I do not think we can underestimate the impact that this outmigration has had on regional communities. For too long those with get up and go got up and left. The regional campus
in my neck of the woods is doing its bit to retain our present and future human capital.

The reforms I am supporting today will now allow regional campuses like the Cradle Coast campus to tap into demand and increase enrolments by specialising to meet community and business demands. For a regional campus to work, we need to understand the region and listen to the region rather than impose centralist policies, administrative structures and capped funding of places. This legislation goes a long way to tackling those impediments. We are already seeing greater links being developed between the university and primary schools, high schools, colleges and the Skills Institute. There are also greater connections to business in the region. These connections are resulting in new offerings at the campus being developed. Most specifically, local small to medium manufacturing businesses need workers with engineering qualifications, so the Cradle Coast campus is responding. This reform we are proposing will mean that the university will not have to ration engineering places between its campuses but rather will meet the demands that are out there.

We know that a university education—and higher education, for that matter—is a means to a greater career choice and to highly skilled and highly paid jobs. In the case of my electorate, this is also a regional development issue. Indeed, at its heart it is a regional development issue. Braddon needs higher education to operate in the new economy, not just to survive but to operate and grow. We have seen a transition in our economy with the closure of two paper mills, the Tascot Templeton carpet factory and the McCain vegetable factory. We need the flexibility that these reforms offer.

Nationwide, by 2025, Australia will be in a position to reach the national target of 40 per cent of all 25- to 34-year-olds holding a qualification at bachelor's degree level or above. By that I do not just mean an aggregate nationwide; I want those figures to be as real in my electorate, in Braddon, as in any other part of the country, and there is no reason why they cannot or should not be. Indeed, it is an imperative.

The major reform we are discussing here has been accompanied by reforms to student income support. This has provided thousands more students with additional support to attend university. Again, this is vital for a region like Braddon with low socioeconomic indicators. Indeed, the very heart of the student support legislation was to assist people in places just like my own. They have taken up that challenge and their families are grateful for it. That is something that should be recognised by this whole parliament, not just narrowing in on inner and outer regional arguments, even though there is merit in that.

The Gillard government's landmark reforms to the student income support system have resulted in more rural and regional students receiving income support to attend university. The latest analysis confirms that the Gillard government's reforms are delivering more support than ever before to help regional students like those in my electorate go to university. As a result of our reforms, more country students are receiving more money to either study at regional universities or, if need be, to live away from home while studying in our cities. In my electorate, 749 students have benefited from changes to the parental income test, 699 students have received at least one payment of the student start-up scholarship and 239 students have received a relocation scholarship to date.

Mr TEHAN (Wannon) (12:48): I will just touch on two points that the member for Braddon made. I will go first to the issue of
income payments to students from regional Australia. I agree with the member for Braddon that this is an issue that we all hold dear to our hearts and one which we all—especially those from regional and rural campuses—would like to see progressed, but we must make note of the fact that there is a discrepancy between how those students in inner regional areas are assessed and how those in the outer areas are assessed. Although we might have seen some increase in the number of students accessing some form of payments, the figures do not show the level of those payments and how much those students are receiving. It would seem that it could be the case that a lot of those students are receiving minimal amounts, which is not going in any way to address the costs of country students accessing tertiary education.

So, as far as we on this side of the House are concerned, although we agree in principle with you that this is an area of real importance to country students, the devil, as always, will be in the detail. We need to wait and see the detail, and we also need to make sure, I think, just on the pure basis of fairness, that those in inner regional areas are treated the same as other country students. As a matter of fact, on the day that the government was heralding its changes, I received a letter from a father in Ararat, which is in the inner regional zone, expressing to me his great discomfort, unease and unhappiness about why one of his three children could not access payments to help him, struggling with higher costs of living, send the child off to a tertiary education.

I would also like to pick up on what the member for Braddon had to say—and his lovely quote—about our need to operate in a resource limited world. I think this goes very much to the heart of what we are discussing in the debate on the Higher Education Support Amendment (Demand Driven Funding System and Other Measures) Bill 2011, because we have a wonderful aspiration, which is supported by the coalition, that we would like to see 40 per cent of Australians between the ages of 25 and 34 holding at least a bachelor's degree by 2025. The sad thing is, and the G8 have pointed this out, where are the resources going to come from to support this aspiration. So far, from what we have seen from this government, it is not going to come from the Gillard government. We have seen four deficits in a row. The last deficit handed down in the recent budget was $47 billion. Just to put that into some perspective, the entire budget handed down by the Victorian government this year, for health, education and police, was $47 billion. So the federal deficit was the size of the whole budget of our second largest state. That gives an indication of where our finances are at the moment. We have a rather illusory target to try and hit surplus again in 2014—

**Dr Leigh:** Mr Deputy Speaker, I raise a point of order. I would ask that you return the honourable member to the subject of the bill, which is higher education funding.

**The DEPUTY SPEAKER (Hon. BC Scott):** I am listening to the member for Wannon, and it is about education, and I am sure that he remains relevant to the bill. But I am certainly listening to him.

**Mr TEHAN:** Thank you, Mr Deputy Speaker. As I pointed out, this bill seeks to increase student participation in universities. It is demand driven, and that requires funding—and that funding has to come from somewhere. What I am pointing out is that every indication we get from this government is that it is not going to be able to provide that funding. I think that is directly relevant to this bill. It is all very well for us to talk about aspirations to get student
numbers increased in universities. That is fine. But you also have to provide the resources to do it. I will give a very quick example so I can get back to the three important details of this bill. We only have to look at mandating hours for kindergartens for four-year-olds and what impact that is having in country areas. In my electorate it is likely that we will see country kindergartens close because the mandating of those extra hours has not seen the government provide extra resources. So this is directly relevant. I am happy to take the honourable member to my electorate and to sit him down with the relevant kindergartens so they can deal with the issues.

Dr Leigh: I again raise a point of order, Mr Deputy Speaker. The legislation is about universities, not kindergartens. I would ask you to direct the honourable member to the legislation before the House.

The DEPUTY SPEAKER: There is no point of order. The member for Wannon has the call.

Mr TEHAN: The member for Fraser seems to take great dislike to the facts being pointed out to him about how good government policy is funded government policy and policy which is funded in a sensible way.

I will now get to the specific matters pertaining to this bill. Sadly, this is going to require some criticism of the government as well and I hope the member for Fraser will be able to sit there and take this criticism in the spirit in which it is meant. We need to try and get in this country some reasonable government, to get government which is not all about making knee-jerk reactions and then all the unintended consequences flowing across issues and harming great sections of the Australian community.

The first is on the first amendment which we will be putting with regard to this bill, on the student learning entitlement. This once again sends the wrong message to students who want to become perpetual students, and we had the shadow minister for education detailing this in his speech. I would assume probably all members on both sides have been to university and met a lot of perpetual students. There is a responsibility when you are a tertiary student to understand that the taxpayer is funding your place at a university in most cases. Therefore you should do your degree with speed and then step out into the workforce or out into the community to enable other people to come up and fill those places. This is why we are moving an amendment to see that the perpetual student will still face some restrictions under the Student Learning Entitlement. It is an entitlement that was introduced by the Howard government, a very sensible improvement to higher education. Melbourne University is introducing general degrees and then you go on and do your specific degree, so there is probably a need to move this limitation from seven to eight years, and that is what we are proposing in our amendment. I think it is a very sensible amendment and I would hope that both sides will agree to it.

The next amendment we are moving is with regard to compacts. While we generally support the concept of compacts, what we do not want to see is the government micromanaging our universities by placing more red tape on our universities. This is something that universities do not need, because they are burdened enough with red tape. I point out at this stage that, along with cash for clunkers, this is another policy which was talked about in the lead-up to the Rudd government. The one in, one out policy unfortunately has been ditched, along with a lot of the other policies which were put forward by the Rudd government. The shadow minister for education clearly articulated and outlined this. We have a 220
regulations in, one regulation out policy now under the Gillard government. It was meant to be one in, one out but that is what it has become. So we do not want to see any more red tape or regulation. Once again the opposition has put forward a very sensible amendment to stop this occurring under this bill. I think it is an amendment which both sides of the House should be able to support. The third amendment we are putting forward goes right to the heart of education and what education should be about—that is, both students and academics having the right to express their views and opinions in a way that will not penalise them. The bill set this out for our academics, but we need similar protection for our students. I think we all know and have heard of examples where students expressing their free will, especially their views politically, have at times been marked down when they should not have been. While this amendment will not rule out this happening, it at least sets a very clear precedent and guideline and sends a very strong signal to universities and faculties that students as well as academics should be free to express their views.

Once again, I would hope that we will see on both sides of the parliament people recognising the importance of this and understanding that our students should be able to go to university with the knowledge that the government through its actions supports their right to speak and write freely on whatever matter they would like and to make sure that, when those pieces they write are assessed, the academic understands that he has to ignore the political philosophies underpinning what has been written and just look at the merits of the arguments and how those arguments have been articulated. Of all the amendments we are putting forward, I think this one in particular, especially when we have the other side prepared to put in the bill the need for it to occur at the academic level, shows there is no reason whatsoever why we should not also make it similar for students.

This is a bill the aspiration of which the coalition supports, but we do question where the resources will come from to support this aspiration. We call on the government to show some rigour in how they set their budgetary policy to ensure that the education sector can get the funding and support it needs, so that we do not have the need for the G8, for instance, to come out and say that base funding needs to be increased. It is fine to have aspirations, but if you do not have the money you will not get anywhere with the aspirations.

I also call on the government to look seriously at the three very sensible amendments that we have put forward on the student learning entitlement, on compacts and on ensuring that red tape is limited, especially in the education sector but also across the board, and to move to implement once again the one-in one-out policy which they were very strident about when they were seeking political power in 2007. I call on them to get rid of the current Gillard government policy of 220 in and one out and to go back to their one-in one-out policy. I call on the government to support students as well as academics in making sure that students get the protection and freedoms they deserve to make sure that they can write whatever they want. (Time expired)

Dr LEIGH (Fraser) (13:04): Productivity lies at the heart of raising Australian living standards. As US economist Paul Krugman once said, ‘productivity isn't everything, but in the long run it is almost everything.’ So the challenge in raising Australian living standards in the future is to crack the nut of higher productivity. During the 1980s and the 1990s, tariff cuts, competition policy and enterprise bargaining were among the key
policy drivers of raising productivity in Australia. Today, one of the policies most likely to boost the rate of productivity growth is education reform. Raising the human capital of the workforce is essential if we are to adapt to changes in the labour market. This agenda involves both raising the quantity of education—boosting the average number of years of schooling that each person receives—and boosting the quality of the school system.

Labour is focused on both of these agendas. We are keen to ensure that, as technological changes diffuse through the Australian economy, workers of the future are able to adapt and use those new technologies. In the case of schools, we want to create incentives for students, teachers and principals—the whole school community—to perform at their best. If we can do that, education reform will also be a great economic reform.

Part of this agenda also involves ensuring that Australian universities work as effectively as they can, that Australian universities serve more young people and that they do so as effectively and efficiently as we can ensure.

On coming to office, Prime Minister Gillard, as the then Minister for Education, commissioned the Bradley review to look into our higher education system. The Bradley review confirmed the need to boost student numbers in Australia. In the words of the review there was a 'decisive need for action' to boost numbers of qualified people in Australia. The report noted that, in 2003, 43 per cent of the young people in the United Kingdom aged between 18 and 30 participated in university and that, by 2020, Britain is hoping to have raised this number to 50 per cent. Ireland already has a participation rate of 55 per cent and is aiming for 72 per cent in 2020. But, by comparison, in the last years of the Howard government only 29 per cent of Australians aged between 25 and 34 had a bachelor's degree or above. This government has an unapologetically ambitious agenda in skills and training, and a critical part of that is ensuring that we boost university participation. By 2025, we hope to have 40 per cent of Australians aged between 25 and 34 years holding at least a bachelor's degree. This does not come at the cost of our trades. In fact, the two sectors complement one another. As the economy grows we will need more skilled workers across a whole range of skills.

We recognise that in the context of operating within our region we need to ensure that Australia's workers are well trained; that they have not only the skills for the jobs of today but the skills set that allows young Australians to engage in lifelong learning—to continue to adapt as technological change happens. One thing we can be sure about is that for a mechanic graduating now the cars of 30 years hence will not look much like the cars of today. For an engineer graduating today many of the engineering technologies of the future will not look like the engineering technologies of today. So we need to ensure that our education system encourages lifelong learning.

A demand driven model of university funding ensures that Australia is prepared for these opportunities. Rather than governments guessing at future labour market trends and determining numbers—a command and control approach—this government is uncapping university places. Undergraduate places will no longer have to be rationed. From 1 July universities will have the flexibility to set student numbers based on industry and employer needs.
The bill of course retains the ability for the government to respond to any new skills shortages and, if necessary, to the oversupply of graduates in particular areas. But we are responding to a key insight, which is that forecasting future labour market trends is difficult. I refer the House to a paper by the Centre for Independent Studies' Andrew Norton titled *Mismatch: Australia's graduates and the job market*. Andrew carefully takes the reader through a range of evidence on the poor quality of labour market forecasts. He points out that:

Some industries are cyclical. Civil engineers are in tight supply now, but during the early 1990s recession a construction downturn left 30% of recent graduates unemployed. In the late 1990s, the Australian IT industry argued that it faced severe shortages of workers. As it turned out, many IT professionals struggled to find work in the early 2000s.

The key problem with forecasting labour demand—working out from a central planner's point of view which industries are going to grow and which are going to shrink—is that often it is technology that is driving industry change. Because technology changes discontinuously—we cannot of course forecast the new innovations that are going to come in—we tend to be quite poor at forecasting the industries or occupations that will grow and those that will shrink.

I cannot say that the legislation before the House today will entirely satisfy all of the demands that my friend Andrew Norton would want, but I hope it goes at least some way to addressing his criticisms. He has very articulately set out his concerns about the mismatch between the graduates Australian universities produce and the labour market demand and the difficulty of predicting with precision supply and demand for graduates.

The bill also will require each university to enter into a mission based compact with the Commonwealth. Compacts provide assurance concerning the alignment of university missions with the Commonwealth's national goals in the areas of teaching, research and innovation. They do so in a way that recognises that the objectives of government and universities are often shared objectives. The government will continue to work cooperatively with higher education providers through compacts to ensure that individual university missions serve Australia well in teaching, research and innovation.

Consistent with the Bradley review's recommendations on demand driven funding, we are also abolishing the student learning entitlement. The student learning entitlement currently limits a person's ability to study at university as a Commonwealth supported student to the equivalent of seven years full-time study, subject to exceptions specified in the act, which allow for further periods of 'additional' SLE and 'lifelong' SLE to be allocated. The student learning entitlement has introduced an additional layer of red tape into an already complicated system and it trips up genuine students who have done nothing wrong. By abolishing it we are again going to help to free up universities and allow them to get on with the job of teaching the next generation of students and not miring them in difficult red tape.

We know that application of the SLE has resulted in instances of hardship for particular students. Take for example the instance of a student who completes a three-year undergraduate science degree and then wants to re-enrol in a six-year medical degree. In that case the student would exceed their SLE and no longer be eligible for a Commonwealth supported place. They would have to complete their degree as a full-fee-paying student. Is that what we really want? Is that what this House supports? Do we really want to say to science graduates: 'No, you cannot train as a
do not want them to be caught up in red tape.

The problems with the SLE have been recognised by those opposite. In July 2006, in a speech to the John Curtin Institute of Public Policy about university regulation, the member for Curtin described the student learning entitlement as 'red tape'. The member for Curtin also indicated that the Howard government was at that time, in 2006, considering its abolition. She said:

Turning to the ubiquitous issue of government red tape—I am happy to listen to sensible suggestions as to how I can remove impediments to diversity and increase flexibility. As a result of the AVCC’s report on red tape, I have agreed to consider the abolition of the Student Learning Entitlement, which measures a student's consumption of Commonwealth supported education.

But we are now in this extraordinary position where the coalition is fighting to defend a policy that the then coalition federal minister for education had handpicked to be scrapped. The student learning entitlement is a discredited rule dating back to 2003. It ties universities up in red tape and trips up genuine students who have done nothing wrong. Sadly, what we see today from the coalition in opposing the scrapping of the student learning entitlement, a measure which should enjoy bipartisan support, is what we are seeing across the board in other policies. It is one thing for the coalition to walk away from reforms that we have long championed and they have long opposed but, on an increasing number of issues, we are seeing the coalition rejecting coalition policies. We have seen it on climate change where, in 2007, the coalition went to the election supporting a price on carbon and are now opposing a price on carbon.

We have seen it in respect of fuel taxation. In 2003, the then Treasurer, Peter Costello, announced reform of LPG taxation, reform that we are now, after an eight-year phase-in period, implementing. But those opposite have now decided that they want to walk away from that reform. And we are seeing it with the student learning entitlement policy, which those opposite wanted scrapped in 2006 but are now pursuing the maintenance of. This Nelson-era piece of red tape should be abolished but, instead, it seems that the coalition want to tinker with it at the edges and add to the bureaucracy.

Australia's universities have long been required to divert resources to administer this costly and ineffective entitlement system. In a submission to the Productivity Commission, in 2009, they argued:

There is ... no policy objective being served by the SLE, and there are considerable savings that can be achieved from its removal. As the first students subject to the new arrangements will shortly be exhausting their SLE, it is particularly timely to solve this issue now to avoid problematic decisions having to be taken regarding upcoming enrolments.

It is extraordinary that, after almost four years of hearing nothing from the coalition on higher education, this is almost the first issue that they are prepared to take a stand on. Abolishing the student learning entitlement will free up universities and they will be able to get on with what they do best: teaching the next generation of students. Its removal has been supported by almost every higher education group in Australia: the
National Tertiary Education Union, the National Union of Students, the Australian Medical Students’ Association, the Australian Technology Network and the network of Innovative Research Universities. All of these organisations support scrapping the SLE. But the Liberal Party continue to block SLE reform.

By contrast, the government is getting on with the job of ensuring that more Australians can study at our universities and that those universities are doing as good a job as they can. This year we will fund more than 480,000 undergraduate places at public universities. With an anticipated four per cent growth, next year this figure will rise to over half a million places, a 20 per cent increase since 2008.

To fund this historic expansion of opportunity, the government has provided an additional $1.2 billion in this year’s budget, bringing the total demand driven funding to $3.97 billion over successive budgets. I know this will be welcomed right across Australia, and possibly nowhere more welcomed than in my own electorate of Fraser where I am proud to have the University of Canberra, the Australian National University, the Australian Catholic University and UNSW@ADFA.

Finally, I want to say a few words about free intellectual inquiry. The bill will amend the Higher Education Support Act to promote free intellectual inquiry. It is an important principle, underpinning the provision of higher education in Australia. Free intellectual inquiry will become an object of the act. The government’s funding arrangements should not be used to impede free intellectual inquiry. Universities will be required to have policies that uphold it in relation to learning, teaching and research. Naturally, most universities already have such policies and I know that they are all as keen as we are to support research and teaching environments that promote free intellectual inquiry.

By focusing our reform agenda on the neediest students, there is also another pay-off. I have spoken of education policy as great economic policy, but education policy is also the best social policy that we have ever developed. A great education is a first-class antipoverty vaccine. If you read biographies of people who grew up in disadvantage, so often a great education is what makes the difference. I commend the bill to the House.

Mr TUDGE (Aston) (13:19): I rise to speak on the Higher Education Support Amendment (Demand Driven Funding System and Other Measures) Bill 2011. The bill does four things. Firstly, it removes the restrictions on the number of undergraduate Commonwealth supported places that Australian universities are able to offer. Secondly, it abolishes the student learning entitlement. Thirdly, it requires universities to enter into a mission based compact with the Commonwealth government. Finally, it requires universities to institute policies which promote and protect intellectual inquiry in learning, teaching and research.

Broadly speaking, the coalition supports this bill overall, although, as you would be aware, Mr Deputy Speaker, we will be moving some amendments. I would like to go through each of those four objectives of this particular bill and make some comments in relation to them. Let me, firstly, speak on what is the most important aspect of the bill and that is making the number of Commonwealth places demand driven rather than capped. As members would probably be aware, over the last few years we have had a highly centralised university system where places have been determined by officials here in Canberra. They have determined
exactly how many places will be funded in every single university, in every campus across the country. Under this system, if a student did not get a place at a university which they wanted to attend and had the qualifications to attend, they really had very few alternatives. In the past, they may have had the alternative of paying for a full-fee place at that particular institution, but the Labor government has abolished that particular provision.

The recommendation for uncapping the Commonwealth places at universities and making the system demand driven came out of the Bradley review into higher education. Two core recommendations came out of the Bradley review. Firstly, that we should set a target that, by 2025, 40 per cent of 25- to 34-year-olds should have an undergraduate degree. Secondly, that the system should be a demand driven system of places rather than a capped driven system. Broadly speaking, we support this first aspirational target. It is a reasonable target to set. Additionally, we support the second core recommendation, about moving to a demand driven system.

Again, this is a good recommendation. It is a sensible measure that the government has taken up from the Bradley recommendations and is now implementing. It basically means that if a student qualifies for a particular course at a particular campus of a particular university then he or she will be able to get into that course. The Commonwealth funding will go with that student to that institution rather than the student possibly missing out on a place because we currently cap the number of places for that institution. We believe that no student who is qualified for a particular undergraduate degree should miss out on getting Commonwealth assistance in that instance.

The bill also adds almost $4 billion in appropriations to support this recommendation and to help implement this demand driven measure. Again, this is an important additional injection of funds to support this measure. Of course, not all places are going to be uncapped. The bill does not uncaps medical places and it does not uncaps postgraduate places; they will continue to be set by the Commonwealth government here in Canberra. The bill does give the minister the ability to cap places in certain and limited circumstances. I understand that, by and large, the university sector welcomes this measure of introducing demand driven funded places, and it is a good measure. The university sector has been too tightly regulated and too tightly restricted in recent years, so any measure that moves to liberalise the university sector, which this measure certainly does, should be supported.

Some serious questions remain, however, about the adequacy of the funding that complements the measure. I mentioned that the bill provides $4 billion of extra funding over four years, but it does not provide any extra infrastructure funding. Of course, if we increase the number of students who go to university—and that is the whole intent of this bill—then we need more infrastructure at the universities as well to accommodate those new students. Many students know that the lecture theatres and the campuses are bursting at the seams already. Students are consistently complaining about exactly that.

So I am concerned that through the measure to make it a demand driven funding system we will have a lot more students at the university but will not have additional infrastructure to cope with that. So I put that particular issue to the government: who is going to pay for the additional infrastructure that will be required to accommodate the new students? There is certainly no additional infrastructure funding in this bill.

I also raise the issue of the level of base funding to support students at universities.
Many recommendations have been made, including in the Bradley review, to increase the base funding rate so that we do not diminish the quality of the university experience. The Bradley review recommended that the base funding rate should be increased by 10 per cent. The government has not addressed that recommendation. It is having a review of the recommendation, and we will certainly be keeping a close eye on that. Again, we know that universities are already struggling with lack of resources to provide for the students they have and provide the high quality of education that students demand and that the community demands. Universities are faced with the prospect of working out how they get the additional resources. As the shadow minister for education outlined earlier today, there are really three options to address that. Firstly, the universities could accommodate the additional students within the existing resources—simply put more students in and try to make it work. Secondly, the universities could find additional resources themselves—somehow. Thirdly, the government could actually find the additional resources to meet the additional cost burdens they have. As I said, the Bradley review recommended a 10 per cent increase in the base funding rate, and I think that needs to be seriously looked at.

Let me just touch on the other measures the bill introduces—firstly, the mission based compacts on universities. Again, we broadly support this measure, but we have some serious concerns with it. 'Mission based compacts' sounds very nice. It almost implies that there will be just one piece of paper that both the Commonwealth government and each university signs. I believe that in actual fact it will be significantly worse than that. It will not be one piece of paper; it will be a volume that has to be agreed upon between the universities and the Commonwealth. Our concern is that this will add considerable red tape for the universities. As outlined earlier, the universities need to be freed from the red tape and given the opportunity to provide education as they best see fit. They do not need additional red tape added to them. The government have form in adding red tape to institutions, be they businesses, nonprofits or other institutions. They came into power promising that there would be less red tape and fewer regulations. They promised that for every new regulation they put in place they would take one out. But we know the record of this government in this area since 2007. That record in fact shows that for every one regulation which they have removed they have put 220 new regulations in. So they are 1/220th of the way towards meeting their promise. We have some serious concerns that these agreements will be used to stifle the universities and just add additional red tape, which they do not need.
We will be moving an amendment to express our concerns in that particular area.

Secondly, we have some concerns in relation to the abolition of the student learning entitlement, which this bill also implements. The student learning entitlement was introduced by the Howard government. I thought it was a sensible measure in essence to address the issue of professional students. It does not try to prevent legitimate students from doing their undergraduate and further degrees. But it does try to address the fact that some students do one degree after another and insist on getting taxpayer support to continue to do further degrees which may not be necessarily advancing the economy or our society. We do not believe it is sensible to abolish the student learning entitlement. It was initially set at seven years. You would get seven years of taxpayer funded support and then after that you would be on your own. We believe that, given the changing nature of higher education and the different structures within the university sector, that should probably be eight years now and of course there would still be some important exemptions to go with that. I think it is a mistake to abolish the student learning entitlement altogether.

I also want to make some comments about the provisions which support academic freedom. The bill requires universities to have in place policies to promote and protect intellectual inquiry in learning, teaching and research. That is fine. That is a good policy. Academic freedom is absolutely central to the nature of our universities. What we would like to see in addition though is for students to have those same protections as well, because we are concerned that some students, particularly conservative students, who express their views do not always get the same fair hearing as students who might express alternative views. We think it is a reasonable amendment to include not only that that freedom be given to academics and that important principle be put in place in the legislation but that that academic freedom and protection also be given to students.

The final comment I would like to make is that, while this bill concerns higher education and is in large part about addressing the 40 per cent target objective, which we broadly support, this bill should not be interpreted as meaning that tertiary education is somehow necessarily better than alternative pathways which are available to students. We should always be encouraging students to pursue their own pathway, whether that be going into an apprenticeship, going into a job straight after high school or going to university. It is important to support the broad objective of students going to university, but I also think that message is important to get across as well. Broadly, in conclusion, we support this bill, but we do have some concerns which I have outlined and we will be moving a sensible amendment which we would hope that the government would support.

Ms BRODTMANN (Canberra) (13:34): I rise today a proud supporter of the Higher Education Support Amendment (Demand Driven Funding System and Other Measures Bill) 2011. I am, as many in this House know, a big supporter and a strong supporter of any measure that will increase the access of Australians to education, particularly to vocational and trade education. Education is one of my passions, because I know from the experiences of my own life that education changes lives and creates opportunities. It leads to not only better and more fulfilling working lives but also lives which are healthy, more prosperous and generally happier. It is a fact that education is the key to unravelling systemic poverty and disadvantage. It is the key to enhancing productivity and growth in the economy, which is why governments of all persuasions
should have an absolute interest in educating their population.

In my own life, because of my mother's hard work and because I had access to an excellent public education system and a well-supported public university system, my sisters and I were able to leave behind the relative poverty of my grandparents and great-grandparents to reshape our lives and those of our families. I was able to build a career in public service and business and I now serve my community in parliament. Therefore, I know the value of a quality education. I know it first-hand. I know its power to change lives. That is why I will always stand in this House to speak in favour of measures to help others receive the educational opportunities I was so fortunate to receive myself.

This is a government that understands the value of education. It is a government that has access to a quality education at its core. In primary and secondary education we have delivered the Building the Education Revolution, a program that those opposite have scorned. They have done this despite the fact that they know that the BER program has been the biggest investment in education infrastructure in this nation's history. They have done this despite the fact that they know that the BER program has dramatically improved the quality of education in our schools. The school communities I have attended in my own electorate are extremely happy with the results of their BER projects. I cannot command the program enough to this House.

Similarly, the investment by the Gillard government in trades and trade training has transformed lives. As a result of this government's policies, there has been a 5.4 per cent increase in the number of people enrolling in vocational education. This is on top of the pleasing announcement in the budget of investment in apprenticeships. As a former union president and graduate of that esteemed institution the Royal Melbourne Institute of Technology—the world's first workers college—and as a former tutor of the University of Canberra, I am a very strong advocate of vocational and trades education. One of the great results that the Gillard government's investments have gleaned in the ACT is an 11 per cent increase in those enrolling in vocational education, which is almost double the national average. That is an extraordinary achievement in the 12 months between 2009 and 2010.

This is a government that cares about education and cares about ensuring that all Australians have access to opportunities that will lead them to take part in the economy of the 21st century. This bill continues this government's education reform agenda and seeks to ensure that more Australians have the opportunity to go to university. This is a longstanding agenda of the Labor Party. It was, after all, Prime Minister Whitlam who made the first steps to opening the gates of our higher education institutions. It was Prime Minister Keating and Minister Dawkins who implemented policies that led to the largest expansion of higher education in this nation's history.

It is with this legacy in mind that the Gillard government is committed to increasing the proportion of 25- to 35-year-olds with a university degree to above 40 per cent by 2025. To deliver on this we are committed to delivering a demand driven higher education sector. As a result of this bill, the government will no longer set the number of places that a university can offer. This means that, as of January 2012, universities will be given the flexibility to respond to the needs of students, employers, industries and their local communities. With an expected growth of four per cent, this will mean an increase of another half a million
places—a 20 per cent rise since 2008. This change is accompanied by the provision of $1.2 billion worth of additional funding, bringing total demand driven funding to almost $4 billion over successive budget years.

This bill also eliminates the student learning entitlement that limits a Commonwealth supported student to seven years of study. The elimination of the SLE was recommended by the Bradley review, commissioned by this government. The current limit adds complexity to an already complicated system—a system which for young students and their families is already daunting enough. I know this too well from a number of students who have approached my office seeking help with navigating the student learning entitlement rules. I therefore welcome the elimination of the SLE as part of this bill. It will make for a simpler system and one more capable of adapting to the dynamic and flexible requirements of a modern economy and its workforce.

Adding to this flexibility, the government, through this bill, will engage each university in a mission based compact. If Australia is to have a high-quality, flexible education system it is imperative that Australian universities adapt and have offerings that fit into a national framework. Through these compacts with institutions, the Australian government will ensure that universities align their teaching, research and innovation to national priorities. The result of these compacts, combined with the introduction of a demand driven funding model, will be a higher education system that can deliver high-quality education suited to the needs of not just Australia but the global community.

This proposal contrasts with the current approach that has seen a system of 38 publicly funded universities, with some of them teaching the same programs in the same way. This is no fault of the institutions or their dedicated staff. It is merely a product of the system that has developed in Australia. We must move away from this model to ensure that we are better placed to deliver on the future needs of our students, employers and economy. This bill helps create centres of excellence and clarifies difference.

Finally, this bill will also amend the Higher Education Support Act to promote free intellectual inquiry—an absolute essential to any academic institution. This bill will also require universities to have policies that uphold such inquiry. Many already do. We owe many important discoveries to such inquiry, even if we do not always understand their direct application to the real world.

This is a comprehensive and welcome bill. It is welcome because it comes after over a decade of neglect of the higher education system by those opposite. While they now try to position themselves as the great defenders of education and, most importantly, access to education, it is well remembered by those in the sector and the students at the time that they did not care about higher education. Those opposite are remembered for stripping over $1 billion of funding from the sector. They are remembered for increasing the cost of education for Australian students through tampering with HECS. In addition, they are remembered for using the higher education sector as an ideological punching bag. For example, it is not well known but, I feel, worth noting that the Work Choices legislation, which did so much damage to Australian families, was first tested using the higher education sector.

The Gillard government believes in the power of education at all levels, and this includes Australia's universities. We
understand that if we are to wisely invest in our nation's future we must collaborate with them to deliver outcomes and opportunities to Australians. It is my pleasure to once again commend another major educational reform to the House.

Mrs PRENTICE (Ryan) (13:43): It is said that the purpose of education is to turn an empty mind into an open one. As a nation, we should, and do, take pride in the calibre of our universities. That is why it is important that we encourage participation in tertiary education and break down the barriers for students who want to obtain a degree. It takes commitment and dedication to complete a university degree, and for young people especially that commitment and dedication can sometimes be considered a sacrifice. However, it is difficult to put a price on the diverse benefits a tertiary education brings—higher earning potential, increased and diverse opportunities and, perhaps most importantly, the ability to analyse and to be encouraged and enthused to learn.

The Bradley review, handed down in 2008, recommended that we aspire to have 40 per cent of 25- to 34-year-old Australians holding at least a bachelor's degree by 2025. Given the benefits of higher education, the coalition supports this goal in principle. However, the current education system will struggle to achieve this. This is why we are here today discussing a measure that will assist this aspiration by introducing a demand driven funding system. This measure was also recommended by the Bradley review, to move away from the current restrictions of a government imposed system.

For the past 25 years, the university sector has been highly regulated by the federal government. The government makes a decision as to how many places each university can offer for each course and how much they can charge each student for that course. In short, both the number of places and the price of those places have been capped. These caps restrict both universities and current and potential students. The caps represent a bar to the approximately 22,000 additional students needed annually to reach the above target from gaining Commonwealth enrolment. This bill removes those restrictions for most Commonwealth places from January 2012.

The current system is highly centralised. It is bureaucratic and takes little consideration of supply and demand—what is actually wanted and needed by our universities. Students have been limited in their choice. Should they miss out on a Commonwealth supported place, they have little option but to attend a private university. Their options were even further restricted upon the election of the Rudd government, which abolished their ability to enrol in a full-fee-paying place, where they could have chosen to pay upfront in order to get their degree. Contrary to the propaganda promoted by left-wing student unionists, full-fee-paying students were not taking up a position that could otherwise have gone to a Commonwealth supported place. They provided their own funding, which gave the university the ability to provide the resources needed for their place. By abolishing full-fee-paying places, the Rudd government simply took away an avenue for a student to gain a degree.

The current system is flawed and, by taking little notice of supply and demand, does not provide what students want or what Australia needs from its graduates. It allows the centralised federal government to dictate what is available to students and what universities can in turn offer. Moving to a student demand driven system would increase options and respond to what students want and, importantly, what
industry needs beyond tertiary education. It would also diversify the sector, allowing students freedom of choice. By deregulating what a university can charge and how many places they offer, we should see a much wider range of options for students. This would allow them to weigh up what they value from an institution, be it price, reputation, learning outcomes, research or teaching access.

In short, a move to a demand driven funding system is reform that would benefit our university sector. However, a big part of any reform is to ensure that it is fiscally responsible. It has been estimated that implementing these changes will cost $3.97 billion, and I implore the government to make expenditure on this program a genuine exception to its track record of financial mismanagement and to keep within this proposed budget. Having passed the buck on university funding to yet another review—this one conducted by Dr Jane Lomax-Smith—the government will have no excuse if it does in fact return to its track record of poor and reckless financial management.

This is compounded by the fact that the Treasurer has claimed that the student service amenities fee—a misleading name for what is actually just a student tax—will inject about $4 billion into the sector over the next four years. Whilst it amazes me that the Treasurer actually has the arrogance to claim this tax is a government saving when he knows full well it comes directly from the students' pockets, I am putting him on notice that the coalition will hold the government to account for the implementation of these changes.

Our university sector is vital, and student choice is critical to its success. I just hope that this Labor government acts contrary to its track record and implements this change. Education is our children's future, but equally it is our nation's future. Every barrier we remove will be repaid countless times over. Every step we as a nation take to improve access to education will open not just minds but opportunities and hope.

Mr NEUMANN (Blair) (13:49): I speak in support of the Higher Education Support Amendment (Demand Driven Funding System and Other Measures) Bill 2011. It is always apparent when you listen to the coalition members speak on education matters that they speak from timidity and resentment, whereas Labor members speak from family experience, personal endeavour and achievement and the difference that education has made in their lives. Those opposite always wax lyrical about left-wing student unions. They always use the word 'left' or 'socialist' in their speeches. They always fail to talk about what they did when they were in power.

What did the previous government think about universities? It linked funding to universities to the implementation of Australian workplace agreements: 'You put Work Choices into your universities and we'll fund you.' That is the record of those opposite with respect to university funding. They thought they would impose their ideologically driven obsession with the HR Nicholls Society's aspirations and ideals on the university sector. They talk about markets, but they left centralised university funding controlled from the top. The coalition are more soviet than Stalinist when it comes to the market. In this legislation, we are the ones opening up to students from working class and battling backgrounds the opportunity to go to university. We are the ones putting money into the sector as those opposite failed to do.

We believe that higher education is critical. It is critical to a stronger and fairer Australia. We believe it is absolutely vital
for economic development, productivity and high-skill jobs. We on this side believe that giving a young person the opportunity for a higher education, a bachelors degree, makes a difference to their financial security, their self-esteem and their family's prospects. I come from a working class background in Ipswich. Neither my parents nor their parents before them went to high school. I am the first person in my family ever to go to high school. I went to university because a Labor government, the Whitlam Labor government, poured funding into universities. I went to the University of Queensland to study political science, economics and law, and then became a lawyer. My younger brother, Regan, is a doctor of education and the Principal of Kelvin Grove College. My youngest brother, Darren, is a physiotherapist in Ipswich, with about 16 physios working for him. Education made a difference in my family's life, and it will in the lives of everyone.

When I was the campaign director for the then state member for Ipswich, David Hamill, later the Queensland Treasurer, we worked hard to bring the University of Queensland to Ipswich, where we now have a University of Queensland campus. Consider Bremer State High School. I commend the state Labor government for building the $73 million replacement Bremer State High School. We put in BER funding of $200,000 to improve the educational attainment of these kids—fitness stations and an Indigenous area are there as well. That university and that high school, the biggest state high school in Ipswich, have 1,600 students right beside one another—they are connected. That is what we are about in state and federal Labor governments. We connect high school students to university, increasing the capacity and opportunity for young people to go to university. We have the University of Queensland Ipswich in Ipswich Central and the University of Southern Queensland in Springfield in my electorate. We believe that giving young people the opportunity to go to university will make a difference in their lives.

We are abolishing the student learning entitlement from 2012. I have heard members opposite speak in this place on this issue. Even the member for Curtin cast aspersions on this a few short years ago. When she had the education portfolio she thought of getting rid of it. She thought that opening up the sector was good. We hear those opposite talk about freedom. I heard one of the previous speakers talk about the fact that the idea of academic freedom for students may not necessarily be a good thing, because it might encourage left-wingism. It is absurd. They still have the angst, resentment and bitterness from their days in university student politics. That is why they always talk about these sorts of things in that way. But we have a 10-year commitment, which we believe is important, to transform the scale, potential and opportunity for young people in this country with respect to higher education. We have taken seriously the findings of the Bradley review of higher education. We believe it is important, despite the global financial crisis, the demands of government and the difficulties of getting the budget back into surplus—and we will get it back into surplus—that we remain committed to that substantial 10-year agenda. We think it is important. We made a commitment to a quality assurance regulatory framework that is in the best interests of the university sector. We put money into this sector. Those opposite talk about how important it is to put money into the sector. Let me make this point: Commonwealth expenditure on higher education through funding for teaching and learning and for research is projected to increase to $13 billion in 2012. That is a $5
billion increase from $8 billion in 2007, when we won government. It is more than $3 billion more, projected to 2012, than the coalition’s funding when they were in government, based on their funding trend from 2001 to 2007. We have also put in this year's budget $1.2 billion to fund growth in university enrolments. So we are putting the money where it is needed. We are not just uncapping; we are putting the money into the sector, because we want to support the sector. This brings to $3.97 billion the investment made by this government to support the move to a higher education system that responds to student demand. That is extremely important.

Mr Frydenberg interjecting—

Mr NEUMANN: Those opposite can whinge and complain and carp and moan about it, but the facts about what we have put into the sector are on the table. We are not imposing Work Choices; we are taking Work Choices out of the sector. We are putting real money in to help students—for example, at the University of Southern Queensland, where Doug Fraser, who is the Director at Springfield, said to me that they are already achieving their targets for kids from low socioeconomic backgrounds getting bachelors degrees. That university is located in the area around Goodna, Gables and Camira, and areas like that, in the eastern suburbs of Ipswich, which traditionally do not have students going to university.

The amendments in this legislation are integral to achieving our higher education target of increasing the proportion of 25- to 34-year-old Australians with bachelors qualifications to 40 per cent by 2025. This is extremely important for the area of Ipswich. It is extremely important to see the number of students going to university now from Bremer High School, who did not go before, to the University of Queensland Ipswich campus, where there is an emphasis on business, nursing and medical education and on research. That happens to be the location of the GP superclinic run by UQ Health Care, which helped so wonderfully well during the recent floods. It happens to be the location also of the psychology clinic run by the Ipswich and West Moreton Division of General Practice. So it is not just in psychological assistance, training for nurses or medical training. We have, of course, uncapped training for doctors, which those opposite capped when they were in power, particularly Michael Wooldridge when he was Minister for Health.

The funding for these particular institutions is extremely important. It is very important for students across the Ipswich and West Moreton area at universities like the University of Southern Queensland and the University of Queensland, where Alan Rix is the Pro-Vice-Chancellor. Alan has told me, as has Universities Australia, how important are these reforms and the increased funding for the Ipswich and West Moreton region, and for other parts of Australia which are disadvantaged. Those opposite can carp and moan and whinge and carry on about education. They failed to put the money in. They opposed our BER funding, opposed the Digital Education Revolution and opposed the trade training centres, all of which have made a difference in their electorates. They know very well those initiatives have made a difference in the electorates of those on this side of House and of those opposite. They are really brave here, but back in their electorates they know the funding we put in from early education, through primary, secondary and tertiary education has made a difference.

This is important legislation. It has made a difference to the lives of kids in my electorate and it has made a difference to the lives of kids in other electorates as well.
Those opposite should hang their heads in shame with respect to their position on this legislation.

The SPEAKER: Order! It being 2 pm, the debate is interrupted. The member for Blair will have leave to continue his remarks when the debate is resumed.

QUESTIONS WITHOUT NOTICE
Carbon Pricing

Mr ABBOTT (Warringah—Leader of the Opposition) (14:00): My question is to the Prime Minister. I refer the Prime Minister to her pre-election statement that she would not seek to introduce a carbon price until a deep and lasting consensus had been achieved. How can she claim that such a consensus exists when she refuses to put it to the people, preferably at an election but, if not, at a plebiscite?

Ms GILLARD (Lalor—Prime Minister) (14:00): I see that the Leader of the Opposition is continuing to pursue the stunt he started yesterday. National leadership requires you to deliver policies for the nation's future that are of some complexity. Certainly, carbon pricing is a complex policy, but it is in the nation's interest and I will pursue that policy. Unfortunately for the Leader of the Opposition, he is not only incapable of generating an idea for the nation's future, he is not only incapable of delivering a complex reform; he has actually proved incapable, over the last 24 hours, of pulling a stunt. He cannot even competently pull a stunt. He was out there saying he was going to have a simultaneous vote in the House of Representatives and the Senate at 10 am yesterday. No-one obviously told him that that was not possible because parliament was not sitting at that time; the House was not sitting. He did not go to his shadow cabinet, because presumably there may have been someone there with the wit to say that this was a particularly dumb stunt. Perhaps more important than any other point, this would cost taxpayers $80 million and the Leader of the Opposition is on the record as saying that he would not abide by the result in any event—$80 million to be wasted and he would not even abide by the result. I think Australians would be more concerned—

Mr Abbott: It was a very simple question: why is the Prime Minister frightened of the people's vote? Why is she running away from the people's vote? And she should be directly relevant, Mr Speaker.

The SPEAKER: The Prime Minister knows the requirements. The Prime Minister has the call.

Ms GILLARD: And why is the Leader of the Opposition running away from the obligations of national leadership, which require us to put policies before the Australian people and to change the nation so that we are best prepared for the nation's future? That is, the obligation of national leadership requires us to tackle climate change in the cheapest way possible, and that is by pricing carbon. This stunt which the Leader of the Opposition is pursuing today is an $80 million stunt, where he has said he would not even abide by the result. I believe Australians would be particularly disturbed to hear that what the Leader of the Opposition would prefer to do with $80 million— he does not want to put it into schools; he does not want to put it into hospitals; he does not want to put it into policies to assist older Australians—is put it into a political stunt because, as usual, he is all about his political interests, not about the national interest. Once again, what we seeing on display in the parliament today is all opposition, no leader.

Mr ABBOTT (Warringah—Leader of the Opposition) (14:04): Mr Speaker, I have a supplementary question to the Prime Minister. I remind the Prime Minister that
the principal obligation of the national leadership is to tell the truth before elections.

My question to the Prime Minister—

Government members interjecting—

The SPEAKER: Order! The Leader of the Opposition has the call. I remind the Leader of the Opposition that he must relate his supplementary question to the original question and response.

Mr ABBOTT: Given the obligations of national leadership, I ask the Prime Minister: if she will not listen to her backbench, if she will not listen to the unions, if she certainly will not listen to the public when it comes to a carbon tax, is this why no-one is listening to her?

Ms GILLARD (Lalor—Prime Minister) (14:05): Once again, we see that the Leader of the Opposition has come to parliament today with a mouthful of insults and a mind completely blank when it comes to ideas. That is not national leadership. On the question of telling the truth, I distinctly recall the Leader of the Opposition, before the election in 2004, when talking about the Medicare safety net, giving a commitment that it would not be changed and making a 'cast-iron commitment, absolutely'. He was asked about the percentage of out-of-pocket costs and he said 'an absolutely, rock-solid, ironclad commitment'—smashed, of course, the day after the election.

Then on the question of carbon pricing, which the Leader of the Opposition asked me about, who said this, 'An emissions trading scheme probably is the best way to put a price on carbon'? Who said that? That would be the Leader of the Opposition. So for the Leader of the Opposition to come in with his insults and his confected outrage really is not persuasive at all. National leadership requires us to tackle the challenges of the future.

Mr Pyne: Mr Speaker, I rise on a point of order. In the question and the supplementary, the Prime Minister was asked to answer for her own words. If she is not prepared to defend her own words before the election, she should sit down.

The SPEAKER: Whilst the question may have invited debate, the debate must be directly relevant to the question. The Prime Minister has the call.

Ms GILLARD: I could not have been asked a broader question about national leadership, and I am responding to it. National leadership requires us to tackle climate change. National leadership requires us to tackle it in the most efficient way possible. National leadership therefore requires us to ask the big polluters to pay and to use that money to assist Australian families. That is what I stand for: asking the thousand biggest polluters in this country to pay and using that money to assist Australian families, protect jobs and fund programs to tackle climate change. The Leader of the Opposition stands for taking money off Australian families and giving it to big polluters. Well, I will continue to stand up for the interests of hardworking Australian families. It is a question for the Leader of the Opposition to answer who he stands up for. The answer appears to be: big polluters.

Parliamentary Procedure

Mr MELHAM (Banks) (14:08): My question is to the Leader of the House. Why is the orderly passage of government legislation important to the parliament? Are there any proposals for changes to procedures that will impact on the ability of the House to deal with legislation? What is the government's response?

Mr ALBANESE (Grayndler—Leader of the House and Minister for Infrastructure and Transport) (14:09): I thank the member for
Banks for his very good question to me as Leader of the House.

Opposition members interjecting—

Mr ALBANESE: He is aware that we have passed some 137 pieces of legislation through this House since the Prime Minister formed government after the August election last year. At the same time as we have done that, we have put in place, via parliamentary reform, opportunities for private members to move motions and move bills before the House and have them considered in an orderly way and have them voted upon in an orderly way by this parliament. Everyone is aware of what the processes are before this parliament—everyone except, it would appear, the Leader of the Opposition.

I was indeed surprised to read in yesterday's *Daily Telegraph* that a bill would be introduced at 10 am yesterday here in the House of Representatives and in the Senate for a plebiscite—that we would move away from the parliament determining what legislation should be carried and we would move towards a plebiscite. I was particularly surprised—

Mrs Bronwyn Bishop: Mr Speaker, I rise on a point of order. I direct you to page 527 of the *Practice*, where it states that question time is of importance for the opportunity to raise topical and urgent issues and it is invaluable. As the minister is giving information which is none of those things, would you invite him to sit down?

The SPEAKER: There is no point of order. The question was in order. The Leader of the House is responding directly to the question.

Mr ALBANESE: It goes to the debate of issues, which is the same as the question and the supplementary question asked by the Leader of the Opposition.

We know that the Leader of the Opposition did not consult his frontbench on the stunt that he suggested yesterday. Indeed, he would have been the only person in the parliament if he had been here at 10 am yesterday. The fact is that this bill is just another stunt. It still has not been introduced into the Senate and there has been no debate about it in the House of Representatives, because so lacking in detail are the opposition that they could not even get their act together to put the bill on notice last Thursday.

We know that true conservatives have rejected this approach. True conservatives, who have respect for parliamentary institutions, have rejected it. Indeed, John Howard—and the Leader of the Opposition has described himself as the 'political love child' of John Howard and the raiser of the point of order, Bronwyn Bishop—had this to say:

… in any one year you could have 40 or 50 contentious issues and the only way that democracy can work in an orderly fashion is to have the sort of electoral process we have. … I don’t think you can run it any other way.

Rejected. The idea is rejected by some of those opposite and it is rejected by the member for New England, who said that it was just another political stunt. It is rejected by Senator Fielding, who said today, 'It is a political stunt.' But that is all we see day after day after day in this parliament—no respect for parliamentary institutions. The Leader of the Opposition has robbed parliament of some 124 questions by his suspensions of standing orders, and in about half an hour we will probably have yet another suspension of standing orders. But,
as the Leader of the Opposition put it himself on 21 June 2006:
Disrupting the House is not a sign of a disciplined opposition; disrupting the House is a sign of a desperate opposition.
Well, he got that right, because what we are living through is the longest dummy spit in Australian political history. (Time expired)

**Carbon Pricing**

Mr **CHRISTENSEN** (Dawson) (14:14): My question is to the Prime Minister. I refer the Prime Minister to a recent Galaxy poll that found that 73 per cent of voters in Queensland mining regions, including those in Dawson, are against the carbon tax and that 83 per cent of those same voters believe it will make them worse off. The Prime Minister promised before the election date: There will be no carbon tax under the government I lead. Why won't she now allow the people of Dawson and the rest of Australia have their say by holding a plebiscite?

Ms **GILLARD** (Lalor—Prime Minister) (14:15): I thank the member for Dawson for his question. I refer the Prime Minister to a recent Galaxy poll that found that 73 per cent of voters in Queensland mining regions, including those in Dawson, are against the carbon tax and that 83 per cent of those same voters believe it will make them worse off. The Prime Minister promised before the election date: There will be no carbon tax under the government I lead.

Why won't she now allow the people of Dawson and the rest of Australia have their say by holding a plebiscite?

**Ms GILLARD** (Lalor—Prime Minister) (14:15): I thank the member for Dawson for his question. I understand that in communities around the country there is of course concern and anxiety as our nation faces this big reform. That is to be expected. There has been concern and anxiety before major reforms in the past in this nation—for example, floating the dollar, reducing tariffs. These big reforms do cause anxiety but they are also the author of today's prosperity. The member who asked me the question represents in this parliament a tremendously vibrant place on the nation's map with the benefits of the resources boom showing in the communities that he represents, and those waves of contemporary prosperity have been built on the basis of reforms past.

The best thing that the member for Dawson can do, and the best thing that this national parliament can do, for the people that he represents is to seize and address the challenges of the future, like climate change. The most efficient way of tackling climate change is to price carbon. To reject that is to reject the economic advice from all over this nation and around the world. The best way is to get big polluters to pay so that they reduce the amount of carbon pollution they produce and we then use that revenue to assist families in Dawson, to protect jobs and to tackle climate change.

Mr **Pyne**: Mr Speaker, on a point of order: the Prime Minister was asked whether she would give the people a vote on a carbon tax. She is doing everything other than answer the question. I would ask you to bring her back to direct relevance.

The **SPEAKER**: The Prime Minister has the call.

Ms **GILLARD**: I say to the member for Dawson, who asked the question: the best way of cutting carbon pollution is to price carbon. The member for Dawson may want to talk to his constituents about whether they would prefer a scheme where they, the families of Dawson, pay and the money is used to give to big polluters. Before the member for Dawson too forcefully endorses the stunt of the Leader of the Opposition, he may want to go and speak to families in his electorate as to whether they think $80 million would be best spent on a political stunt or $80 million would be best spent on schools and hospitals and assistance for older Australians.

I am sure the member for Dawson will be interested to have those conversations in his community. I doubt he will get too many people who say to him, 'I am very happy to see $80 million wasted on a political stunt,' which the Leader of the Opposition himself has said he would pay no regard to in any event. This is a political stunt, pure and simple, and shrill catcalling in favour of it.
does not change the character of it. It is a shrill political stunt—nothing more, nothing less.

Carbon Pricing

Ms SMYTH (La Trobe) (14:20): My question is to the Prime Minister. How are other countries moving ahead with pricing carbon emissions? How is Australia investing in renewable energy and what are the costs of delay?

Ms GILLARD (Lalor—Prime Minister) (14:20): I thank the member for La Trobe for her question and for her concern about tackling climate change here in this parliament on behalf of her constituents. Yesterday Prime Minister Key from New Zealand came to Canberra and he proved something that can often be forgotten in this House of Representatives, which is that it is possible to be a conservative and to have policies and plans for your nation's future. It is actually possible to do that. We do not see any evidence of that on the opposition frontbench. The Prime Minister of New Zealand came to Canberra yesterday and demonstrated that it is possible to be a conservative and to have plans for the future. It is possible to be a conservative and to be up to tackling the challenge of climate change. New Zealand is tackling the challenge of climate change by pricing carbon.

Mr Robb interjecting—

The SPEAKER: The member for Goldstein!

Ms GILLARD: As fond as we are of our family in New Zealand, I do not believe that self-respecting Australians want to see New Zealand up to doing something that we do not do.

Mr Robb interjecting—

The SPEAKER: The member for Goldstein is warned.

Ms GILLARD: I believe that we are confident and creative people. We are very fond of our New Zealand friends, but we are up to doing the same measures that they have done to deal with climate change and that means pricing carbon. I do not want to see our nation stand idle while the world passes us by and deals with a clean energy future. I certainly do not want to see New Zealand get in front of us, which is why we need to move to price carbon. Pricing carbon will accelerate our embrace of a clean energy future. What will that mean? On the weekend, I had the opportunity with the relevant minister, Minister Ferguson, to see what that would mean in the electorate of Newcastle and beyond. We saw, for example, the solar thermal technology at the CSIRO in Newcastle using the power of the sun to generate the energy we need for the future. The government were very pleased and very proud to be able to announce that we will support major solar developments in Queensland near Chinchilla and in New South Wales in Moree, new solar developments that will get us the clean energy of the future. Pricing carbon is all about accelerating these clean energy developments.

It ultimately comes down to a choice. It is a choice that needs to be made by leaders on behalf of the nation, the kind of policy choice that leaders need to confront. Do you believe climate change is real? I do, and the Leader of the Opposition does not. Do you believe that we need to cut carbon pollution? I do, and the Leader of the Opposition does not. Do you believe we should do that in the most efficient way that we can? I do, and the Leader of the Opposition does not. Do you believe that big polluters should bear the price? I do, and the Leader of the Opposition does not. Do you believe we should assist Australian families? I do, and the Leader of the Opposition does not.
Ms GILLARD: The Leader of the Opposition stands for taking money from Australian families and giving it to big polluters. That is the difference.

The SPEAKER: I expect the Chief Opposition Whip to show an example. I cannot believe it. If so many members are so disengaged from what is going on, please do me a favour and leave. There is an expectation, if you are remaining in the chamber, that you sit there quietly.

Carbon Pricing

Mr IAN MACFARLANE (Groom) (14:24): My question is to the Prime Minister. I refer the Prime Minister to research released yesterday from Deloitte Access Economics which has found that, on top of the already forecast doubling of electricity prices from transmission and distribution cost increases, the introduction of her carbon tax will then again more than double the wholesale electricity price by 2020. Given that the Prime Minister has refused to give the people a say, isn't she guilty of being all hypocrisy and no democracy?

Ms GILLARD (Lalor—Prime Minister) (14:25): I am a little bit surprised to get this question from the shadow minister who has asked it, given that he was responsible for working with the now Minister for Finance and Deregulation, Penny Wong, to negotiate the bipartisan agreement on pricing carbon that was before this parliament during the last parliamentary term—a man who dedicated hour after hour after hour to working on a scheme to price carbon. We thank him for those efforts. The fact that now he has been asked to come to the dispatch box and ask this question just shows the hypocrisy of the Opposition when it comes to pricing carbon, because of course we know that across the opposition there are people who believe, as we do, that climate change is real and that the most efficient way of dealing with climate change is to price carbon. Indeed, the Leader of the Opposition used to believe that very, very firmly himself until he decided that it was in his political interest to run the protest campaign that he is running now—all opposition and no leader.

The answer to the shadow minister's question is—and I refer to his wise words before the election—that he knows, as I do, that there are upwards pressures on electricity prices arising from things like underinvestment in distribution.

Honourable members interjecting—

Ms GILLARD: He very, very clearly talked about those upwards pressures before the last election and indicated that electricity prices would rise no matter who formed the government after the election. I thank him for that honesty.

On the question of carbon pricing, of course we are going to get big polluters to pay and we are going to use more than half that revenue to assist Australian families. At the same time, the shadow minister who asked the question is now backing—as a result of having to leave behind his former position because of the hypocrisy of the Leader of the Opposition—a rip-off of Australian families to take that money out of family budgets and to give it to big polluters. I will leave him with that position. We will put a price on big polluters and assist families.

Workplace Relations

Mr BANDT (Melbourne) (14:28): My question is to the Prime Minister. In the equal pay case currently before Fair Work Australia, the tribunal has accepted that
community sector workers are underpaid on the basis of gender. The tribunal has also said that the relevant comparable pay rates are in the local government and public sectors, which are 10 to 15 per cent higher than the original claim made by the union. Will the Prime Minister confirm that, instead of accepting the tribunal's direction and putting forward a wage proposal to the negotiations the tribunal is currently conducting, the government will simply stand back and leave the final decision up to others? Couldn't this hands-off approach result in the Commonwealth having to pay a much higher amount, up to $2½ billion over four years, than the union was seeking in its original claim?

Ms GILLARD (Lalor—Prime Minister) (14:29): I thank the member for Melbourne for his question. The member for Melbourne is asking me about an equal pay case being conducted before Fair Work Australia. I take this opportunity to remind the House that the only reason that that pay case is possible is that we got rid of WorkChoices and we introduced, for the first time ever at the federal level, an equal pay principle which would enable the industrial umpire to fairly weigh the value of women's work. We know, of course, that it was women who suffered the most grievously under WorkChoices, being forced in disproportionate numbers to take Australian workplace agreements that cut their pay and conditions. The Leader of the Opposition rejoiced in that day after day—in women having pay and conditions cut. We put in the equal pay principle in its current form so that occupations predominantly occupied by women could, if they believe their wages to be undervalued, approach the industrial umpire and have that matter dealt with. The member for Melbourne is right: that matter is being dealt with by Fair Work Australia on behalf of some very hardworking and important people who work in our community services and social services area and who tend to be predominantly women. Before the last election we negotiated an agreement with their union, the Australian Services Union, so that we would work with them and particularly work on phase-in agreements for any pay rises flowing from this decision so that as a government we could responsibly manage the budget whilst appropriately recognising the value of the work of these working people, who are predominantly women.

At the stage that the case is at now, we have formed a community sector wages group that is a consultative forum between the government and the representatives of these workers, the Australian Services Union. It is chaired on behalf of the government by the relevant parliamentary secretary, Senator Collins, who is the Parliamentary Secretary for Workplace Relations. It met on 6 June and we will continue to work through that group, and of course under the auspices of the industrial umpire, Fair Work Australia, to ensure that we see a proper decision-making process, we see wage justice for the working women involved and we also see phase-in arrangements which mean that the government can properly manage its budget and support the services that these workers work in.

Carbon Pricing

Mr SYMON (Deakin) (14:31): My question is to the Minister for Climate Change and Energy Efficiency. Will the minister outline the consultation the government is undertaking on its proposal to introduce a carbon price that will cut pollution and drive investment in clean energy? How has this been received and what is the government's response?
Mr COMBET (Charlton—Minister for Climate Change and Energy Efficiency) (14:32): I thank the member for Deakin for his question. Since the government established the Multi-Party Climate Change Committee, the government has undertaken extensive consultation with various community representatives, roundtables and working groups with the business community dealing with the issue of jobs and the competitiveness in the trade-exposed parts of the economy and with energy security. Working groups and roundtables have met many times on those issues. Similarly groups involving non-government organisations dealing with matters as broad as energy efficiency, household assistance and environmental issues have also met many different times. The Climate Commission has been established and conducted a number of community fora so far, as says Professor Garnaut, and the government has consulted numerous other community organisations and representatives. Many people have expressed views—prominent economists, religious leaders, business representatives, all supportive of carbon pricing through a market mechanism. And of course the Productivity Commission has done an extensive inquiry. So the government has engaged in extensive consultation. It has been widespread and it has been genuine.

This stands in stark contrast to the approach that has been taken and is represented by the conduct of the coalition. All we see from the Leader of the Opposition are stunts. The latest one is the proposition for a plebiscite. There is no genuine consultation or commitment to consult genuinely with anyone on the other side of the chamber, not even members of his own front bench, as we understand it. Almost as soon as this stunt was announced in the News Ltd papers, on the front page of the tabloids, the Leader of the Opposition indicated that he would ignore the outcome, he would not accept the outcome. He puts up the stunt in the News Ltd tabloids and immediately disowns a potential outcome, saying he will not pay any regard to it. The Leader of the Opposition is so addicted to misrepresentation that he now continues to misrepresent his own position. He says he wants to listen to people and then says he does not care what the result is, he would not even do that.

They cannot even get the basic details right. As the Leader of the House said a short while ago, the News Ltd papers were announcing that at 10 am yesterday this bill was going to be introduced. They just forgot one small detail—parliament was not sitting at 10 am. Nothing emerged. The House was not going to sit till 2.30. It is nothing but a stunt at taxpayers' expense that is being proposed by the Leader of the Opposition.

There might be another reason that the Leader of the Opposition is attracted to this sort of approach. At various times, as we know, the Leader of the Opposition has advocated a carbon tax, then disowned a carbon tax; he has advocated an emissions trading scheme, then disowned an emissions trading scheme; he has advocated a market mechanism, then disowned a market mechanism. He has said he respects the science and then he says that the science is absolute crap. To cover all of the positions that the Leader of the Opposition has articulated, the plebiscite would have to be multiple choice. It would have to be a ballot paper the size of the Senate ballot paper to try and cover off all the silly positions that the Leader of the Opposition has had from time to time. In fact, what would be interesting would be to see the result of a ballot on the other side of the House, because we know there are plenty over there who agree with us, who want to tackle climate
change and know our proposition is the best way to do it.

**Carbon Pricing**

**Mr Truss** (Wide Bay—Leader of The Nationals) (14:36): My question is directed to the member for Cunningham in her capacity as chair of the Standing Committee on Infrastructure and Communications. I refer the member to the likelihood that a carbon tax would lead to shutdowns of coalmines and steelworks in the Illawarra. I ask her has the infrastructure committee been requested by the government or does it intend to ask the government—

**The Speaker**: Order! The Leader of the Nationals will resume his seat. Many people do not get to finish things and other people rise and I invite them to raise a point of order. The Leader of the House on a point of order.

**Mr Albanese**: Questions can indeed be asked of chairs of committees about inquiries they have been the chair of. There is precedent in the House for it occurring. What cannot be asked of chairs of committees is general policy outcomes. They can only talk about specific inquiries that the committee is undertaking.

**The Speaker**: I thank the Leader of the House. I will keep that in mind in adjudicating on whether this question is in order.

**Mr Truss**: I ask the member for Cunningham: has the infrastructure committee been requested by the government, or does it intend to ask the government for a reference, to inquire into the impact of the carbon tax on the infrastructure needs of the Illawarra? If not, why not?

**The Speaker**: Order! The honourable members time has expired. Given that it is not a question about a matter before the committee, I rule it out of order.

**Mr Truss**: Mr Speaker, I draw your attention—

**The Speaker**: Order! The Leader of the Nationals, who is usually a bit better behaved, will wait until I give him the call. He has risen in his place. The Leader of the Nationals on a point of order.

**Mr Truss**: Mr Speaker, I refer you to *House of Representatives Practice (5th Edition)*, page 536, where it states that 'a question to a committee chair asking if the committee intended to inquire into a certain matter' has been permitted by a previous speaker. The case refers to a question by the member for Warringah at the time to the chairman of the Public Accounts Committee about whether or not an inquiry would be held. I submit, sir, that this question is indeed in order.

**The Speaker**: Order! The Leader of the House will resume his seat. I have ruled that the question is out of order for multiple reasons, even beyond the fact that there is not a matter before the committee. The question was replete with argument. The member for Shortland has the call.

**Honourable members interjecting**—

**The Speaker**: Order! The member for Oxley. The Manager of Opposition Business on a point of order.

**Mr Pyne**: Mr Speaker, on the ruling that you have made in relation to the Leader of the Nationals' question, I direct you to the question that was asked on 16 October 1957 by Clyde Cameron.

**Government members interjecting**—

**Mr Pyne**: What is so funny about a precedent. Don't you understand what precedents are?

**The Speaker**: The member for Sturt will resume his seat and the member for Shortland will resume her seat. The Manager
of Opposition Business with his point of order.

Mr Pyne: Mr Speaker, again, I refer you to the precedent that was established in 1957 by a question from Clyde Cameron, the then member for Hindmarsh. The opposition today asked a question that is almost exactly in the same terms, without argument and without debate, about an intention to inquire into a matter by the relevant committee, in this case the infrastructure committee. Clyde Cameron's question was in exactly the same terms as the one that we have put. Therefore I put it to you that it is within order and I ask you to call the member for Cunningham.

Mr Truss: If I may add to that point, if you look closely at the question asked by Mr Cameron you will also note that it includes quite a lot of preamble and reasons why an inquiry should in fact be held. I submit, therefore, that it is on very similar terms, though on a different subject, to the question I have just asked.

Opposition members interjecting—

The SPEAKER: I hope that comment was not directed at the chair. People should be very careful if they are conversing with their colleagues that they do it in a much lower sotto voce, because sometimes it can be taken inappropriately. I have ruled on the question, because it goes beyond the intent of the standing order. By people's own admissions the fact that the last two words were 'why not' is not something that a chair could be asked.

Opposition members interjecting—

The SPEAKER: Order! If you want to read your precedents and you want to listen carefully to what I have now added—and I am not, given the circumstances, offering an opportunity to rephrase the question—if people go away and, based on what they believe to be precedents, they will understand that a question to a chair of a committee is a very narrow question. Regrettably—and I am not having a go at the Leader of the Nationals—like questioners and responders, they now think that the 45 seconds and the four minutes are the space to be filled. Often it would be much better if, in both cases, they were much shorter than those time periods.

Renewable Energy

Ms HALL (Shortland—Government Whip) (14:44): My question is to the Minister for Resources and Energy and Minister for Tourism. Would the minister update the House on the recent announcement of projects of the Solar Flagships Program and how this furthers the government's clean energy agenda?

Mr MARTIN FERGUSON (Batman—Minister for Resources and Energy and Minister for Tourism) (14:45): I thank the member for Shortland for her question. I know she was delighted last Saturday to attend, with the member for Newcastle, the opening of CSIRO's solar tower research facility by the Prime Minister. This facility, partly funded by a foundation grant of $5 million from the government funded Australian Solar Institute, represents a world-class research facility. It is in fact the largest solar-thermal research facility in the country and will ensure that Australia remains at the cutting edge of solar thermal technology. But the question goes to the all-important Solar Flagships Program, a $1.5 billion commitment as part of the Commonwealth government's Clean Energy Initiative of $5 billion. Last Saturday the Prime Minister was pleased to be able to announce the successful applicants under the first round of this key focus on solar technology, a $1.5 billion program. This announcement—

Mr Hunt interjecting—
Mr MARTIN FERGUSON: and I am pleased that the member for Flinders is taking note—provides a record $770.5 million commitment to solar-thermal and solar photovoltaic technology in Australia. The two projects, one in New South Wales and one in Queensland, will be Australia's largest solar power stations, totalling 400 megawatts. They have a capacity to actually power more than 115,000 homes per annum. But, importantly, they have enabled us as a government to leverage more than $2 billion as a commitment to solar technology development in Australia. The project at Moree in New South Wales, in partnership with the New South Wales government, will receive funding of $306.5 million in a BP-led consortium to develop a 150 megawatt solar PV plant. This plant is nearly twice the size of any PV power plant operating in the world today. It is clearly cutting-edge, leading technology.

I now turn to the Solar Dawn project in Chinchilla, in Queensland, a partnership with the Queensland government. This represents a 250-megawatt solar-thermal gas hybrid power plant and, if operating today, this would be the largest solar power plant on a single site in the world. Importantly, this represents the use of Areva technology. It is about bringing home Australian technology, invented by Dr Mills. We actually lost the technology overseas because of the failure of the Howard government to actually commit to real investment by firms in renewable energy technology development in Australia.

All projects went through a rigorous assessment initiative by the Solar Flagships Council. Importantly, they are demonstrations of real value for money and our capacity to take forward our requirement to invest in renewable energy technology in Australia. This was reflected in an analysis, undertaken by Boston Consulting Group, which compared round 1 of our Solar Flagships Program with a Spanish feed-in tariff model. They have concluded that the government will spend between $1 billion and $1.6 billion less in present value terms than if we had offered the support on the basis of the Spanish feed-in tariff model. Clearly, the competitive tension that we actually built into this flagship program has enabled us to produce cutting-edge technology for development and best value for the Australian community. These projects are on track to actually produce on-grid energy, effective from December 2015. I commend this major clean energy initiative to the Australian community.

Carbon Pricing

Mr BILLSON (Dunkley) (14:49): My question is to the Treasurer. I refer to the Australian Chamber of Commerce and Industry's assessment that the impact of your government's carbon dioxide tax will be 'widespread, cascading throughout the economy, adding to inflationary pressures, diminishing competitiveness and reducing earnings across a large number of businesses'. Will the Treasurer guarantee that no small business will be worse off as a result of his government's carbon dioxide tax. And, Treasurer, isn't the Gillard government guilty of being all hypocrisy and no democracy when it comes to its carbon dioxide tax?

Mr SWAN (Lilley—Deputy Prime Minister and Treasurer) (14:49): I thank the member for his question, because this is an important reform for the Australian economy. It is an important reform so that we can continue to generate jobs for the future. It is an important reform to make sure that we increase our prosperity in future years. What we do know from all of the reports that we have received and, indeed, from the practice in New Zealand is that we can introduce a price on carbon pollution and
do it in such a way whereby the economy continues to grow, incomes continue to grow and jobs continue to grow. Those on that side of the House are just intent on running a baseless scare campaign about a price on carbon pollution. Because they are such a policy-free zone, they do not have the wit to come to grips with or grasp the importance of such a substantial reform like this.

There was a time in our political life where those on that side of the House did front up and did support some big reforms which were essential to our prosperity, including the big reforms of the eighties and the nineties—the floating of the dollar, the bringing down of the tariff wall and enterprise bargaining. Although I note that they most certainly did not support one of the most fundamental reforms, which was superannuation reform. They said that would bring down the house, burning. During the global financial crisis we saw how important that reform was to financial stability within our economy. We know that this can be done and done in a way whereby our economy continues to grow. We also know that it does bring challenges and we also know that business is under pressure. We understand that many businesses are under pressure from the high Australian dollar, for example. But we understand that if we make this reform we will continue to generate jobs. We also understand the fact that the cost of not acting is far higher than the cost of acting. Those opposite would want to delay action in this area and therefore ensure a much harsher adjustment down the track. We are doing the sensible thing that so many other countries around the world are doing and that, indeed, they are doing in New Zealand. We heard it yesterday. I have never seen a more disgraceful performance in this House than we saw from the Leader of the Opposition yesterday.

**The SPEAKER:** The Treasurer will return to the question, unless he has concluded.

**Mr Pyne:** Mr Speaker, on a point of order: the Treasurer was asked a question about the impact of a carbon tax on small business. He is now debating every other subject beside that question. I ask you to draw him back to the question he was asked.

**The SPEAKER:** The Treasurer has the call, and he knows the requirement that he must relate his material directly to the question.

**Mr SWAN:** There are numerous opportunities for small business in a clean energy economy. That point was made by the Prime Minister of New Zealand, and not just at his press conference yesterday. We understand that we can make this adjustment and generate the jobs of the future. The New Zealand Prime Minister was here yesterday to be welcomed to this parliament by the Prime Minister and the Leader of the Opposition. In his welcome, the Leader of the Opposition proved that he is unfit for high office, because he chose to politicise that event in a way that was absolutely damaging. He is not fit for high office, and he is not up to the task of putting in place the fundamental reforms we need to support employment in our economy.

**Banking**

**Mr CHEESEMAN** (Corangamite) (14:54): My question is also to the Treasurer. Will the Treasurer outline for the House the importance of banning exit fees so that bank customers can walk down the street and get a better deal on their mortgage? How has this approach been received, and what is the government's response?

**Mr SWAN** (Lilley—Deputy Prime Minister and Treasurer) (14:55): I thank the member for this very important question. At the end of last year the government
announced a fundamental banking reform package. Central to that package was the banning of mortgage exit fees from 1 July this year. It is important to get rid of mortgage exit fees so that customers have the capacity to walk down the road if they want to get a better deal.

What do mortgage exit fees do? They lock families into loans with higher interest rates, in particular. They lock families into loan arrangements that can cost them a lot of money. We hear from those opposite a lot about the cost of living, so I was indeed gobsmacked and surprised to find that the shadow Treasurer has decided he wants to bring back unfair mortgage exit fees. Indeed, as we speak, the Liberal and National parties in the Senate are arguing for a return of unfair mortgage exit fees. This is how Choice has described the problem of mortgage exit fees:

Business models based around trapping consumers in uncompetitive deals through complex and costly fees have no place in a reformed banking sector.

Choice goes on to say:

This is about giving power back to the most important people in Australia’s banking sector—consumers.

I can tell you that consumers do not count with the Liberal and National parties. The Liberal and National parties want families to bear the burden of unfair mortgage exit fees as high as $7,000 and then claim they understand the challenge of the cost of living. It is just incredible that they are moving in the Senate, as we speak, to bring back unfair mortgage exit fees. Shame on them. How could they come to this position? It might be different if they had a whole lot of other policies—if we could nominate five or six concrete policies they had. The only policy they have is to bring back unfair mortgage exit fees.

We on this side of the House understand how important it is to get the fundamentals of the economy right, to make sure we bring our budget back to surplus and to make sure we look after people in the banking system. To this end, the minutes of the recent meeting of the RBA board included a very interesting comment:

According to the Australian Government Budget for 2011/12, fiscal policy was expected to exert significant contractionary impulse on aggregate demand over the next two years.

The Reserve Bank is endorsing the fiscal stance of this government, which is central to creating jobs and giving financial security to Australian families. And who is trying to wreck all of that? Those opposite, who want to wreck the surplus. We on this side of the House stand for responsible economic management, and they stand for wrecking the surplus and for irresponsible economic policy.

**Carbon Pricing**

**Mr TUDGE** (Aston) (14:58): My question is to the Treasurer. I refer to the statement of Alan Vickery of Vicpole, a manufacturer on the edge of my electorate, that a carbon tax ‘would not be the end of Vicpole, but it would be the end of the 40 jobs’, as he would cease being a manufacturer and may instead import the same product. Will the Treasurer guarantee that no manufacturing jobs will be lost as a result of the carbon tax and that global emissions will not increase as a result of importing steel from countries like China? Why will the Treasurer not support giving the people a say rather than being guilty of all hypocrisy and no democracy?

**Mr SWAN** (Lilley—Deputy Prime Minister and Treasurer) (14:59): I thank the member for Aston for his question. This is simply part of the continuing scare campaign being run by those opposite because they do
not have the wit to put forward an alternative policy for this country. They do not have an alternative economic policy and they most certainly do not have a policy to deal with dangerous climate change. He raises the question of a plebiscite. I can tell you that there is certainly one 'yes' vote in this parliament for such a plebiscite, and that is from the member for Wentworth. We know that they on that side of the House are bitterly divided over climate change. We have the position of the Leader of the Opposition. He is a climate change sceptic. And we have the position of the member for Wentworth, who actually believes in the science and believes in a market based price.

_Mr Dutton interjecting—_

The SPEAKER: Order! The Treasurer will resume his seat. Despite the intervention from the member for Dickson, I indicate to the Treasurer that under the previous standing order of relevance the Treasurer might have been allowed the response that he is giving, but there was a change at the start of this parliament. He must directly relate his material to the question.

_Mr SWAN: _I am talking about climate change. I am talking about its importance to jobs. I am talking about its importance to future prosperity. It is very important that this very big challenge is one that is dealt with in this parliament. I was making the point that those on that side of the House are not up to the challenge of dealing with this very important issue and in fact are bitterly divided between the Leader of the Opposition and the member for Wentworth. Then of course there is the position of the shadow Treasurer.

The SPEAKER: Order! The Treasurer will directly relate his material to the question.

_Mr SWAN: _My answer to that question is very simple. There is only one way we can guarantee future prosperity. That is by putting a price on carbon pollution. If we do not act, the cost of not acting will be far higher. We have to move to a clean energy future.

_Mr Tudge: _Mr Speaker, I rise on a point of order on relevance. The question was, 'Will he guarantee that no jobs are lost in the manufacturing sector?'

The SPEAKER: There is no standing order on relevance. There is a standing order on direct relevance. That was part of the question. But I remind the Treasurer of his obligation to relate the material that he is using directly to the question.

_Mr SWAN: _The second part of the question was about a plebiscite. I was referring to the fact that they are so divided on that side of the House that they did not even take the proposal for a plebiscite to their shadow cabinet. That is what I was asked about. That demonstrates how unqualified they are to deal with the very big challenges that we must deal with in this country to support prosperity and jobs.

MOTIONS

Carbon Pricing

_Mr ABBOTT_ (Warringah—Leader of the Opposition) (15:03): I move:

That so much of the standing and sessional orders be suspended as would prevent the Member for Warringah moving immediately—

That this House calls on the Prime Minister to explain to the Australian people why she arrogantly refuses to give them a vote on whether Australia should introduce a carbon tax, a vote that she denied them at the last election when she said "there will be no carbon tax under a Government I lead", and now rules out a plebiscite. If the Prime Minister thinks the Australian people want a carbon tax, why is she so scared to give the people their say?

This motion to suspend standing orders is necessary because this debate and this
plebiscite cannot wait. We have a government which is now rushing to sneak through this parliament a carbon tax for which it has no mandate whatsoever. It is typical of this frightened and floundering Prime Minister that she has yet again scurried from the chamber rather than stay for this debate, listen to what people have to say and defend her position. No previous Prime Minister in this House would have run away from debate the way this Prime Minister has. She runs away from debate and now she is running away from a vote on the biggest policy change that this parliament has ever been asked to make. She is running away from a vote on the biggest decision and the biggest change that the Australian people have ever been asked to contemplate.

This cannot wait, because the first task of national leadership is to tell the truth. That is the first task of national leadership. The first task of national leadership is to tell the truth when the Australian people are listening before an election. What we had from this Prime Minister was a complete deceit before the last election. Let us not forget what she said six days before the last election. These are words that will haunt her to her political grave and these are words that will echo around this chamber again and again until this government is defeated. She said before the last election, ‘There will be no carbon tax under a government I lead.’

Having failed to seek a mandate at the last election, having refused to seek a mandate at the next election, there must be a vote now. There must be a vote now so that the Australian people can have their say on this massive change. Let no-one be under any illusion about the extent of the change that the Prime Minister wants to foist upon them without a mandate. This is the biggest single policy change in our history. This is not just a tax change. This is not just a revenue measure. This is a tax that purports to change the very way we live. This is a tax that proposes to change the very way we work. Every aspect of Australians’ way of life and every aspect of Australians’ way of work will be affected by this tax. That is why it is absolutely imperative that standing orders be suspended so that the Prime Minister can explain. A change of this magnitude must be put to the people first. There is no recent Prime Minister who would have run away from taking this tax to the people. We used to hear from the Prime Minister about the GST. She does not refer to the GST anymore because Prime Minister Howard had the guts to take his tax change to the people at the 1998 election. Prime Minister Howard had the guts to do it and this Prime Minister should also have the guts to face the people at a vote. She should have the guts, she should have the ticker and she should have the honesty to face the people at a vote.

Let there be no doubt in this chamber about the impact of this carbon tax should it go ahead. There will be a 25 per cent increase in the price of electricity, and that is just for starters. This suspension is urgent because this matter cannot wait. There will be a 6½c a litre increase in the price of petrol, and that is just for starters. There will be an up to five per cent increase in the price of groceries, and that is just for starters. There will be 16 major coalmines closed, and that is just for starters. Standing orders must be suspended because the fate of those mines and those workers must be debated now—their fate should be put to a vote of the Australian people.

There will be 45,000 jobs lost in energy-intensive industries. There will be 126,000 jobs lost mainly in regional Australia. Isn’t that why members opposite are so scared of this tax? Isn’t that why members opposite are openly talking to journalists about whether this Prime Minister can survive? The only job that this Prime Minister is interested in, it
seems, is her own job. We know her record. She sabotaged the former Prime Minister, the member for Griffith, over the emissions trading scheme. It is urgent that we suspend standing orders so that she can explain herself. She deceived the Australian people at the last election and now—and this is why standing orders should be suspended—she is trying to deny the Australian people a vote on this matter, which is absolutely vital to their future.

It seems that this Prime Minister is now deaf to everyone. When Paul Howes, the man who more than anyone else put her into the leadership, says, 'I want a guarantee from you, Prime Minister, that not a single job will be lost,' she does not listen. When Jennie George, former President of the ACTU, says, 'I want a guarantee from you, Prime Minister, that the steel industry will be wholly exempt from a carbon tax,' she does not listen. We know that members on her own backbench, such as the member for Throsby and the member for Cunningham, are now terrified of what a carbon tax will do to jobs in their electorates. We know that the member for Capricornia is terrified about the closure of multiple coalmines in her electorate.

Why won't the Prime Minister listen? Why won't she listen to her own backbench? Why won't she, above all else, listen to the verdict of the Australian people? The first duty of any democratic politician is to tell the truth and then to trust the people. Tell the truth and trust the people are the duties of a democratic politician and this is what this Prime Minister must do. She must tell the truth and she must trust the people. That is why standing orders should be suspended so that for once, just for once, we can hear the truth from this Prime Minister.

By not listening to anyone anymore, who does this Prime Minister most resemble? Her predecessor. Remember her predecessor. Remember what it was like 12 months ago when we heard constant off-the-record briefings from members opposite to journalists—the Prime Minister will not listen, the Prime Minister is a dictator, the Prime Minister has abolished cabinet government, the Prime Minister has lost his way. I tell you what: this Prime Minister has lost her way. She is more lost than he was. That is why, even at this late stage, she should start listening and, most of all, she should start listening to the people.

Things are so bad for this Prime Minister that just about every broken-down old Labor warhorse now wants to come to Canberra to rescue the situation. Even Peter Beattie wants to come to Canberra. Even Morris Iemma wants to come to Canberra. Morris Iemma would be worth while having in this parliament because he understands the Hawker Britton style; he understands government that is all spin and no substance. Why don't we have him here as a reproach to the Sussex Street death squads that have done so much damage to Labor. What we want above all else is democracy, not hypocrisy, and that is why standing orders should be suspended. That is why we need a vote.

The SPEAKER: Is the motion seconded?

Ms JULIE BISHOP (Curtin—Deputy Leader of the Opposition) (15:13): I second the motion. This Prime Minister should return to the House immediately to explain to the Australian people why she will deny them the right to vote on one of the most significant economic changes in Australia's history. But we also think that the Prime Minister needs to come back to the chamber to explain—and this is why I am seeking a suspension of standing orders—why the Australian people find her so untrustworthy
on this issue. In fact, the Prime Minister is considered to be so untrustworthy, so disappointing, so incompetent and, dare I say it, so misleading on this issue that just before I came into question time I looked on the ABC website— they have a little survey running about the Prime Minister; this is the Australian public broadcaster—

Mr Hockey: Our ABC.

Ms JULIE BISHOP: Our ABC. They have asked the Australian public to submit three words that come to mind when they want to describe this Prime Minister. Then, with the wonders of technology, they create a word cloud, and that word cloud then highlights in large capital letters the words most often used by the Australian people replying to this survey about this Prime Minister. What do you think the first word is, the largest word?

Opposition members: Liar!

Ms JULIE BISHOP: Liar. That is what the Australian people say—'liar'. The second word is 'incompetent'. The third is 'disappointing'.

The SPEAKER: Order! The Deputy Leader of the Opposition should be very careful with the expressions she uses. Just because she is quoting them does not entitle her to use them.

Ms JULIE BISHOP: The Prime Minister needs to come into this chamber and explain why it is that the Australian people describe her as a disaster, as dishonest, as ineffective, as hypocritical, as weak and as hopeless. But, in amongst the words, there is 'Kevin'. Why is it that when you mention this Prime Minister's name they remember Kevin? Because this Prime Minister betrayed her leader. She betrayed her leader and then she betrayed the Australian people when she promised there would be no carbon tax under the government she led. So this Prime Minister betrayed her leader, having promised never to challenge her leader. She would sooner fly to the moon or Mars or play full forward for the Doggies than challenge, but challenge she did. In this week-long festival of Kevin's revenge, this Prime Minister is too gutless to come into the House and explain to the Australian people why she betrayed them on the issue of a carbon tax.

Last Thursday we were subjected to the spectacle of the Prime Minister dismissing out of hand the votes of the House of Representatives and the Senate. A majority of the 150 members and the 76 senators voted to condemn a motion of this government in relation to the so-called Malaysian asylum seeker solution. Yet this Prime Minister, having not learnt the lesson that she is not above the will of this parliament, arrogantly walks out of this place and refuses to explain why it is she will not let the Australian people have a say on the most significant issue facing the Australian economy.

This is not a GST, which put up the price of some goods and which has been embraced by countries around the world. No, this is a tax that no other country on earth has introduced—a comprehensive, economy wide carbon tax that no other country has. This is a tax that will send jobs offshore, send production and manufacturing offshore. This is a tax that will damage our economy because it is designed to damage our economy. It is designed to go up and up, year on year. The government knows that it will be passed on, cascading through the economy, because it is a tax on energy. It is designed to change the way we live, the way we shop, the way we work. It is designed to change our behaviour by punishing people, making people victims of this government's ideology.
The Australian people deserve a say on this. They deserve a say. We can do this without going to an election. We know the result of an election. We are asking the government to give the Australian population the opportunity to have their say via a plebiscite. Let the Australian people have their say. Why is this Prime Minister so afraid? If she truly believed in a carbon tax, she would argue her case before a plebiscite. If she truly believed that this was good for the Australian people, why did she say before the last election that there would be no carbon tax? Do you know why she said that? Because she knew she would not be Prime Minister today if she told the truth about the carbon tax.

Mr ALBANESE (Grayndler—Leader of the House and Minister for Infrastructure and Transport) (15:19): The Leader of the Opposition’s followers have morphed into a group of vuvuzelas. They have been listening to him for so long that they have got it right: 'No, no, no, no.' They have got it right, because that is what those opposite are about. You had an extraordinary performance today, and now half of question times have been suspended by the opposition so that they can engage in the ego trip of the Leader of the Opposition—so that he can stand up for 10 minutes and do his ranting and raving and his relentless negativity. They swap around a bit. Sometimes it is the Deputy Leader of the Opposition, sometimes it is the shadow Treasurer and sometimes it is the Manager of Opposition Business. But you know one thing: it will never be the member for Wentworth, who can never even get a question in this place. If we did not suspend standing orders so often, maybe he would get a question—which is why we should not suspend standing orders.

They moved this suspension on the basis that it is urgent. I ask you to take yourself back a little bit over 24 hours ago to when you woke up on Monday morning and you read the paper. It was so urgent he was going to do it at 10 am, but of course nothing happened yesterday. No-one was here at 10 am and nothing happened throughout the day. Of course, nothing has happened today either in the House of Representatives or in the Senate. Nothing has happened except that his stunt has been rejected as a stunt. And why has it been rejected as a stunt? Because so relentless is the Leader of the Opposition’s negativity that when he went on the radio yesterday to sell the idea that it is vital that we give Australians a say and he was asked a simple question—question 1: 'What if they come back and they don’t agree with you? Will you change your position?'—he said no. He said 'No, no, no, no' because he cannot help himself. What a farce.

You can imagine them workshopping it yesterday morning. You can imagine them in the tactics room. There they were: 'Well, Tone, it’s gone well. We got the front page of the Telegraph. They look pretty stupid. We got the front page of the Herald Sun and they look stupid, and we got the Advertiser and they look stupid.' They all ran that this was going to happen. Imagine the workshop: 'Let’s workshop some questions; let’s do a little Q&A. First question: will you agree to be bound by the plebiscite? Answer: no.' You are a joke. You do not deserve to be the alternative Prime Minister of this country.

The SPEAKER: The Leader of the House will refer his remarks through the chair.

Mr ALBANESE: If you cannot get through such a simple—

Mr Pyne: Mr Speaker, on a point of order: while we are in some respects enjoying this pantomime from the Leader of the House, he should actually direct his remarks through the chair and not individually to members.
Tuesday, 21 June 2011

The SPEAKER: Order! I have just explained to the Leader of the House that he needs to address his remarks through the chair.

Mr ALBANESE: I will, Mr Speaker. The Leader of the Opposition has shown in the last 48 hours, if there was any doubt, that he is unfit for high public office—it is as simple as that. He himself said:
Disrupting the House is not a sign of a disciplined opposition; disrupting the House is a sign of a desperate opposition.
He then said:
What we have seen from members opposite consistently in the course of this year but particularly over the last few weeks is consistent, deliberate, planned and premeditated conduct to disrupt this House.
Does anyone think—does any single Australian who watches question time think—that this Leader of the Opposition does not have a premeditated strategy to trash the parliamentary processes? This person is not a conservative; he is a reactionary who has no respect for parliamentary institutions and no respect for due process as it occurs in this place. What he has respect for is the front page of newspapers. We see it day after day. Last week, we saw the Leader of the Opposition out there with an apparent new victim, Geoff Didier. He forgot to disclose that Mr Didier was a former, failed Liberal Party candidate.

But it gets better. Yesterday on the front page of the Australian we saw jeweller Peter Dracakis, with his assistant, in his store at Warringah Mall, backing up in this case not his opposition to climate change but his love of Work Choices. There are two things the Leader of the Opposition is passionate about: hating climate change and loving Work Choices. Again, the fact is that when you look into it—it does not take much—you find that Mr Dracakis and his father do own the family jewellery store that was featured in the article through their family company, Polmind Pty Ltd but you also find that Mr Dracakis is the president and financial controller of the Warringah Club—the personal fund-raising group of the Leader of the Opposition. That is who is out there arguing for Work Choices.

Mr Pyne: Mr Speaker, on a point of order: the Leader of the House is completely off the leash. While it is at times amusing to find him so desperate, he should at least attempt to address the suspension of standing orders.

The SPEAKER: The Manager of Opposition Business will resume his seat. The Leader of the House knows he must relate his contribution to the suspension.

Mr ALBANESE: I would not mind some questions in this House about Work Choices. For example, we might even ask about the investigation that took place last year in relation to this particular company for failing to comply with electoral donation laws. The same group that has raised over $110,000 for the Leader of the Opposition is calling—

Mr PYNE: I move:
That the member be no longer heard.
A division having been called and the bells being rung—

The SPEAKER: While the tellers count the division, I indicate to members that we have present in the gallery representatives of the scientists in Parliament House who are participating in the 12th annual Science meets Parliament. Members would be aware that they have come from all over Australia to share their valuable work with parliamentarians. Some of them might try to propose a hypothesis that can give me some understanding of the phenomena occurring in this chamber at the moment.
Question put.

The House divided. [15:30]

(The Speaker—Mr Harry Jenkins)

Ayes................. 71
Noes.................. 74
Majority............... 3

AYES

Abbott, AJ
Andrews, KJ
Baldwin, RC
Bishop, BK
Briggs, JE
Buchholz, S
Christensen, GR
Cobb, JK
Dutton, PC
Fletcher, PW
Frydenberg, JA
Gash, J
Haase, BW
Hawke, AG
Hunt, GA
Jensen, DG
Katter, RC
Kelly, C
Ley, SP
Marino, NB
Matheson, RG
Mirabella, S
Moylan, JE
O'Dowd, KD
Pyne, CM
Randall, DJ
Robert, SR
Ruddock, PM
Scott, BC
Simpkins, LXL
Smith, ADH
Southcott, AJ
Tehan, DT
Tudge, AE
Van Manen, AJ
Wyatt, KG

NOES

Cheeseman, DL
Collins, JM
Crean, SF
Dahl, M
Dreyfus, MA
Ellis, KM
Ferguson, LDT
Fitzgibbon, JA
Georganas, S
Gillard, JE
Griffin, AP
Hayes, CP (teller)
Jones, SP
Leigh, AK
Lyons, GR
Marles, RD
Melham, D
Murphy, JP
Oakeshott, RJM
O'Neil, DM
Parke, M
Piibersek, TJ
Rishworth, AL
Roxon, NL
Saffin, JA
Sidebottom, PS
Smyth, L
Swan, WM
Thomson, CR
Vamvakoussi, M
Windsor, AHC

NOES

Clare, JD
Combet, GL
Crook, AJ
D'Alton, VM
Elliott, MJ
Emerson, CA
Ferguson, MJ
Garrett, PR
Gibbons, SW
Gray, G
Hall, JG (teller)
Hasler, EN
King, CF
Livermore, KF
Macklin, JL
McClelland, RB
Mitchell, RG
Neumann, SK
O'Connor, BPJ
Owens, J
Perrett, GD
Ripoll, BF
Rowland, MA
Rudd, KM
Shorten, WR
Smith, SF
Snowdon, WE
Symon, MS
Thomson, KJ
Wilkie, AD
Zappia, A

PAIRS

O'Dwyer, KM
Vasta, RX

Question negatived.

The SPEAKER: The time allotted for the debate has expired.

Original question put:

That the motion (Mr Abbott's) be agreed to.

The House divided. [15:34]

(The Speaker—Mr Harry Jenkins)

In division—

The SPEAKER: A cheap electronic voting system from any of the scientists in the gallery would be helpful, too.

Ayes.................. 72
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<th>Noes</th>
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**AYES**

Abbott, AJ  
Andrews, KJ  
Baldwin, RC  
Bishop, BK  
Briggs, JE  
Buchholz, S  
Christensen, GR  
Cobb, JK  
Crook, AJ  
Entsch, WG  
Forrest, JA  
Gambaro, T  
Griggs, NL  
Hartsuyker, L  
Hockey, JB  
Irons, SJ  
Jones, ET  
Keenan, M  
Laming, A  
Macfarlane, IE  
Markus, LE  
McCormack, MF  
Morrison, SJ  
Neville, PC  
Prentice, J  
Ramsey, RE  
Robb, AJ  
Roy, WB  
Schultz, AJ  
Secker, PD (teller)  
Slipper, PN  
Somlyay, AM  
Stone, SN  
Truss, WE  
Turnbull, MB  
Washer, MJ

<table>
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Adams, DGH  
Bandt, AP  
Bowen, CE  
Brookman, G  
Burke, AS  
Byrne, AM  
Cheeseman, DL  
Collins, JM  
Crean, SF  
D'Ath, YM  
Elliot, MJ  
Emerson, CA  
Ferguson, AN  
Bird, SL  
Bradbury, DJ  
Butler, MC  
Champion, ND  
Clare, JD  
Combet, GI  
Danby, M  
Dreyfus, MA  
Ellis, KM  
Ferguson, LDT

**NOES**

Ferguson, MJ  
Garrett, PR  
Gibbons, SW  
Gray, G  
Hall, JG (teller)  
Husic, EN  
King, CF  
Livermore, KF  
Macklin, JL  
McClelland, RB  
Mitchell, RG  
Neumann, SK  
O'Connor, BPJ  
Owens, J  
Perrett, GD  
Ripoll, BF  
Rowland, MA  
Rudd, KM  
Shorten, WR  
Smith, SF  
Snowdon, WE  
Symon, MS  
Thomson, KJ  
Willie, AD  
Zappia, A  
Fitzgibbon, JA  
Georganas, S  
Gillard, JE  
Griffin, AP  
Hayes, CP (teller)  
Jones, SP  
Leigh, AK  
Lyons, GR  
Marles, RD  
Melham, D  
Murphy, JP  
Oakeshott, RJM  
O'Neil, DM  
Parke, M  
Plibersek, TJ  
Rishworth, AL  
Roxon, NL  
Saffin, JA  
Sidebottom, PS  
Smyth, L  
Swan, WM  
Thomson, CR  
Vamvakinou, M  
Windsor, AHC

**PAIRS**

O'Dwyer, KM  
Kelly, MJ  
Vasta, RX  
Grierson, SJ

Ms Gillard: As usual, in the absence of any opposition questions, I ask that further questions be placed on the Notice Paper.

**PERSONAL EXPLANATIONS**

Mr SLIPPER (Fisher—Deputy Speaker) (15:36): Mr Speaker, I wish to make a personal explanation.

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

Mr SLIPPER: I do.

The SPEAKER: Please proceed.

Mr SLIPPER: In an article headlined 'Slipper puts his foot in it' and 'Navy rejects his trip justification that he helped with patrol boat sales to Morocco' in the *Sunshine*...
Coast Daily, a scurrilous publication at the best of times, the paper said:

The Defence Department yesterday torpedoed Mr Slipper's claim that he had acted as a "conduit" between the Australian and Moroccan Governments over the possible sale of patrol boats to the North African country.

As evidence for this statement, the paper states:

The DEU—the Defence Export Unit—has had no interaction with Mr Slipper regarding the matter.

The facts are these. I have never claimed to have had any contact with the Department of Defence concerning this matter. The reality is that, when in Morocco, I met with a representative of Austrade and a representative of Austal, the Australian manufacturer of the Armidale class patrol boats, and was advised of a pending visit to Australia by the Moroccan chief of navy. Upon inquiry, I was advised that it was hoped to have a meeting with the Minister for Defence and, upon return to Australia, I spoke with the minister.

During the visit to Australia by the Moroccan chief of navy, I was advised by Austrade that the meeting with the minister might not take place, possibly as the admiral's dates of travel had changed. Being informed by Austrade that the chief of navy wished to invite the minister to meet in Sydney, I contacted the minister's chief of staff to put him in direct contact with Austrade so that a meeting could be arranged between them if that were possible. As it turned out, it was not possible.

All I have claimed is that I have endeavoured to facilitate a meeting between the Moroccan chief of navy and the Minister for Defence, which would have been extremely useful. The Sunshine Coast Daily report once again misrepresents the facts, and I think that is absolutely despicable.

AUDITOR-GENERAL’S REPORTS

Reports Nos 49, 50 and 51 of 2011-12

The SPEAKER: I present the following Auditor-General's Audit reports for 2010-11: Audit report No. 49, Performance audit: Fuel Tax Credit Scheme; Audit report No. 50, Performance audit: Administration of Tax Office Shop Fronts; and Audit report No. 51, Performance audit: Administration of the Access to Allied Psychological Services Program.

Ordered that the reports be made parliamentary papers.

DOCUMENTS

Presentation

Mr ALBANESE: A document is presented as listed in the schedule circulated to honourable members. Details of the document will be recorded in the Votes and Proceedings and I move:

That the House take note of the following document:


Debate adjourned.

Mr ALBANESE: I present the AEC return for the Warringah Club, financial year 2009-10.

MATTERS OF PUBLIC IMPORTANCE

Economy

The SPEAKER (15:40): I have received a letter from the honourable member for North Sydney proposing that a definite matter of public importance be submitted to the House for discussion, namely:
The urgent need for consistency in Government policy to rebuild confidence in the Australian economy.

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

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

Mr HOCKEY (North Sydney) (15:41): I thank my colleagues for their support. Thank you for being here and staying and being attentive throughout the course of my matter of public importance. A little earlier this week, the Leader of the Opposition was asked what it would mean should the Labor Party swap leaders from Julia Gillard to Kevin Rudd. He reflected that it would be like swapping from Burke to Wills, both of whom failed on their journey. As we approach the 150th anniversary of the death of both Burke and Wills, who were declared to be dead on the same day, for historical purposes, by the Victorian government 149 years ago, never let it be said that we are not the party mindful of history. We are. We are mindful of the fact that Burke and Wills failed on their journey, but indeed they were captivated by a heroic ambition, and that was to cross the continent.

Sadly, the modern-day Burke and Wills, the Prime Minister and the former Prime Minister, possess neither the ambition nor the courage to be able to deliver something so grandiose as a good government. Australians deserve a good government. They deserve a competent and consistent government. The Australian economy, which is enjoying the very best terms of trade in 150 years, deserves strong leadership. And yet over the last four years the Burke and Wills of modern-day Australian politics have completely misled the Australian people. They have on so many occasions said one thing but delivered the absolute opposite. They have made grandiose claims but have never been able to back them up with reality.

I have compiled a list. It is just a short list, covering 100 separate issues! As I have less than 13 minutes, I will select but a few to remind my colleagues of the inconsistency of the modern-day Labor Party over the last four years. For example, we recall that in 2007 the Labor Party promised to cut the bill for consultants substantially as part of their budget savings. And yet over the following two years they spent over $1 billion on consultants. They said they would build a broadband network for $4.7 billion. They have had a $30 billion blow-out. They said they would simplify the GST paperwork for small business. The shadow minister would appreciate that. They promised BAS easy in 2007, and then they scrapped it in 2009. What about the trade training centres, my colleague the shadow minister for education? They promised 2,650 trade training centres. But they have delivered one. And how could we forget Peter Garrett, the former minister for the environment? He promised to take Japan to the International Court of Justice to stop whaling. Of course, that never eventuated either. With Fuelwatch—

Opposition members interjecting—

Mr HOCKEY: I am glad my colleague here is so obsessed with Fuelwatch—rather uncomfortably obsessed with Fuelwatch for a while. Fuelwatch was promised because according to former Prime Minister Rudd it would bring down petrol prices. Alas, not only did Fuelwatch fail but the petrol commissioner quit after just four months—another failure. The government then said they would take over public hospitals in mid-2009. They failed to do that. They said they would deliver 36 GP superclinics and they have only delivered 11.

They promised one regulation in, one regulation out. I understand the total number
of new regulations since Labor was elected exceeds 10,000. How many have been abolished?

Mr Billson: A handful. There are 220 for each one.

Mr HOCKEY: Two hundred and twenty new regulations for every one that they have abolished. Remember they said they would establish a department of homeland security? It was never delivered. They said they would have an independent election debate commission. That was never delivered. What a grandiose claim computers in schools were. There has been a $1.2 billion blowout and they have not delivered a computer on every desk. With childcare centres the former Prime Minister promised to end the double drop-off. They promised 260 childcare centres. They delivered just 38 and then they had the Minister for Sport announce they were not going to continue with the program.

With private health insurance, the former Prime Minister gave an ironclad guarantee to the Australian people he would not touch private health insurance. Then he had a backflip and wanted to introduce a means test. Of course, speaking of means tests, the Labor Party said they would not touch the baby bonus, but of course they touched the baby bonus. They had their little socialist mitts all over the baby bonus and that was the end of it.

The minister at the table, the Minister for Families, Housing, Community Services and Indigenous Affairs, knows this one because she has contributed to it: the Commonwealth public bureaucracy. The Labor Party promised they would cut the red tape and cut the bureaucrats. Since they were elected 20,000 extra public servants have been employed in Canberra.

But there is more. There is a set of steak knives coming down the path. The government said it would not touch employee share schemes and then it had an on-again, off-again attack on employee share schemes. I forgot about this next one. The government promised green incentives, including a $50 green rewards card. I completely forgot about that but so did Labor. It was never delivered. Then there was GROCERY choice. You remember old Swanee used to have a list of a basket of goods from the local Franklins that he would take out each week. He would say how hard Australians were doing it. He said, 'We're going to bring down those grocery prices because we're going to watch them.' GROCERY choice, promised in 2007, was abandoned in 2009. They promised there would be no cap on the bank deposit guarantee 12 days before they introduced one.

Then they said they would impose no new taxes. This is perhaps the most breathtaking of their broken promises. They promised no new taxes and now, after four years, Labor have introduced or increased 19 taxes. The most substantial backflips have been on the things that matter most to the Australian people, and that is where it hits their hip pocket.

The government said that they needed for moral purposes to have an emissions trading scheme. It was the greatest moral challenge of our time. Then they broke that commitment. Even worse, the leaders behind that broken commitment were the now Prime Minister and the now Deputy Prime Minister. So I can understand the grim face of the member for Griffith when he walks into this chamber each day and has to suffer the fact that it is the now Prime Minister who sits near the dispatch box, because she was the lady who advised him to dump the emissions trading scheme. It was the then Deputy Prime Minister who advised him to dump the emissions trading scheme. So he is wondering: how does that work? Not only
does the policy come back, but these guys get promoted after they misled me.

This indicates that there is a continuum in relation to this mob, which is that they need to impose a tax where they see a problem. When they see the problem of alcohol consumption by young people, in comes an alcopops tax. When they see that the Australian car industry is doing it tough, they increase the tax on luxury cars. When they see that the health system is suffering because there is not enough money going into it, they try to impose additional costs on private health insurance. When the government see that the mining industry is driving business investment—it has gone from 15 per cent of every dollar invested in Australia 10 years ago to nearly 60c in every dollar now—what do the government do? They whack a tax on it.

Of course, when it comes to carbon emissions, the government's great big solution to that is to whack another tax on it. But of all the new taxes, of all the insidious acts of this government, I truly believe that the one that most riled the Australian people was when the Prime Minister asked the Australian people to give generously for the flood victims in Queensland. After they donate money, organise community fundraisers, have telethons—after Australians go out of their way to give whatever discretionary sums they have available to help their mates in Queensland—what does the government do? It whacks a tax on it. No wonder the Australian people are so cynical, because this means that now the Australian people do not trust their Prime Minister and their Treasurer.

It was Kevin Rudd at a press conference on 29 February 2008 who said:

Trust is the key currency of politics …

Little did he know that he would become a devalued currency. He would become the peso of the Pacific as soon as trust became the key currency of politics. But it goes further, because in down time at night, when I am suffering a little bit of insomnia, what do I turn to? I turn to the words of the current Prime Minister. I dug out these words from the current Prime Minister on 10 May 2005:

… the Labor Party is the party of truth telling.

I believe the words still stand. Come on, Bill, rush to her defence!

The government is so inept that, when the Prime Minister took the job in the night of the long knives, with barely a year to go, she said:

I asked my colleagues to make a leadership change, a change because I believed that a good government was losing its way.

The good government that was losing its way is now a bad government that is still losing its way. The bad government that is still losing its way is having an impact on the confidence of the Australian people. The bad government which has lost its way is now causing so much concern to Australian consumers that, according to latest Westpac-Melbourne Institute Consumer Sentiment Index, confidence fell to the lowest level in two years last month. So we have unemployment falling, we have economic growth improving, we have the best terms of trade in 140 years, and everyday Australians have less confidence than they did two years ago in the wake of the financial crisis.

Do you know what, Mr Deputy Speaker? It is reflected in the fact that Australians are cocooning themselves, wrapping themselves in a security blanket, afraid of the instability coming out of Canberra. Household savings have increased to 11½ per cent of disposable income, a level not seen since the global financial crisis back in 2007-08. Australians are wrapping themselves up. Their discretionary spend is down remarkably, and why? Because of the incompetence of this
government, because of the inconsistency of this government, because of the fact that this government cannot hold a policy from midnight to dawn. It cannot even hold a prime minister from midnight to dawn, let alone hold a policy from midnight to dawn. This is a government that has no trust. It does not trust itself, so how can it expect the Australian people to trust it? How can it expect the Australian people to believe what it says?

Mr Shorten interjecting—

Mr HOCKEY: And here we have the chief spear chucker.

The DEPUTY SPEAKER (Hon. Peter Slipper): Honourable members will direct their remarks through the chair, and that includes the Assistant Treasurer.

Mr HOCKEY: Here we have the man sharpening his knives. There is one person who pays a visit to Shortie's house every week, and that is the knife sharpener. He comes around for 20 bucks a knife, and he sharpens them up for old Billy, because Billy and his mate Paul Howes are just waiting for the moment. They are waiting for the moment, just as they did with Prime Minister Rudd. When he was not looking, along came the knives. So too it comes again. Once an animal has blood on his teeth, he will have the blood again. It is easy to kill twice; it is hard to kill once. But the Assistant Treasurer has done it, and the Australian people know it.

Mr Shorten interjecting—

The DEPUTY SPEAKER: Order! The Assistant Treasurer will have his go shortly.

Honourable members interjecting—

The DEPUTY SPEAKER: The member for North Sydney will be heard in silence.

Mr HOCKEY: When it comes to competence, when it comes to consistency, when it comes to truth, when it comes to honesty, when it comes to personal integrity, the Australian people have identified the Labor Party as missing all of that. They have identified that the Labor Party is without leadership. It is not consistent. It is not honest. It is not genuine.

In some parts of Australia, they refer to it as bovine defecation. In other parts of Australia they call it bullshit. It is the fact that this mob do not tell the truth, and if they do not tell the truth they cannot expect the Australian people to believe in them. If they do not trust each other, how can the Australian people trust them? If they do not have a consistent plan for the nation, how can they expect the Australian people to trust them? (Time expired)

Mr SHORTEN (Maribyrnong—Assistant Treasurer and Minister for Financial Services and Superannuation) (15:56): I entered this place being an optimist and I am always optimistic that Mr Hockey will say something of substance. I will not give up, even though we did not hear anything in the last 15 minutes to sustain my optimism. In fact, when I was looking at some of the great Joe Hockey comments in politics, I realised that he added to the list last night at the CEDA dinner. Mr Hockey was the guest star speaker at the Committee for Economic Development of Australia. In a question-and-answer session, with Mr Hockey perhaps after dinner in a moment of veritas, or truth, he was asked about his greatest regret in politics: 'Mr Hockey, what's your greatest regret in politics?' There were 200 people there to hear it, 200 witnesses. When he was pressed for an honest answer, Mr Hockey hesitated—and obviously I cannot do his avuncular, hail-fellow-well-met style—and said, 'Not pushing John Howard harder to go.' There is the Liberal Party: no consistency. They pretend to be one thing and yet they do another thing.
The people listening to parliament may or may not be aware of what the process of a matter of public importance is. It is an opportunity for the opposition to debate a matter of the day, a topic of the day. The topic which the opposition were raising and which they said they wanted to debate was consistency in financial management, so I thought I would prepare and speak to the topic, as opposed to perhaps doing the more ad hominem personal attacks beloved of some in the opposition, the low-rent behaviour which we saw yesterday from the Leader of the Opposition when we had the visiting Prime Minister of New Zealand—the first time ever that we have had the Prime Minister of New Zealand on the floor of parliament. We saw that our Prime Minister spoke appropriately. She did not try and score any points off the opposition, because sometimes in politics the moment is greater than the individuals. We had the Prime Minister of New Zealand here in part to recognise the work we have done after their terrible tragedies in Christchurch. Our Prime Minister understands, as does the government, that sometimes you have to suspend the verbal hostilities and the jousting and say, 'The whole nation is on display.' So she spoke, presented the case for Australia and recognised New Zealand's fundamental importance to Australia. But then the Leader of the Opposition came to his feet. We in the government did not think he would, but we sort of half expected that he in fact did disappoint us when he started having a crack at the government in front of the visiting Prime Minister of New Zealand.

Some people in politics say that it should always be winner take all; it does not matter what you do, whatever it takes, you just have to win the argument at all costs. But the government is not informed by that sort of low-rent politics. We think that we have to encourage Australians to not be afraid of the future—and this is one of the big things, when we look at consistency in this political debate at the moment, that the opposition are not interested in. They want to scare the Australian public. They are not interested in consistent economic debate. So I would like to present for the benefit of the House and, indeed, those who listen to parliament some propositions about what the Gillard government is actually doing in terms of consistent economic management. Let me start off with the fundamentals, the economy—a topic the opposition do not always come to in question time. What has happened since the global financial crisis is that we have seen a very big hit from 2008 on Commonwealth revenues. In other words, the Australian economy felt the effects of the global financial crisis. Obviously from Ireland to Greece to Portugal to Europe and North America we have seen terrible effects where there has been a massive downturn in economic activity. We saw the collapse of Lehman Bros, the big bank in New York, on Wall Street. That has had repercussions throughout the Western world. Australia was not immune. Corporate profits were terribly hit in 2008 and 2009 and indeed we still feel some of the after-effects now. That is one of the challenges this government has had to contend with, the largest economic dislocation since the Great Depression.

This government stared the issues in the face. We said, 'Okay, on the best economic advice we have got we need to stimulate the economy, we have got to guarantee the security of the banks, we have got to make sure that people have some money to spend to help stimulate the retail economy, we have got to make sure people are in work.' That is why we have done the greatest expenditure on the school system, on the primary schools of Australia, that we have ever seen.
Through the stimulus package combining with our education agenda, what we have seen this government do and continue to do as new facilities open up is for the first time in 40 or 50 years we are seeing resources being built in the schools of Australia which are as good as the homes that Australians live in. What an important message about the priority of education, the fundamental uplift in quality of education, sent by our Prime Minister when she was education minister to say that we know we have got to keep people in work, we know there are thousands of tradespeople all around Australia who are affected by the downturn, the global financial crisis to which I was referring. What our Prime Minister did was say, 'Enough is enough. We have to make decisions,' as did the whole of the government. We have seen now something like 9,000 projects started and many completed and many to be completed in the near future. What we have also seen is a message sent to the children of Australia from their parents, the taxpayers, and the government of Australia that we think education is important. We want children to be educated in facilities which are as good as the homes they live in, sending an important message about education.

When I talk about how we have coped with the financial crisis and the consistent economic management of the Labor government, we have to recognise what we have done to get our finances back into shape. It is a little-known story that the reduction in Commonwealth tax revenue had a massive impact. Imagine if you are a business in Australia and instead of having 100 per cent of the revenue you had for any number of years it is down to 83 per cent of the revenue but you still have to carry on 100 per cent of the functions and more. That is what we have been doing. Yet we have seen the fastest turnaround on record in terms of getting the budget heading towards being back in the black. The opposition conveniently like to state when they trail their usual rhetoric against the government that in fact the global financial crisis was just a hiccup. Let us not forget what the Leader of the Opposition said on 12 March 2009. He said, 'We are against the government's stimulus package.' Let us not forget that the opposition opposed the stimulus package consistently and now they are trying to resist us getting the budget back into the black.

It is not just getting the budget back into the black which is important. We understand that having a surplus in the budget is important to withstand future ups and downs of economic life on this globe of ours. Australia is an island geographically but we are not disconnected from what happens in the rest of the world. That is why we have been working so hard to reduce our debt. Let us put this debt debate in context. The opposition like to say, 'We are low-taxing and the government is high-taxing.' But the numbers actually contradict that myth. The opposition when they were in power had the mining boom mark 1 and an increase in financial surpluses and they just spent the money.

We have had the privilege of coming to office but at a time when revenues are down. We have had to continue the functions of government and we have had to borrow money to carry out the functions of government, and to carry out the reconstruction work after the natural disasters. It has not just been the global financial crisis; we have seen cyclones and floods, we have seen the bushfires in Western Australia. We have seen a massive set last summer of terrible climatic events. Billions of dollars of infrastructure have been wrecked and lost. So what we have to do is make hard decisions to find the money to help Queenslanders get back on their feet and
other people who are flood affected get back on their feet by making sure the roads get repaired, the bridges get repaired, the railways get repaired, making sure that people have the opportunity to get back on their feet as quickly as possible.

So we have consistently managed through an extreme set of economic circumstances, and at the same time we have got the mining boom. You have got a trifecta of events. You had the global financial crisis, you had the terrible climatic events and then we have also seen the mining boom mark 2, which has been a great outcome for people working in the mining sector and the construction sector related to mining and for people providing services to mining. But the whole Australian economy is not receiving the benefits in the same way. We have certainly seen massive capital expansion in the mining sector. We are seeing good rates of pay and we are seeing that jobs in the mining sector are going very well, but at the same time our dollar has gone up—we have a very high Australian dollar. So the mining boom is having good and negative effects. The rest of the world is interested in our currency, especially as America is depressed in terms of the value of its dollar. So we have sections of the Australian economy that trade with the rest of the world—be it inbound tourism, domestic tourism, parts of retail, regional parts of Australia—who are doing it a lot harder than other parts of Australia. This government is determined that we spread the benefits of the mining boom to all.

The opposition like to have a bet each way on this issue. On the one hand they do not like our Commonwealth mineral resource rent tax but they like it when the West Australian Premier increases tax on mining. I think this smacks of double standards. Why is it that a Liberal tax is a good tax but a Labor tax is a bad tax? I can tell you why: because there is a lack of intellectual consistency.

Mr Christensen: The state owns the minerals.

Mr Shorten: The member for Dawson says the state owns the minerals. Do you know who I think owns the minerals? The Australian people—West Australians, Queenslanders, Australians. I respect the fact that the member for Dawson has been elected but he is a new member in this place and what he should understand is that a lot of Australians do not actually think that these resources belong to just one company or several companies. Companies operate under a licence and, when you use finite resources, they are gone. What is left after that? I admire Australian mining companies. I have dealt with many of them. I admire multinational mining companies, maybe not as much as the member for Dawson but I accept they are very important in the Australian economy. What I also know is that when they move on they move on. I have worked as a union rep in Townsville and when the company moves on there is not a lot of love left after they have gone. We on this side know that a mining boom does not last forever. In an uneven economy we want to spread the prosperity of the mining boom. So, what are we going to do? We are going to decrease company tax for all 2½ million businesses in Australia, and not just look after the mining sector.

Wyatt Roy interjecting—

Mr Shorten: I know that that is not a big issue for the member for Longman. He will have a distinguished career in life, I have no doubt. But what I do know is that if
you are baby boomer, born at some time between 1945 and 1965, you may work for 30 or 40 years but chances are you will not have had the chance in many cases to save enough money to retire. Whilst we do have the safety net of the age pension, which this government has increased—

Wyatt Roy interjecting—

Mr SHORTEN: I know the age pension does not worry the member for Longman, but it worries a lot of other people in his electorate.

The DEPUTY SPEAKER (Hon. Peter Slipper): Order! The member for Longman is obviously not in his seat.

Mr SHORTEN: We want to make sure that our people have adequate retirement incomes. This is a very important issue. We want to use the mining tax to replace forgone Commonwealth revenue as we provide the opportunity for Australians to have money put aside in superannuation savings, which are taxed at a lower rate than they otherwise would be.

Let me also tell you why I think we are consistent and those opposite are not. Any member of parliament elected before 2004 gets what they call a defined benefit scheme. Very nice. I wasn't elected then, but very nice for those who have got it.

Opposition members interjecting—

Mr SHORTEN: Indeed, there would be several opposite who can sympathise with this point. But if you were elected after 2004 you get 15 per cent super, which is a very generous deal. What I do not like is that those opposite would vote for Australians at large to get only nine per cent. My view is that if it is good enough for us it is good enough for the people. If it is good enough for members of parliament, we need to lift super. All point-scoring aside, I know that there would be plenty on the opposition side who would think that there is a case there.

Let me be clear: we are consistent. We have invested in education.

Opposition members interjecting—

Mr SHORTEN: I know that when people are embarrassed they sometimes laugh to hide their embarrassment. I think we have just seen a little bit of a laboratory experiment from those opposite.

We are seeking to consistently manage this economy. Another problem that we are consistent on is that we know climate change is real. We heard the Prime Minister of New Zealand say that he thinks climate change is real. We have had all the scientists from around Australia come to visit Canberra and they think climate change is real. The problem is that those opposite are run by a gentleman, Mr Abbott, the member for Warringah, who has the intellectual curiosity of an Inquisition monk. He is not greatly interested in the science. Although, at different times the Leader of the Opposition, Mr Abbott, has said that a carbon tax is a good idea and at other times he has supported an emissions trading scheme. Certainly, when he realised that he might have a third of the caucus to back him to knock of Malcolm Turnbull, he was then prepared to go very hardline right wing—very hardline and very right wing.

Then we had the shadow Treasurer, who entertained us so jovially before. He said that what you think about climate change is a matter of conscience. I love that.

Opposition members interjecting—

The SPEAKER: Honourable members will not interject from outside their seat.

Mr SHORTEN: I appreciate the attention of the House to this matter. We are consistent, the coalition are not. We are determined to manage this economy for the
long term and not the short term. We are focused on the best interests of Australians, not tomorrow's headlines in the newspapers.

**Mr TONY SMITH** (Casey) (16:11): On this matter of public importance we have just been treated to another lecture from the high moral ground by the Assistant Treasurer—as he leaves the chamber—defending the failure of this government: their failure on trust and their failure on competence. He might leave the chamber, just as he leaves every single issue of importance in his portfolio.

The Assistant Treasurer said the Australian public should not be scared about the future. The Australian public are scared about the Gillard government. They are scared about what they are doing and what they will do if they get the chance. This matter of public importance goes to the heart of the failure of this government. Australians are losing confidence because of this government. They are losing confidence because this has proved to be an incompetent government and because this government cannot be trusted. Those members opposite—the Assistant Treasurer has departed the chamber—will stand here and defend 3½ years of utter incompetence. It is incompetence on a scale we have not seen before.

Policy failure and policy debacle from this government are like matchbox cars: there are a million of them. You start at the beginning, as the shadow Treasurer did, and you move through each budget and each announcement. Every announcement they have made of any scale has either blown out or not been delivered. The shadow Treasurer mentioned the computers in schools—$1.2 billion, I think he said.

**Mr Bradbury:** A wonderful program.

**Mr TONY SMITH:** A wonderful program, says the parliamentary secretary. A wonderful program not delivered and with a $1 billion-plus blowout. Building the Education Revolution had a $1.7 billion blowout and waste in every corner of the country. More than $1 billion here and $1.7 billion there; waste all over the country. But these $1 billion and $2 billion figures are just rounding errors to those opposite.

The Assistant Treasurer has only been a minister for a short period of time. But let's give him one thing: he has caught on very quickly to this litany of incompetence. He gave us another speech from the high moral ground—he almost needs an oxygen tank, he is up so high. But it has not taken him long to fit in with the incompetence of this government. We did not hear one thing from the Assistant Treasurer about competent administration. We did not hear one squeak from him to acknowledge failure on behalf of this government. It is that very failure in policy delivery that is making the Australian public so nervous about this government and about economic circumstances in Australia. He was here today on this matter of public importance and he could have addressed one of the issues for which he is responsible. A week ago he woke up to a front page of the Financial Review that showed the luxury car tax is being rorted. Those behind me will remember that the luxury car tax, which has existed for some time, was massively increased by this government from 25 to 33 per cent in 2008. You would think it would be pretty obvious that when you massively increase a tax like that the incentives for would-be rorters to evade it would increase correspondingly. So what steps did the Treasurer, Wayne Swan, take to ensure enforcement was beefed up to deal with what was obviously a heightened risk with the higher tax rate that those opposite brought in? Apparently none. What follow-through was there? Apparently none.

As those behind me will readily agree, the Treasurer's ignorance and incompetence...
leading to another policy debacle is not really news—situation normal from the Treasurer, Mr Swan. But what about the bloke who is responsible for the day-to-day operations of the tax office, the Assistant Treasurer, who was here before during this debate and has now departed from the chamber? It is seven days since this story appeared. Seven days ago the Assistant Treasurer woke up to the front page of the Financial Review and discovered he has a rupture in the luxury car tax the size of the tear in the side of the Titanic. And what has he got to say about it? Absolutely nothing. For seven days he has said nothing. We can only assume he has done absolutely nothing. We do not know what he plans to do about it, but we can assume from the past actions of this government that his first step, in the tradition of this government, will be to do absolutely nothing. He will hope it goes away, just like the Prime Minister hoped the Building the Education Revolution debacles would go away.

The Assistant Treasurer ought to do something no other minister in the Rudd or Gillard governments have done—that is, take responsibility. He should come forward and actually own up to the mess they have created and candidly tell the Australian people how they are going to fix it. But of course whenever there is any criticism of this government those opposite just say it is a scare campaign. It is not a scare campaign; it is a truth campaign. Truth is an issue this government also has a great problem with. A guy at the local football club summed it up pretty well when he said, 'I don't know what frightens me more: when they try and implement a policy and muck it up or the anger it causes me when they break their word. I'm not sure which upsets me more.'

We have talked about the blow-outs and the incompetence. The Australian public are rightly angry about those and they know that this government cannot do better. This government cannot improve; its incompetence level is locked into its DNA. But this government is also fundamentally untruthful. We have seen it with the Prime Minister over and over again. Six days before the last election she said, 'There will not be a carbon tax under the government I lead', and a day before the election on the front page of the Australian was the very same commitment. That was not a commitment that came out of the blue. It was considered, it was calculated and she made that commitment knowing it not to be true.

The Treasurer seems to slip through a lot of this, but he said exactly the same thing. On 15 August he told Meet the Press that to suggest the government was moving towards a carbon tax was an 'hysterical allegation'—and that is exactly what they are doing. We have come to expect this from the Treasurer, and the public now know that this Treasurer is both incompetent and untrustworthy. The member for Griffith knows this well. We are coming up to the first anniversary of the member for Griffith's demise as Prime Minister.

Opposition members interjecting—

Mr TONY SMITH: 'Fundamental injustice day', said a colleague behind me. It is fundamental injustice day 2, the sequel, because the member for Griffith named the introduction of the goods and services tax as 'fundamental injustice day'. Three hundred and sixty-five days ago, a couple of days before the coup, the Treasurer was supporting the Prime Minister. The press tell us that the Treasurer still, in all that time, has not had a proper conversation with the foreign minister. It is getting on to the first anniversary. And he was such a loyal Treasurer! We are told by the press gallery in all the accounts of that night that this spineless Treasurer did not even have the
courage to tell the then Prime Minister he was bailing on him. The Australian public knows someone like that cannot be trusted with the economy and the decisions—(Time expired)

The DEPUTY SPEAKER (Hon. Peter Slipper): Before I call the member for Parramatta I will remind members that it is disorderly to interject from outside their seats and, under standing order 64, it is disorderly to refer to other honourable members by their names. I was reluctant to interrupt the offenders on both sides of the chamber with respect to those two matters. I now give the call to the honourable member for Parramatta.

Ms OWENS (Parramatta) (16:21): Listening to the previous two opposition speakers, one would not know we were talking about a matter of public importance involving consistency and confidence. In fact, I do not think the mover of the motion mentioned either of those two words. Instead, we got a rather low-level comedy routine from a man who pretends he is capable of being the Treasurer of this country. It is not surprising, because this is not an opposition that cares about confidence; it is an opposition that takes every opportunity to run scare campaigns to damage confidence.

This motion today on rebuilding confidence in the Australian economy is hypocrisy writ large. It is yet another stunt from an opposition without a single idea, an opposition that takes every opportunity to claim that the world will end at any moment. If that were right, the world would have ended several times in the last few months alone. The opposition exaggerates; it misinforms on a daily basis. The Leader of the Opposition goes on national tours to promote fear in any way he can to anyone he can, to weaken confidence and to provoke doubt.

And then they come in here and move a motion about consistency and confidence and, true to form, do not even bother to talk about it. The truth is that they do not want confidence in the Australian economy because it does not suit their political self-interest. Fear is the method they use. They undermine confidence. That is the game they play, and they play that game with the lives and welfare of Australians.

Then there is the word 'consistency' from this opposition—a motion about consistency from an opposition with a leader who is a self-proclaimed weathervane. He gets up every morning and decides his policy position based on which way the wind is blowing—the political wind, that is. They are consistent about one thing, and that is that they oppose everything and anything every single day. No matter what it is, they oppose it. Recently we even saw, when it came to the alternative fuels bill, that they opposed their own policy. It is opposition at all costs. From the masters of the scare campaign, from the masters of confusion and doubt, suddenly we have a motion about consistency and confidence. That, quite frankly, is a joke, and it is not surprising that they did not bother to speak on it.

The opposition has one more speaker to go. Maybe you can actually do it. Maybe you can actually address the motion you have moved in this House as a matter of such importance that we are spending an hour and a half debating it. The opposition has another 10 minutes to actually speak to it. It would take a serious change in the behaviour of the opposition and the attitudes of those opposite for anyone to take this motion seriously.

I would actually like to speak to this motion, because confidence and consistency are extremely important, and the government
has been delivering sound, consistent policy. It has resulted in the positive economic outcomes that the shadow Treasurer referred to in his speech—in one of his more lucid moments. We have been delivering sound policy, but there is no doubt a sense of uncertainty out there and we do need to acknowledge that. The opposition are not causing it, but they are thrashing about in every way they can to try to find a way to exploit it for their own political benefit.

Let us acknowledge some of that uncertainty and what the most likely causes are. There was a global financial crisis a few years ago. I know the opposition try to pretend it did not happen—they do that every day—but it did happen. It was not the making of the government, but we weathered the storm as a nation better than did just about any developed country in the world. There is consistent talk still about problems in Europe—again, not a problem of the government's making and not related to Australian circumstances. There is unrest in the Middle East—again, something that makes people feel uneasy. We have had earthquakes, tsunamis, floods, cyclones and fires around the world, among our neighbours and in our own backyard, which have resulted in short-term increases in prices, particularly for food. But we are already, as a nation, rebuilding after those disasters. We are already out there rebuilding the roads, the rail, the schools, the public buildings and the homes.

There is a growing need to act on climate change. A new resources boom is on its way. Economic power around the world is changing. We have a strong dollar, putting pressure on manufacturing. These are times of change and readjustment and they can cause unease among people in our communities and around the country. What you do not do in times like this is run fake scare campaigns. You do not come out every day finding a way to exploit that uncertainty for your own political gain. You do not do that, members of the opposition. It is not the right thing to do, particularly when you know in your heart of hearts how well the economy is travelling. Again, we had acknowledgement from the shadow Treasurer just 20 minutes ago about that.

We are in an excellent position as a nation to respond to the challenges that face us. We have the capacity within us as a people and we are in a very, very strong economic position. Australians can be confident about the future. We have strong jobs growth and business investment, and our public finances are the envy of the world. That shows that we are continuing to get the policy settings right. You do not get the policy settings right through times like this because you are incompetent, as the opposition would say, or because of inconsistency. In fact, it is quite the opposite. No other developed country in the world has steered its economy through the present financial times as well as this one has. That is acknowledged broadly.

Let me refer to a couple of other organisations and people around the world who confirm that. The IMF, the Reserve Bank of Australia and the global rating agencies have all backed the strength of our budget position and the strategy to return the budget to surplus. S&P said recently that Australia has exceptionally strong public sector finances, underpinned by low public debt and strong fiscal discipline. In response to the recent budget, S&P noted:

… the sound profile of Australia's public finances, which remain among the strongest of our peer group.

Moody's said that the budget demonstrates the government's determination to return to fiscal surplus and that our government debt remains among the lowest of all AAA-rated governments. So it seems that many respected agencies around the world will
confirm that the Australian economy is travelling incredibly well, particularly given the extraordinary circumstances the world has faced in the last three years.

We saw the national accounts delivered on Wednesday. We saw a slight contraction in the quarter of about 1.2 per cent but one per cent growth across the year. It was encouraging to see the components of GDP, such as consumption, dwelling investment and business investment, growing in the first three months of this year. We have already seen a strong rebound in the economy in the monthly figures. Trade data shows that coal exports were up by almost 16 per cent over the past two months. Iron ore and metal shipments have gained 23 per cent. We saw a solid gain in retail sales in April, and we know from our own retail sector how important that is. In fact, it was the biggest monthly increase in 17 months. Australians can be confident about our strong fundamentals. Our economy is forecast to create around 500,000 jobs in the next couple of years, and an unprecedented pipeline of mining investment is on its way. In the last 12 months, prior to the budget, 258,000 Australians gained jobs.

We are consistent on this side of the chamber about the need to put a price on carbon. We went to the 2007 election committed to putting a price on carbon; we attempted to do that. If there is any inconsistency in this House about this it is from the opposition, who also went to the 2007 election promising to put a price on carbon, contrary to their calls now for a plebiscite to gauge public opinion. In spite of public opinion and public views at that stage, their own commitment to do it and our clear mandate to do it, they voted against it. There was no commitment then to the will of the people. There was no commitment at all when they voted against what was their policy position and something that we had a clear mandate to do.

We also went to the 2010 election with a commitment to pricing carbon. If members of the opposition who do not believe that do a little googling, in the last weeks of the campaign they will find copious newspaper articles where our commitment to price carbon in this term is made very clear. We have been consistent about that and we will deliver on that. We will deliver on pricing carbon because that is the only way to provide consistency—again, what this motion is about—and certainty to business in Australia so that they can move forward, make the investment decisions that they need to, set themselves up and begin the process of exploiting what is a worldwide move to a clean economy. That is consistency, and we could well do with the opposition finding a single position to stand on this for the good of the whole nation.

This is a motion about consistency and confidence, and I am proud to stand up here as part of a government that has delivered consistency in its policies. I am proud to stand up here as part of a government that has delivered a strong economy in what are some very difficult international conditions.

Mr CHRISTENSEN (Dawson) (16:31): I commend the shadow Treasurer for proposing this matter of public importance for discussion, because there certainly is an urgent need for consistency from this government so that we can restore confidence in the economy. But, sadly, what we heard from the member for Parramatta for over half of her speech was more of the same bleating, finger-pointing, whingeing and whining about the coalition and its policies, pointing to all of the problems and all of the uncertainty that this government, after almost four years and two prime ministers, still has not addressed. That only
serves to highlight the absolute deficiency there is on the treasury bench in terms of consistent, well-thought-through policies.

We had the Assistant Treasurer before that with about seven of his caucus members. Boy, Bill, you are sure going to have to do the numbers a bit better—assassination day is coming up pretty quickly! He gave us some propositions on what the government is doing about the economy. They stared at the issues, he said. Well, that was about it. Overpriced school halls, pink batts, $900 money-for-nothing cheques that went to buying plasma TVs from China—none of this saved the economy. What a joke! Neither the Assistant Treasurer nor anyone in this government had anything to do with this country's economic rebound after the GFC. It was the mining industry and the agricultural industry that saved this country from recession, not pink batts and overpriced school halls. And aren't they doing their best to kill off those industries through, firstly, the taxes that the Assistant Treasurer talked about—the carbon tax and the mining tax? The words 'spread the wealth' that he used so liberally are just socialist code for ripping out the money that is being generated in productive regions like Mackay, Townsville, Central and North Queensland and WA and funnelling it off to Sydney, Melbourne and, not to forget, to fill in the ever-growing $107-plus billion worth of government debt that the Assistant Treasurer allowed to be ramped up to $250 billion when he came into this place in the dead of night with his amendment bills to the budget.

What inconsistency we have from the government on a range of different issues. I am going to highlight two of them. We have had this absolute stuff-up of a policy on the live animal exports front. We have seen in the last month just how reckless this inconsistent government is. There was a whole lot of finger-pointing going on after the nation witnessed the barbaric cruelty to Aussie bred cattle on Four Corners. Some blamed Meat and Livestock Australia, some blamed LiveCorp and some blamed the entire industry. But the reality is that a lot of the blame lies with this Gillard Labor government for its slow reaction and indifference to the issue.

Several months after the federal Minister for Agriculture, Fisheries and Forestry, Senator Joe Ludwig, became aware of the footage of cruelty shown on Four Corners, the government finally reacted. And—would you believe it?—they got it right the first go. They did what should have been done as soon as they knew of the cruelty footage when Animals Australia made the minister aware of it. But, before Four Corners, we had the member for Page moving motions that were all but trying to shut down the live export industry. Then we had pressure from people like the member for Fremantle and the member for Wills, two people from those great cattle-grazing electorates of Fremantle and Wills, telling caucus and Minister Ludwig what was to happen—and that was that they were going to shut down the industry. So the government buckled. It was a shining case of inconsistency. The minister buckled by completely banning live cattle exports to Indonesia and, bizarrely, even to abattoirs that use the humane process of stunning. By doing so, the government have now firmly pointed the finger of blame at the entire cattle industry, because they are the only ones penalised by this decision. The government are refusing to compensate graziers, who stand to lose a multimillion dollar export market, instead saying that the MLA should pay when they were the only ones trying to improve practices in Indonesia. The MLA did not ban the live exports; the government did. They should compensate. Better still, they should show some consistency and some compassion for
the farmers in North Queensland and reopen live exports to those Indonesian abattoirs whose practices are in accordance with international standards. This is people's lives we are talking about.

A lot of people in this room and around the country may have seen the email doing the rounds from Mr Scot Braithwaite. Scot is the nephew of a former member for Dawson, Ray Braithwaite. He has also been associated with the live export industry for decades, including being employed as a head stockman. I want to take a moment to quote a little bit out of Scot's email where he refers to abattoirs in Indonesia. He says:

One of these facilities is operated and owned by a large Australian pastoral house ... The operation is run by a North Queensland man who, through his absolute dedication to excellence, has built a feedlot and slaughtering system that his company, the industry and himself can be very proud of. The system is closed, or the cattle are already killed through their own abattoir. They import 20,000 to 25,000 cattle a year. They have been doing this for the last five years. Why should they be shut down? For what reason could anyone justify closing this operation down, especially without even bothering to look at what goes on. There are many other abattoirs in Indonesia like it. Why can't trade to those abattoirs be opened? These fakers claim that they are out to protect animals, and what do they do? They vote to remove Australia from the situation, which does nothing for the cattle from other nations or from Indonesia that are going to end up at the abattoirs that are not doing the right thing.

It has occurred to me that there is something missing from this blame game. They are quick to blame Australian farmers and the industry, but they have not said anything about the religion that actually inspires the torture of the cattle there. I find that very hypocritical. We have not heard the member for Wills, the member for Fremantle or the member for Page raise that issue. But they are very quick to sink the boot into the farmers regardless of the consequences.

If we want to have a look further at government inconsistency that is hurting our economy, then there is no greater example than the carbon tax fiasco. The whole country is waiting for some decision and consistency on this issue. The best consistency that we could get would be for the Prime Minister to stick to her election promise: 'There will be no carbon tax under a government that I lead.' The best consistency we could get would be for the Treasurer to stick to his election statements. Firstly, on Meet the Press on 15 August 2010, he said, 'What we rejected is this hysterical allegation that somehow we are moving towards a carbon tax.' And, secondly, on The 7.30 Report on 12 August 2010, he was asked to rule out a carbon tax and said: 'We made our position very clear. We have ruled it out.' We could get some consistency from the Minister for Climate Change and Energy Efficiency and his department, which lists the first of six priorities in its corporate plan this year as being 'delivery of the Government's election commitments'. As I said, the election commitment of the Prime Minister and the Treasurer was that there would be no carbon tax. Perhaps they could give some consistency on this or change the corporate plan to say 'delivery of the Greens election commitments'.

The reality is that there are a couple of ways out of this inconsistency. The government could drop the tax, but I understand and we understand that that would be a very embarrassing thing to do and it would hurt the Greens feelings. So here is another clue for you. How about having a plebiscite? How about letting the people decide? But you will not do that because you are all about hypocrisy and not about democracy.
The Queensland Resources Council has done studies that suggest that in my region there are about half a dozen mines in the Bowen Basin, serviced by Mackay, that would be under threat. They say that worse still is the impact it would have on investment in mining and local industry. We have another view on this matter from the Minister for Resources and Energy, who said that 'no-one can rule out a mine or two closing' under the carbon tax. I wonder if he was saying, 'It is just a mine or two,' when those mines employ thousands of people whose families will suffer because this tax will rip away their jobs. The Mayor of Mackay, Mr Col Meng, described this tax as just another grab for money. He said:

I am very disappointed to say the least that we now have another tax. I'd see regional Australia as certainly going to be the people that bear the brunt of this tax … because transportation and fuel costs will go up … It's just another grab, another tax … and I can't say we are going to get value for money.

I could point to Mick Crowe from the local mining service company, who spoke against the carbon tax. I could point to the chairman of Mackay Canegrowers, Mr Paul Schembri, who thinks that the carbon tax is going to be a 'lead weight in the saddlebags of the sugar industry'. I could point to dozens of people in industries in my electorate. I could probably sit here for another 10 minutes and tell you of some of the other companies around the nation. But I have to say that the only thing consistent about this government is their ability to stuff things up. As a result the economy suffers, the people suffer and the whole nation suffers. (Time expired)

Mr MITCHELL (McEwen) (16:41): I am very pleased to be able to speak on this matter of public importance. This MPI was proposed by the member for North Sydney, who has absolutely no clue when it comes to economics. I am pleased that today the shadow Treasurer has finally started to talk about economics, because we never hear him talk much about it. We know why. It is because numbers are not his strong point. Whether it is here, on the opposition front bench or in the party room, numbers are not his strong point. This is why he keeps on with this babble and rubbish. It proves once again that in the opposition you do not have to have a sharp mind. Just because you have a sharp tongue, it does not mean that you have a keen mind.

Today we have the wit from the member for Dawson. I would fair dinkum have to say that the member for Dawson ought to go and have a look at what he said. I tell you what: you have come close to being the most disgraceful thing I have ever seen in parliament.

An opposition member: Have you had a look at yourself?

Mr MITCHELL: Yes, I have, and I am quite proud to be up here not using xenophobic tactics or misogynistic tactics to blame everything.

The DEPUTY SPEAKER (Hon. BC Scott): Order! The member for McEwen will not respond to interjections from across the chamber.

Mr MITCHELL: Certainly, Mr Deputy Speaker, I should know not to go into a battle of wits with an unarmed man. I apologise.

Following the budget, the shadow Treasurer described the global financial crisis as nothing more than a hiccup. What an absolute insult to Australians who have lost their jobs or had their hours cut during what was known as one of the biggest economic downturns across the world. You have to ask the question: what would the member for North Sydney do? How would he have cured our economy during this so-called hiccup? Would he have instructed us
to stand on our heads, hold our breath or maybe take a glass of water? In countries like Spain and Ireland unemployment is around 20 per cent due to the global financial crisis. But, according to those on the other side, that was just a hiccup. Twenty per cent of people unemployed!

I know that the people of Australia and particularly the people of my electorate do not view the global financial crisis as a hiccup. It just illustrates the complete disregard that the Liberal Party has for the importance of job security to families across our country. We know too well that during the GFC the Liberal Party opposed stimulus funding, which helped to create and support new jobs, as well as investing in things like education. I am sure that the tuckshop raiders would be out there at the new school hall saying, ‘How good is this? We are here getting our photo taken. It is something the Labor government has delivered.’ Not one of you has ever got up and said, ‘I tell you what, let’s not put one of these in my schools.’

An opposition member: You should be ashamed of yourself.

Mr MITCHELL: I am very ashamed to be up here talking about how many of the 210 schools in McEwen received brand-new buildings, brand-new classrooms, science and language learning centres! What did you get them? A flagpole—whoop-de-do. That is really going to give you the best education, sitting under a white piece of wood. We are actually out there delivering better teachers, better services and better facilities, to give every kid every opportunity. They will grow up, get an education and say, ‘Gee whiz, how did we ever let those people over there into the 43rd Parliament? What were we thinking at that stage?’

Unlike the Liberal Party, we took the GFC seriously. We took action, rather than sitting there and just hoping it would go away, it would fade into the distance.

Mr Craig Thomson: A bit like the National Party.

Mr MITCHELL: A bit like the National Party—but not all the National Party. Some are very good members for their electorates.

Mr McCormack interjecting—

Mr MITCHELL: Of course. Mr Scott, the Deputy Speaker, is a wonderful member and I hope he is here for a long, long time to come and enjoys a good long parliamentary career.

The DEPUTY SPEAKER (Hon. BC Scott): The member for McEwen will—

Mr MITCHELL: Stop crawling?

The DEPUTY SPEAKER: The member for McEwen has the call and he should use his time to address the MPI before the House.

Mr MITCHELL: Certainly, Mr Deputy Speaker. Those opposite are a bunch of nay-sayers and it is becoming increasingly evident that the only preselection process for a Liberal Party candidate is to say no. Then you are guaranteed preselection, because that is all you need to do. You do not need to think of a policy, you do not need to think of a plan and you do not need to have an idea. You just say no and then hit your reaction plans.

If we had listened to that lot over there during the global financial crisis, over 200,000 Australians would now be out of work. But we did not. Instead, because we have policies, because we have plans and because we have ideas, we have created 700,000 jobs right across the country. If we
had listened to the nay-sayers over there when it comes to job creation, we would have a massively high unemployment rate—double digits. But we did not. Because we have plans, because we have ideas and because we have that P word that they are so afraid of—policies—we have a steady 4.9 per cent unemployment rate. It is the lowest amongst developed nations in the world. That is something we should be very proud of. This government delivered jobs, which delivers incomes to families and allows the economy to keep going. Australia was saved from the GFC.

If we had listened to you when it came to stimulus funding in schools, 210 schools in McEwen would not have received new buildings or upgrades. They would not have received one cent. But we did not listen to you. We put the plans in place which kept jobs going, kept local economies stimulated and kept people in work. Now we have principals and teachers right across the electorate of McEwen saying that this program, Building the Education Revolution, has brought forward education and their school facilities by 20 to 30 years. That was done after 11 long, dark years of neglect in education by the former Howard government.

If we listen to the nay-sayers when it comes to putting a price on carbon, our economy, as the Productivity Commission has revealed, would drastically suffer. We quite often hear those opposite saying, 'But the Prime Minister said there would be no carbon tax before the election.' They should come in with the Australian dated 20 August. There was a great article written by Paul Kelly and Dennis Shanahan titled 'Julia Gillard's carbon price promise'. I read this and I thought, 'What's going on here?' There is the Prime Minister saying before the election that she is 'prepared to legislate a carbon price in the new term'. In the new term—that is this term. She said:

I don't rule out the possibility of legislating a Carbon Pollution Reduction Scheme, a market-based mechanism …

There you go. That is exactly what we are doing, and that was before the election. It was 20 August—before the election—in the Australian, the great newspaper that you all read and dream of. There it is in black and white. We are delivering exactly what we said before the election. But, of course, when you are sitting there saying, 'No, no, no,' you have no idea. You just cannot hear what goes on around this place.

The Liberal Party's message during the GFC was: 'If you are out of work, tough. Bad luck. You lost your job? Tough luck. You've had your hours at work cut? Tough luck. We will sit here and do nothing.' But they would have been happy, had they still been in government, to cut your working conditions, cut your wages and bring everyone down. That was the only policy they had during their last term in government. It is outrageous that those opposite did not take the struggles of working families seriously. We on this side of the House have a plan. We have a strong Treasurer with a plan to get the budget back into surplus, to create more jobs and a clean energy economy. Those opposite think that their little childlike three-word slogans will get us back into surplus.

But what is the member for North Sydney's excuse for his incompetence? Maybe it has to do with the fact that he cannot concentrate because someone used a blower vac or a lawnmower outside his window and it put him off. It left him in a space where he could not work. That is how frail and brittle he is. It shows that he is just not up to the job. But of course the member for Goldstein knows that. He is circling like a little shark. He is circling there, waiting to
take the shadow Treasurer's job, and we know how confident he is. This is the man who went to the 2007 election saying, 'All these Labor Party candidates still work for the government, in breach of section 44 of the Constitution.' That lasted about 10 minutes, because once the press looked at it they found that his detailed research, his hours of energy and effort, were put into looking at websites that were out of date. He googled once and that was it. That is the extent of the ability of the financial mess that those members over there call their financial portfolio spokesman.

This motion is an absolute joke. Someone who has failed every single step of the way when it comes to doing numbers, doing the budget and doing finance policies and who has delivered absolutely nothing comes in and has a crack at our guys. Our Treasurer, as I said, has delivered a strong budget. We are delivering on all our election promises. It is all there in black and white.

Mr McCormack interjecting—

Mr MITCHELL: Once again, that is evidence you do not listen. I think I just went through that and I know the tuckshop raiders up the back have no idea. (Time expired)

The DEPUTY SPEAKER: The time for this discussion has concluded.

COMMITTEES

Joint Select Committee on Australia's Immigration Detention Network
Membership

The DEPUTY SPEAKER (Hon. BC Scott): Mr Speaker has received advice from the Chief Opposition Whip nominating members to be members of the Joint Select Committee on Australia's Immigration Detention Network.

Mr BURKE (Watson—Minister for Sustainability, Environment, Water, Population and Communities) (16:53): by leave—I move:

That Mr Morrison and Mr Keenan be appointed members of the Joint Select Committee on Australia's Immigration Detention Network.

Question agreed to.

BILLS

National Consumer Credit Protection Amendment (Home Loans and Credit Cards) Bill 2011
Second Reading

Debate resumed on the motion:

That this bill be now read a second time.

Ms SMYTH (La Trobe) (16:53): Yesterday, I had an opportunity to make some initial remarks in this debate on the National Consumer Credit Protection Amendment (Home Loans and Credit Cards) Bill 2011. I was addressing some of the very practical measures which the bill puts in place to help consumers. The bill endeavours to help people who rely so very heavily on credit cards and who shoulder the burden of personal debt. I mentioned that the measures included in the bill will help those people make much better choices about the kinds of debt arrangements that they enter into—for instance, better choices about mortgage products and credit cards.

This debate sketches out fairly neatly for the public some of the differences between our government and the opposition. I have listened fairly intently to the remarks of the opposition in this debate. They say that they will support the reforms in this bill but that they are effectively being dragged to it. I think that the Hansard of the debate from yesterday will bear that out. They say that they are reluctantly accepting of our legislation to give consumers choice. They particularly mentioned overregulation and intrusion into business. As I said at the time, they made similar noises and mutterings in
debates earlier this year, in particular in debates in which they were more concerned with the interests of executives and with standing up for executives and their salaries than with standing up for shareholders and consumers. We saw that very recently in the debate on the Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Bill 2011, which this government pursued and has ultimately had passed in the Senate.

The opposition say that they are terribly concerned about overregulation. They have to be dragged, kicking and screaming, to support very sensible legislation which gives consumers choice. Then they say that they have faith in the market. I say: 'Hearty congratulations to all of them,' because it really is the first time in this term that they have applied that logic to any debate. Indeed, I invite them to apply their faith in markets to some other debates that are affecting our nation at the moment. The carbon price, for instance, might benefit from the application of that logic. Unfortunately, the opposition chop and change and make up the rules as they go. They are happy to talk about markets and their concerns about regulation in the context of this debate on this bill that is looking out for consumers—mums and dads and individuals such as those in my electorate. They are not terribly concerned about applying the same logic of their faith in markets when it comes to things like a carbon price. We have been consistent. We have said that we would act for consumers on banking, credit cards and home loans—all of those products on which so many Australians have come to rely for their everyday existence. I mentioned yesterday that the Reserve Bank's figure on the level of credit card debt in February of this year was a staggering $49.3 billion, of which some $36 billion at that time was accruing interest.

These are issues which touch all Australians in a significant way, and it is for this reason that the Treasurer recognised the need to act. He has taken that opportunity to act by introducing this bill. Our reforms will enable consumers to make a more informed choice about home loan products and credit cards. I spelt out yesterday some of the ways that the bill does that. I imagine that other speakers in this debate will elaborate on that. Our reforms will reduce the risk of consumers being offered credit card limits, the balance on which they are almost certain to be unable to repay in a reasonable period of time.

These are the very real and very practical differences between what we as a government are putting forward against the nothing that the opposition have in mind—because they offer nothing on these issues. They offered nothing in the budget reply. They have offered nothing in relation to the NBN. They offer nothing in relation to carbon pricing. They offered nothing on the floods in Queensland and the means to fund the recovery. They offer nothing to consumers looking for a better deal in banking.

Mr FLETCHER (Bradfield) (16:57): I rise to speak on the National Consumer Credit Protection Amendment (Home Loans and Credit Cards) Bill 2011. In doing so, I observe that there is nothing that gladdens the heart of the Rudd-Gillard government more than a piece of detailed, prescriptive, intrusive microregulation, as it seeks to get its fingers deep into the entrails of the day-to-day conduct of business. There is nothing that gladdens the heart of the Rudd-Gillard government more than rushing out legislation in a furious
burst of enthusiasm, well before the critical detail of how the arrangements will work has in fact been sorted out. Is that not all too familiar a pattern from this government? In the bill that is before the House this evening, I regret to note that we are once again seeing this pattern at play.

Let us be clear: the question is not whether some Australians are offered credit card increases which they are ill equipped to deal with—of course that happens all too often—and the question is not whether there are issues in relation to people dealing with credit who may not be well equipped to do so. The question before this House is whether this particular bill is an effective way of dealing with the problem, because this government assumes consistently that all you need is good intentions. If you genuinely think there is a problem, then bring forward any measure, any package, and that ought to be judged as a success. The real question for the House is whether, as a matter of fact, this is an effective and sensible package of measures. I regret to say that there are serious reasons to doubt that it is an effective and sensible package of measures.

I note that the genesis for this legislation was a deeply political exercise, a package of so-called reforms announced on 15 August 2010, a date you will have no hesitation in recalling, Mr Deputy Speaker Scott, which fell during the middle of the last election campaign.

Substantively, there are some six measures contained in this package, which this bill now seeks to pass into law and some, as we have been pleased to acknowledge, have some merit. Others, I regret to say, have very little merit and could fairly be described as merely being meretricious window dressing designed to pad out a press release.

I seek to make three points in the time available to me this evening. Firstly, to too great an extent, this bill gives effect to a package of measures driven largely by politics, not by policy, and by a political desire to have a package on credit cards. Secondly, much of this bill involves detailed, onerous and poorly thought through regulation, the costs of which look very like to considerably exceed the benefits. The third point I wish to make is that the implementation of this package regretfully has been done in this government's usual shoddy, hasty and imprecise way and, indeed, much of the critical detail is still not yet available, because it is contained in regulations.

Let me turn to the first point—a package driven largely by politics, not by policy. Let me quote some of the more fragrant observations from the press release headed 'A competitive and sustainable banking system', issued by the Treasurer on 12 December 2010. According to the Treasurer this package of measures, of which the measures in this bill form part, will 'give every Australian a fairer go'—I note he seems to be troubled by self-doubt because he is not committing to a fair go, merely a fairer go. He goes on to say in another typical flourish of rhetoric that they 'won't let the big banks off the hook'. If there was ever a clear indicator of the deliberate political intent of this legislation, I think that quote gives the game away.

Again, with a little bit of self-doubt from the Treasurer, he goes on to note, 'There's no silver bullet here,' which might as well amount to an admission that quite a number of the measures in this bill are frankly more trouble than they are worth, that the costs they will introduce exceed the benefits. He nevertheless commits to 'keep working hard to give all Australians a fighting chance'. Again, I wonder how giving Australians a
fighting chance measures up to the standard he set himself at the start of the press release to give every Australian a fairer go.

The thing that really stands out is a classic non-sequitur. We have come to appreciate the non-sequitur as the favourite rhetorical device of the Treasurer of Australia and there is a fine example of a non-sequitur in this press release. Immediately after the statements I have quoted, he goes on to say ‘Vigorous competition is the best way to keep interest rates for borrowers lower over time and create a system that offers real choice.’ I am very pleased to say that I agree with that proposition. On this side of the House, we very much agree with the proposition that vigorous competition in the banking sector, as in every sector, is very much to be encouraged.

But we do ask ourselves the question: how much credibility does this Treasurer have about calling for vigorous competition in the banking sector when, on his watch, there were not one but two very significant bank mergers waved through. St George and Westpac were allowed to merge and the Commonwealth Bank and Bank West were allowed to merge, in both cases approved by the Treasurer of Australia, the same man on whose watch this particular piece of legislation is being brought forward.

The Assistant Governor of the Reserve Bank of Australia, Mr Guy Debelle, noted in a speech last year that, as a result of those two mergers, the major banks' combined market share rose from 60 per cent to over 80 per cent between 2007 and 2009. The reality is that this Treasurer, this Rudd-Gillard Labor government, has presided over one of the most dramatic contractions of competition in the banking sector that we have seen for a very long time, and you do not make up for a significant attack on competition, as this government has been party to, by putting some worthy sentences in a press release.

I would suggest to you that what this government is trying to do with this particular package, these detailed controls on credit cards, is to seek to make up for the fact that in reality competition in the banking sector is considerably weaker than it used to be. If we look at some of these measures, they include prescribing rules for approval of the use of credit cards above a credit limit, restricting credit providers from making unsolicited invitations to borrowers to increase the credit limit of their credit card and introducing a requirement for lenders to put out a key facts sheet for credit card contracts.

I want to make the point that much of this package of measures involves detailed, onerous and poorly thought through regulation, the costs of which can be expected to exceed the benefits. Take, for example, the very broad prohibition against written communications to customers regarding a credit limit increase under the proposed section 133BE. This will not only apply to express offers and invitations to use the legal language; it also has, in practical terms, the effect of capturing any communication to a customer which has the purpose of encouraging the customer to consider applying for an increase. It is very broadly drafted indeed and is likely to prevent not only communications which are objectionable but also communications which are highly desirable. A further question which is raised about the measures contained in this legislation is: why are they necessary, in light of the fact that there is already a very tight regulatory regime dealing with credit limit approvals under chapter 3 of the National Consumer Credit Protection Act?
A further question which might be asked is: isn't there a risk that, by imposing detailed restrictions on the capacity of banks to offer increased credit limits to their customers, the banks will in fact be encouraged to start by offering higher credit limits than they might otherwise have proposed? Isn't there a real possibility that this legislation will end up having the very opposite effect to the one which is proposed?

Another serious concern with this package of measures is that some of the critical detail is not obvious on the face of the legislation, because the legislation simply provides that there will be regulations made regarding these matters—for example, the key provision to be added to the National Credit Code, section 30B, which gives the minister the power to make regulations regarding interest charges.

A further question which might very reasonably be asked is: why is it the case that this legislation is rife with strict liability provisions—that is, provisions under which guilt is simply assumed and the mental state of the person charged with the offence is considered to be irrelevant? One reason why it might be rife is that such provisions appear to be rife in every piece of legislation this government brings forward, because they sit very well with this government's preference for detailed, prescriptive and intrusive legislation. But it is a very good policy question. I note that some of those provisions have been removed from the set of amendments which have been put forward by the government at the eleventh hour, but we still face a very serious and obvious question: why is it that there are simply so many measures contained in this bill which seek to impose strict liability?

The third point I wish to make is to note, with considerable regret, that the implementation of this package has been done in a shoddy, hasty and imprecise way. The exposure draft was released on 3 March, and only two working days were allowed for written submissions to be received by Treasury, even though this bill deals with extremely complex business processes involving the provision of services to millions of Australians and the practical day-to-day management consequences of this sweeping set of changes are very, very substantial.

I note further that, when the bill was first introduced, there was a set of provisions which mandated that every customer of a bank would be automatically provided with a 10 per cent buffer facility. That is to say, in practical terms, their credit limit would turn out to be 10 per cent higher than they and their bank had understood it to be. It was pointed out to the government that that was not a particularly good idea in a piece of legislation which is supposed to prevent automatic or unsolicited increase in credit card limit limits, because it has the substantive effect that you effectively give every customer a one-time 10 per cent increase in their credit limit. It is hard to think of a clearer example of the very shoddy way in which this set of rapidly rammed together measures, dreamt up for political purposes, has been put into legislation.

I note that, as a consequence of this rather obvious point being made to the government, the government has at a very late stage chosen to completely remove the provisions that were in the original bill dealing with this buffer mechanism and has introduced a whole new set of provisions in this area by means of amendment. I suppose we ought to at least acknowledge the fact that the government has conceded the self-evident logical problem in the original set of measures dealing with the so-called buffer facility.
In substance, what we have here is a piece of legislation which contains one or two sensible measures and a range of other measures which are difficult to justify, a set of measures which have been thrown together quickly to meet a political imperative to have a package on credit cards and a package on banking which could be taken to the 2010 election. We have a set of measures, which have been drafted in haste, which deal with very complex business processes affecting millions of people—very expensive to organise and administer—and yet these have been put to the banking industry with quite inadequate time for consultation. We subsequently find ourselves considering a piece of legislation which contains some significant drafting errors, some significant problems of logic and, in some cases, the original premise of which has been almost completely changed by late-in-the-day amendments. The key principle is this: a government needs more than good intentions; it needs detailed, well-worked-through policy.

Dr LEIGH (Fraser) (17:13): The Australian dream of owning your own home is usually only possible through a home loan, yet taking out a home loan can be the biggest financial commitment that most Australians make. Credit cards promise that bit of help to manage the family budget. Whether it is helping to get access to cash in an emergency or helping to pay for those little extras like a holiday, accessing quick and easy credit is an attractive option for most. But, in the excitement of thinking about a first home or a new home, or the possibilities of what can be bought with a credit card or an extended credit limit, the obligations that banks and other credit providers place on consumers can be forgotten.

When you are thinking about moving into your first house, the last thing you want to do is read through the fine print in a dense home loan contract. When you are planning your overseas holiday, you do not read the clause about the additional charges associated with a cash advance. The changes proposed in this amendment are part of a broad suite of reforms that seek to increase fairness for consumers seeking credit, help to better educate consumers about what it is they are signing up for and create a set of uniform laws across Australia.

It can be extremely difficult to work in an area where every day you see people suffering from extreme financial hardship. I would like to use this opportunity to commend the consumer rights advocates in my electorate for their hard work. Some of the groups doing marvellous work include Moneycare, provided through the Salvation Army, Street Law, the ACT Welfare Rights Centre and Care Inc., which includes the financial counselling service and the Consumer Law Centre for the ACT.

My friend Liz Dawson has shown me around Moneycare at their Dickson offices and I have seen how hard they work to provide assistance to people in the community who are under pressure from their debts. Moneycare reminded me that many people suffering from financial difficulty as a result of credit card and home loan stress often end up with depression or anxiety as a result.

Care Inc. is the main consumer law advocacy body in the Australian Capital Territory and also provides advice and assistance to consumers. They wrote a submission on the financial services and credit reform green paper that preceded the range of legislative reforms. They rightly point out that, even though low-income earners carry less debt than high-income earners, the potential for that debt to have a negative impact on their lives, families and general wellbeing was far greater. Here in
the ACT we boast some of the highest living standards in the country. But even in a relatively well-off electorate like Fraser there is still disadvantage, and we need to remember that, even though those generalisations about Fraser might be true for many, they are certainly not true for all.

Care Inc. told me that a local elderly woman on a pension was given a mortgage for the exclusive use of her son to purchase a business. The son was unable to repay the mortgage and the elderly pensioner was at risk of losing her home because of the loan, which she clearly could not service and from which she received absolutely no benefit. Care Inc. also told me that they had a client who was a homeless man living off a credit card. The man was unemployed and had a range of financial and other legal difficulties, yet he was still given a credit card.

In addition to low-income earners suffering from mortgage and credit card stress, financial counsellors agree that in the last five years there has been a significant increase in the number of middle-income earners suffering mortgage stress. One way that we can help people, regardless of their level of income, to avoid financial stress due to debt is to assist them to understand what it is that they are signing up for.

The Gillard government have introduced a range of measures through the National Financial Literacy Strategy—measures that Tony Abbott included in his 'hit list' to pay for the flood reconstruction. The government are doing this in recognition of the fact that this is an important way of helping Australians to understand and pay their debts.

Requiring banks to provide their information in a simpler and more concise format is one part of how the government are helping consumers. We need to remember that the most vulnerable members of our community are the ones least able to access legal advice to assist them to understand their rights and obligations. The most significant changes—the changes that will provide genuine assistance to vulnerable consumers—are requirements to provide consumers with information that is easy to understand.

The key facts sheets to accompany a home loan will enable consumers to better compare home loans and better compare the loans offered by the big banks with loans offered by credit unions and other smaller providers. Potential credit card borrowers will also be provided with a key facts sheet showing interest rates on purchases, cash advances and promotional offers. These facts sheets will help those who do not have the ability to wade through pages and pages of complex legal and technical terms to understand what they are signing up to.

In the House Economics Committee's inquiry into this bill—ably chaired by the member for Dobell—we heard a range of witnesses support this measure. In fact, research by University of Queensland law lecturer Paul O'Shea, referred to in the explanatory memorandum, has taken an innovative approach to assess the impact of simplified disclosure statements. He has shown that, when a sample of respondents were presented with current disclosure statements, only 37 per cent correctly answered a question about the maximum interest rate. With a redesigned disclosure statement, 80 per cent answered the question correctly. On a question about the time to pay off the credit, only 13 per cent gave the right answer when presented with the current disclosure statement, as compared with 100 per cent when given a redesigned disclosure statement. The research provides empirical support for what many of us would have intuitively thought—better disclosure improves customer knowledge.
It is important for us to encourage banks and other lenders to produce their material in a format that is comprehensive yet easy to understand. This is just as important a part of developing financial literacy as teaching consumers how to read complex credit contracts. We are going to ensure that loans are easy to compare by ensuring that all financial providers—banks, credit unions and building societies—have to put their key facts sheets in the same format. That will mean that consumers can compare like with like.

Care Inc., the local service I mentioned earlier, rightly points out that financial service providers can afford lawyers to draft their standard term contracts, whereas the most vulnerable in our society do not have the capacity to obtain legal advice on their rights and obligations prior to entering into credit contracts. Care Inc. also notes that in their experience their clients do not read the contracts in full and several do not even keep a copy of their contract to refer to if required to challenge any of its terms.

The changes to ban unsolicited offers to borrowers to increase their credit limit are also important to help consumers understand their financial obligations. Credit limit increases are targeted to consumers with outstanding credit card balances who are struggling to maintain their repayments. They target people with an immediate need for credit, and agreeing to the offer is often made very easy. The decision to increase credit is not done in a competitive market with an ability to compare interest rates and card features to take the most financially appropriate option. The people targeted by such offers are often not in a financial position to benefit from a competitive market.

Letters offering increases are presented as marketing or promotional material rather than as an application for additional credit. This is misleading. Many consumers assume that the financial institution has done an assessment of their capacity to repay before sending out the offer and they have an unrealistic expectation of their own capacity to repay. The bank nominates the amount of increase and it does not necessarily reflect the financial capacity of the consumer. This is almost a predatory practice that preys on the most vulnerable members of our community. This bill will stop lenders from placing consumers in further financial hardship. I used to think that it was critical to educate people to understand complex financial documents. I thought we should be encouraging citizens to see the importance of carefully reading each and every document, regardless of how dense and confused these might be. But now I take a different approach. My philosophy now is that, rather than forcing consumers to do the hard work, we should be looking at reducing complexity. Why do we need to have confusing documents rather than easy-to-read tables? Sure, there is still a need to understand contractual terms, but a one-page document will enable consumers to understand the most important points, and they will know where to look if they need more advice, detail or information.

There are so many interesting things to do and to read in life: brilliant literature, trashy fiction as a guilty pleasure, movies to watch, sports to participate in and families to spend time with. Why should people be forced to spend their valuable leisure time wading through complex documents? I would rather we encouraged people to read for pleasure, rather than spending excessive time on financial contracts. Put another way: we should look at financial literacy as an obligation for lenders as well as for consumers. Through this bill and previous changes to the National Consumer Credit...
Protection Act, Labor has demonstrated a commitment to eradicating predatory lending practices and promoting better information for consumers. As the Treasurer said in his second reading speech, this bill 'is part of our commitment to always stand on the side of consumers'. I commend the bill to the House.

Mr TEHAN (Wannon) (17:23): With your indulgence, Mr Deputy Speaker Scott, I would like to recognise in the gallery today a delegation from the Catholic Church. I would like to recognise, in particular, Bishop Peter Connors, who looks after the pastoral care in my electorate of Wannon and does so very well. I would also like to recognise some other friends, particularly of the Tehan and O'Brien families, who have known my family for many years; on your indulgence, Mr Deputy Speaker, I welcome them to the gallery this evening.

I rise to speak on the National Consumer Credit Protection Amendment (Home Loans and Credit Cards) Bill 2011. There are five points I would like to make on this bill. One is that the coalition will not be opposing it. Amendments have been made; many which are embarrassing for the government have had to be made at the 11th hour and highlight the deficiencies, sadly, in their approach to decision making.

In many ways, this bill was heading down the path of many others that have come into this chamber in that the unintended consequences had not been thought through. Industry and institutions warned on a number of occasions throughout the legislative process that some of the elements contained in this legislation would have unintended consequences—a fact that the government has chosen at the last minute to recognise but still has not recognised in a comprehensive way. The coalition believes that the government's approach of imposing additional regulation and interfering in the commercial decisions of banks is not the preferred approach to addressing market deficiencies. What we are calling for, and I will take this opportunity to call for now, is a full root-and-branch review of Australia's financial system. This was set out in the coalition's nine-point banking plan, put forward by the shadow Treasurer over eight months ago and which, in many ways, has led to the bill before us today.

I would like to go into some detail about the coalition's nine-point plan because it has set the platform for the bill before us today. In many ways the Treasurer has been dragged, kicking and screaming, to present this legislation as a result of what the coalition put forward. When we hear that the coalition is not setting a positive agenda, I think this issue makes nonsense of that claim. In many ways our nine-point banking plan has led us to see these reforms being introduced today, some of which have merit and some of which do not.

In our nine-point plan, we set out that we wanted the ACCC to have the power to investigate anticompetitive price signalling. We were prepared to, and did, put forward a private member's bill on that. We encouraged APRA to investigate whether the major banks are taking on unnecessary risks in the name of trying to maximise short-term returns that conflict with the preferences of those who backstop the system—namely, the taxpayers. We wanted to mandate the RBA to publish regular, rather than irregular, reporting on bank net interest margins, on returns on equity and on profitability so that we can all determine whether the major banks are extracting monopolistic profits. We wanted to investigate whether we could allow Australia Post to make its 3,800 branches available as distribution channels for small lenders. We wanted to ask the Treasury and the RBA to investigate ways to further improve the liquidity of the
residential and commercial mortgage backed securities markets, which are an alternative source of funding for small lenders, including consideration of the coalition's proposal to extend the government's credit rating to AAA rated commercial paper in those markets to improve liquidity to further help the small end of town.

We wanted to explore further simplification of the Financial Services Reform Act to make getting out and doing business easier and simpler, so rather than introducing more red tape, as this bill does in parts, the idea was to reduce it. We wanted to direct APRA to explore whether the risk weightings on business loans secured by residential properties are punitive. The idea would be to ensure that small businesses received sufficient financial benefit from pledging their family homes to secure their borrowings. We wanted to resolve the debate about whether the banks should be able to issue covered bonds, in the same way that other jurisdictions allow their banks to issue them, which would provide a more affordable line of credit. Most importantly, we wanted to have a full review of the financial system.

It is now 13 years since the last major review of banking. The Wallis review brought forward substantial reforms in the banking sector. It is high time that we had another review into the banking sector because reform is necessary, but it needs to be done in a way that we think through sensibly how the banking system needs further reform driven through it and what the policy approach should be, and it needs to be done in a way that makes sure we take into consideration the unintended consequences. As I said, the coalition put forward its nine-point plan. We could talk, as I have highlighted here, about the various merits of points one to eight and whether some were necessary and some were not. But I think the last point, the one about a root-and-branch review of our banking regulations, should be supported by everyone in this House. Two months after the coalition put forward its plan, we had the Treasurer dragged, kicking and screaming, to announce his own policy approach in this area. That is what led to this bill before us.

There are a couple of specific items in this bill we need to discuss. The first is the banning of exit fees on new floating rate mortgages. The coalition has said that the government has not thought through this part of the bill. We are not arguing that there is not an issue with exit fees. What we are saying is that there should be a choice. This is particularly important for small lenders—and we get a lot of these out in regional and rural areas. The only way they can protect themselves from the major banks is to have exit fees; otherwise, the major banks, if they are being successful, have the opportunity to move in and offer better rates for a short period of time and take borrowers from these smaller lenders.

So what we are arguing about here is choice, and choice for smaller lenders in particular—the type of lenders who are found in my electorate of Wannon and out in regional and rural Australia. These smaller lenders are trying to compete with the major banks. Sometimes, in order for them to be able to offer lower interest rates, they need to be able to put exit fees on. It gives them the protection they need as smaller lenders. So that is what we are arguing here; we are arguing about choice, about allowing smaller lenders to remain competitive in the market, about enabling them to compete with the major banks. One of the things that they need to be able to do, in some instances, in order to provide that competition is to put exit fees on. We are not saying that there is not an issue with exit fees; we are saying that, in some instances, smaller lenders in particular
should be given the choice of using them. That is the point we are making on this issue.

The second point I raise today is about the introduction of fact sheets. The requirement for these fact sheets will now come into effect two years after problems with competition in the banking sector were first raised. Once again we are seeing the government come up with a solution two years after the problem was first identified. And now they are having to backtrack and put an amendment into this bill at the last minute to give the banking sector and other financial institutions enough time to introduce these fact sheets. The fact sheets are designed to provide simple information to borrowers so that they know exactly what they are getting themselves involved in. These fact sheets could be important in making sure that borrowers have a simple way to choose between lenders. But you also have to take into consideration that, in introducing a bill like this, you are putting requirements on our financial institutions. Those financial institutions have to be given sufficient time to enable them to produce these fact sheets in a timely manner and in a manner which will not lead to them being rushed and will not lead to the fact sheets failing to do the job they are intended to do.

Sadly, the government has had to move back the date on which the requirement for these fact sheets will come into effect. It will now be 1 January 2012. One has to ask why it has taken so long for the government to get these bills before us and why it has taken it so long to undertake the necessary discussions with the financial institutions to get agreement on what these facts sheets should look like and what should be in them. One also has to ask why the fact sheet requirements are to be introduced by regulation rather than in the legislation. Once again we are seeing the government bring forward a bill where most of the detail—it is especially so in this case—is in the regulations and not where it should be. It should be in the bill proper so that we get a chance to fully examine it and, if necessary, pass amendments to make sure that there are no unintended consequences.

When the government came into office, it committed itself to taking a regulation out for every regulation introduced. One of the things that disappoints me, in standing in the House today and delivering this speech, is that we are not seeing regulation being removed as regulation is being put in. From what I can gather, the Gillard government is now operating under a system whereby there are 220 pieces of regulation brought into the House for every one being taken out. I know that some Rudd policies have been dumped—some of the policies he implemented have not worked and we have had to move away from them. But that commitment, made before Prime Minister Rudd was elected in 2007—that might be a Freudian slip there; I mean 2007—that for every piece of regulation that came into this House one would be removed, was very noble in its cause and is one which the coalition has supported. It is one which we would have liked to have seen the government support in the introduction of this bill. This bill is regulatory and we need to keep in mind that the more we regulate, the more business costs we put on all our financial institutions. And any costs we impose on our financial institutions, they have to get back from somewhere. Ultimately, that usually comes from the borrower and can mean increased interest rates.

I will make one final point on this bill, and that goes to the Treasurer. The Treasurer has said that this legislation will not be a silver bullet; but, at the same time, when he introduced these reforms, he said that they would drive interest rates lower. We only
have to go to the front page of the Australian on the day that these reforms were introduced to see that they were aimed at driving interest rates lower. It will be very interesting to see, now that the legislation has come into the House, whether in fact that is what they will do. Sadly, given the government's wasteful spending, we are hearing from the financial market that interest rates are likely to rise rather than decrease in the next six months. But let us hope that the Treasurer will work wonders and this bill will do what he is on the record as saying it will do—and that is drive interest rates lower. We on this side of the House will be holding him to that commitment, especially over the next six months. Cost-of-living pressures are going up and the last thing that Australian communities need and the people in the community of Wannon need at this stage is further interest rate rises, especially when they are the direct result of the wasteful spending that this government has engaged in and the fact that the government has not been able to show budgetary discipline and bring the budget back into surplus sooner than forecast for 2012-13.

Mr STEPHEN JONES (Throsby) (17:38): Never has there been so much negative carping in the process of saying yes. The National Consumer Credit Protection Amendment (Home Loans and Credit Cards) Bill 2011 is good legislation. This legislation is definitely in the interests of the working people that I represent in the electorate of Throsby, and I would like to take a few moments to explain why. I will start by going to the evidence that was presented to the House of Representatives Standing Committee on Economics—a committee which I sit on. This evidence, given by Ms Karen Cox, the coordinator of the Consumer Credit Legal Centre, outlines why some of the measures in this bill are necessary.

In evidence before the committee, Ms Cox said:

... there is no doubt that credit cards are an enormous cause of pressure on families, and we have seen countless examples over the years of people on very low incomes who have accepted a series of credit limit increases.

She went on to explain that there was indeed a problem, particularly with people on modest incomes who have had considerable credit card debts, and that it was those debts that were leading to financial stress.

This evidence certainly aligns with some of the stories that I have heard in my electorate—even as late as last weekend, when I had the great pleasure of visiting the offices of the St Vincent de Paul Society in Oak Flats in my electorate. I spoke there with one of the managers, Ms Linda O'Rourke. In the process of speaking to her about the $500,000-plus that the Commonwealth government has provided to St Vincent de Paul in Oak Flats to assist with emergency services grants, we had a discussion about the importance of financial literacy. Ms O'Rourke impressed upon me that there was indeed a great need for improved financial literacy amongst the working people in our electorate, particularly those who from time to time have to avail themselves of the services of St Vincent de Paul because they have maxed out their credit cards, they have found themselves in financial stress and they need assistance to pay the bills or to put some food on the table.

This legislation is good legislation. It is good legislation for everyone who has ever walked out to their letterbox and found it chocker-block full of direct marketing mail from a credit card company, offering them an increase in their credit limit. It is good news for consumers, owners of credit cards, who on a week-to-week or monthly basis put additional money on their credit card thinking that in doing so they were going to
reduce their interest payments, only to find that the money had not been allocated to the highest interest bearing portion of their loan and that they had been whacked with an interest payment much higher than they had expected. It is good news for the consumers out there who are concerned that they can get all the marketing information that they could ever imagine from banks and financial institutions but not the sort of concrete information which enables them to get a real handle on the cost of the loan and how it compares with that from another institution. So it is good legislation, and it should enjoy the support of all members in this place.

Let us go to a few of the features which address the problems that I have outlined. The first is the home loan key facts sheet. The bill will introduce a requirement for lenders to give borrowers a simple one-page key facts sheet—revolutionary stuff, Mr Deputy Speaker. You have to wonder why this is not happening right now, but it is not. There is a one-page key facts sheet for home loans and for credit cards to enable people to assess the full cost of the loan, to compare it in standard form to those of other financial institutions and to shop around and get a better deal. The aim of this measure is to ensure that, when a potential home borrower is applying for a mortgage, it is easier for them to compare what each lender is offering them. It is very difficult to see why any fair-minded person would oppose such a measure. Indeed, as I have said, it is nothing more than militant good sense. We also believe that the transparency and the uniformity provided in these key facts sheets are going to encourage greater competition between financial institutions because the consumers will be able to compare like with like.

The second component that I would like to talk about in relation to this legislation goes to credit card repayments. This bill delivers on the Gillard government’s election commitment to crack down on unfair treatment of Australians with credit cards and to help them get a better deal in the banking system. The bill will give credit card holders more control over the amount that they borrow and will also ensure that they are not charged excessive fees. It will do this by regulating the circumstances in which borrowers can go over their credit limits and abolishing fees when they do so unless the consumer has consented to opt in to a system which extends their credit in this circumstance.

This bill will also mean that credit card providers will be required to allocate repayments—and this is critical—to the higher interest bearing debts first so that families will not need to pay more interest than they otherwise should. Currently consumers do not have any control at all over how their repayments are allocated, meaning that lenders will often use repayments to pay off the part of a loan that is only incurring low or indeed no interest at all. So it is good legislation and it enjoys the support of the House.

This bill will ban unsolicited credit limit extension invitations that encourage borrowers to increase their credit limit. These unsolicited offers of additional credit can result in consumers ending up with high credit limits and often high levels of debt. We know that interest charges on credit cards are quite high. They are good money spinners. I do not take anything away from the financial institutions that offer these products. They are a critical service in our economy. But we believe that where credit is offered it should offered responsibly. That should include the offering of additional credit or the raising of credit extensions.

Another measure in this bill will require application forms for credit cards to include
a key facts sheet that clearly provides information about the credit card, including the interest rate on purchases, cash advances, the annual fee and any other relevant fee or charge. Again, this measure is quite simply about increasing transparency and empowering consumers. So it is difficult to see how many of those on the opposite side of the chamber could find a reason to criticise this particular initiative. You have got to wonder why this is not already happening as a matter of good commercial practice.

Let’s talk about overlimit fees. It is not hard to exceed your credit limit, and indeed this can often happen inadvertently. In most cases, credit card providers allow accounts to go over the credit limit and then apply a fee for exceeding this limit. The measures in this bill will limit the amount by which the credit limit can be exceeded to 10 per cent above the credit limit at the discretion of the lender. The fee for exceeding the credit limit will be abolished. To ensure that there are no unintended consequences from this measure, consumers can decide to opt out of this default buffer if it helps them to manage their finances better, or they can ask for a larger buffer if that is best for their individual circumstances.

These measures go some way to put in place some sensible regulation on consumer credit in this country. In closing I make the observation that, unlike many of the financial systems around the world, our banks and our financial institutions are incredibly well managed and incredibly well regulated. It is the fact that successive governments in this country have put in place sensible regulation of our financial institutions that has ensured that, unlike in many other countries in our region and around the globe, we did not see the failure of our financial institutions as the world went through the global financial crisis. That does not mean that we should rest on our laurels or that we should not be continuing to review and improve the operation of our banking and financial institutions. The measures in this legislation are a modest addition to that ongoing review and improvement. I commend the legislation to the House.

Debate adjourned.

MINISTERIAL STATEMENTS
Australia’s Offshore Oil and Gas Resources Sector Security Inquiry

Mr ALBANESE (Grayndler—Leader of the House and Minister for Infrastructure and Transport) (17:49): Mr Deputy Speaker, I ask leave of the House to make a ministerial statement relating to Australia’s offshore oil and gas resources sector security inquiry.

Leave granted.

Mr ALBANESE: I thank the opposition. I wish to take this opportunity to update the House on the progress of the inquiry, which the government announced early this year, into the security of our nation’s offshore oil and gas facilities being conducted by the Inspector of Transport Security, Mick Palmer AO APM. Mr Palmer has recently reported to me that his inquiry is progressing well and that he is receiving outstanding cooperation and support from the oil and gas industry. Mr Palmer formally launched the inquiry with a briefing to the Australian Petroleum Production and Exploration Association (APPEA) board in Perth on 10 April 2011 during their national conference.

The inquiry, which is the first-ever comprehensive review of our nation’s offshore oil and gas facilities security, is in response to the growing threats from international terrorism and piracy. It is important to note that, while at this time there is no known specific threat against any of our facilities, in light of the current global security environment it is crucial that we
remain vigilant and take all reasonable steps to ensure our security preparedness and arrangements are equal to any emerging threats. An act of terrorism against any offshore facility in or near Australian waters would be not only extremely damaging to our natural environment but also very costly to our economy. This growing sector already employs more than 10,000 Australians and generates over $22 billion in annual export earnings.

Australia's reserves of oil and gas are concentrated offshore in the north-west of Australia, Bass Strait and the Timor Sea. The development of these oil and gas resources has raised Australia's international profile in global oil and gas production, but such a profile may also attract undesirable attention in highlighting Australia as a potential target for terrorism or other criminal acts including piracy. Add to this the fact that current exploration and production activities in Australia are moving towards deeper and more distant waters, in increasingly remote offshore locations, and the critical importance of continuous vigilance in regard to the issue of security becomes obvious.

Consequently, the Inspector of Transport Security is assessing the quality and effectiveness of current security arrangements in regard to the offshore oil and gas resources sector together with the response capabilities of resource operators and government to any security incident or attack on offshore oil and gas exploration and production infrastructure. Specifically, the inquiry is looking at:

- Possible sea and landslide security gaps and areas for improvement;
- The economic and environmental cost of a violent takeover of any offshore oil or gas infrastructure;
- Coastal and high seas shipping routes used in the transport of oil and gas products;
- The supply and support of offshore platforms and facilities used to deliver building components for offshore oil and gas fields.

Due to the wide-ranging nature of the inquiry, I wrote to all of the relevant federal, state and territory ministers together with peak oil and gas bodies, ship owners, port operators and operators of offshore facilities.

This support has been forthcoming and as a consequence, the inquiry is being conducted in consultation and close cooperation with a range of federal and state/territory agencies including particularly the National Security Advisor, and with the active support of the federal Attorney-General, the Minister for Resources and Energy and the Minister for Defence.

Additionally, letters of support have already been received from the Northern Territory Minister for Transport, together with positive industry responses from APPEA and a wide range of industry corporations including ExxonMobil, Woodside, Apache Energy, BP Developments Australia, Shell, Beach Petroleum, Chevron Australia, Inpex, ENI, BHP Petroleum and PTTEP.

APPEA is also providing physical support to the inquiry in the form of two liaison officers to work closely with the inquiry and to facilitate policy and security level meetings and site inspections both within Australia and overseas.

The operational phase of the inquiry commenced with site visitations in the Bass
Strait, and further domestic discussions and site visitations are planned for the Northern Territory, Western Australia and Timor-Leste during the June-August period.

International policy meetings in the United States have commenced with the support and cooperation of the US Government Accountability Office, the United States Coast Guard, and the US Bureau of Ocean Energy Management, Regulation and Enforcement, with the Inspector of Transport Security leading an inquiry team to the United States last month.

Mr Palmer is due to provide me with an interim report in late 2011 but I anticipate, due to the nature and width of the inquiry and the logistical difficulties associated with aspects of many of the site visitations, that the inquiry will not be completed until the latter part of 2012.

I recommend the inquiry to the House and put on the record the appreciation of the government for the unqualified cooperation and support being provided to the Inspector of Transport Security by the states and territories and the oil and gas industry.

I ask leave of the House to move a motion to enable the member for Wide Bay to speak for six minutes.

Leave granted.

Mr ALBANESE: I move:

That so much of the standing and sessional orders be suspended as would prevent Mr Truss (Leader of The Nationals) speaking in reply to the ministerial statement for a period not exceeding six minutes.

Question agreed to.

Mr TRUSS (Wide Bay—Leader of The Nationals) (17:56): I welcome the minister's report on the security inquiry into Australia's offshore oil and gas industry is vital for Australia's future energy security. As the minister notes, the industry employs some 10,000 Australians across the country. Offshore oil and gas production provides a major input into our economy and its infrastructure is of critical national importance.

There are around 170 oil and gas production platforms in operation around the Australian coast, from the Timor Sea, to the North-West Shelf, to Bass Strait. As we all know, some of those oil and gas platforms are actually a long way from our coastline. Australia's gas production for domestic and export markets continues to increase every year; however, petroleum liquids production is still falling. In 2000-01 Australia produced 272.4 million barrels of petroleum liquids. By 2009-10 this had fallen to 186.9 million barrels.

There is further scope for exploration and appraisal drilling to address the growing demand for petroleum liquids, although significant prospective areas offshore are out of limits because they are in national parks, in particular around the Great Barrier Reef, and so we will never know whether or not there are winnable resources in such areas. While Australia accounts for approximately 0.6 per cent of the world oil supply and 1.5 per cent of the worldwide demand, our oil and natural gas accounts for nearly 56 per cent of primary energy consumed in Australia.

With the rise in international piracy and the threat of terrorism, it is certainly timely to revisit the security requirements in place to protect our offshore oil and gas assets. Last year, pirates were involved in an unsuccessful attempt to attack and take over an oil rig off the coast of Nigeria, with a firefight erupting between the Nigerian navy and the pirates. As the minister notes, there
is no suggestion of a particular threat against any oil and gas platform in Australia but vigilance is certainly necessary.

It is clear that a potential security threat would be extremely damaging to our national economy and affect our energy security if it were in fact to succeed. I note that the inquiry by the Inspector of Transport Security, Mick Palmer, will examine a number of important matters and report on potential improvements to our offshore oil and gas security regime. When the minister announced the inquiry on 1 February 2010, a draft report was due to be provided in late 2011. But I understand that is now to be an interim report, with the final report due out in the second half of 2012, which is quite a long time away. While it is important to get all of this right, it deals with national security, it should be noted that it does look somewhat like another one in the long list of delayed reports by the Labor government.

There are also some policy conflicts here. While the inquiry is welcome, this report comes while the parliament is still considering the current budget, which slashes $21 million for aircraft surveillance of our coastal waters, which will result in 950 fewer hours of aerial surveillance each year. That does seem to me to be a bit inconsistent because, if we are seriously interested in security and assessing what happens in these particular production areas, the surveillance aircraft may well provide the first alert. There is also a wind back in other areas of border protection by this government. Almost every budget has cut the resources available for airport security and for customs and quarantine.

The coalition will always support sensible moves to enhance our maritime security regime. The coalition has a history of proposing and supporting sensible measures to enhance our maritime security regime and in this case the security of our offshore oil and gas assets. For example, in 2005 the coalition amended the Maritime Transport Security Act 2003 to require operators to write and follow security plans, including security risk assessments, and develop preventative strategies to manage risk. The coalition in government had a strong record of securing Australia's borders and strengthening security requirements across the maritime industry, including our offshore oil and gas assets.

The industry is of vital significance to Australia's economy. In addition to being a major employer, it is an important part also of our energy security. We must do what we can as a nation to keep these valuable resources, and the infrastructure that services them, safe and particularly protect them from any risk of terrorism, pirating or other dangerous activities. So I commend Mr Palmer. I note with satisfaction the cooperation that the industry are giving to this inquiry, because they also recognise how important it is to keep their valuable assets safe.
BILLS
Australian Transaction Reports and Analysis Centre Supervisory Cost Recovery Levy Bill 2011
Trans-Tasman Proceedings Amendment and Other Measures Bill 2011
Governance of Australian Government Superannuation Schemes Bill 2011
ComSuper Bill 2011
Superannuation Legislation (Consequential Amendments and Transitional Provisions) Bill 2011
Returned from Senate
Message received from the Senate returning the bills without amendment or request.

Australian Transaction Reports and Analysis Centre Supervisory Cost Recovery Levy (Collection) Bill 2011
Consideration of Senate Message
Bill returned from the Senate with an amendment.
Ordered that the amendment be considered at the next sitting.

Australian Transaction Reports and Analysis Centre Supervisory Cost Recovery Levy (Consequential Amendments) Bill 2011
Consideration of Senate Message
Bill returned from the Senate with an amendment.
Ordered that the amendment be considered at the next sitting.

MOTIONS
Parliament House: Energy Use
Consideration of Senate Message
Message received from the Senate informing the House that the Senate had agreed to the following resolution:
That the Senate—
(a) notes there is multi-party agreement that the need for action on climate change is urgent; and
(b) calls on the Parliament to join the Do Something! energy efficiency campaign, 'The 10% Challenge', and reduce energy use in Parliament House by 10 per cent.
Ordered that the message be considered at the next sitting.

BILLS
National Consumer Credit Protection Amendment (Home Loans and Credit Cards) Bill 2011
Second Reading
Debate resumed on the motion:
That this bill be now read a second time.

Mr CIOBO (Moncrieff) (18:04): I am pleased to rise on the National Consumer Credit Protection Amendment (Home Loans and Credit Cards) Bill 2011, not because I am fervently in support of the bill but more broadly because I believe in policy measures that in broad terms are supportive of improving consumer protection and enhancing consumer transparency. When it comes to the single biggest credit items that affect most consumers and most people in the community, home loans and credit cards are among them. That said, the government's bill that is currently before the House is not a bill that the coalition will be opposing, although it is also not a bill that we are completely supportive of.

The reality is that, in typical Labor fashion, the bill that is before the House
wades its ugly way into the marketplace and sets about ensuring that there are a whole raft of new legislative protections, as they are labelled, to try to policy-manage and effectively legislate their way to a better market outcome. The question is: could this have been achieved through other methods? We had raised a number of concerns when the first iteration of this bill was put before the Australian public. We raised concerns about the approach that Labor was adopting. At the time the government said that our concerns could not be incorporated into the legislation because they would have undermined and eroded the value of the legislation as the Labor Party saw it.

What we have seen though, following an inquiry into this particular bill by House of Representatives Standing Committee on Economics, a committee of which I have the great fortune of being deputy chair, is that a number of the recommendations the committee has put forward and a significant amount of the evidence that came forward from witnesses before the committee have now been incorporated at the eleventh hour into the bill before the chamber this evening. So it has come to pass that a large number of the reforms which were sought by the coalition and which were ruled out by the Labor Party have now been incorporated into the legislation which we are currently debating. That said, though, in broad terms—let me stress that it is in broad terms—I am supportive of measures that are contained within the bill to do a number of key things. The first is the requirement for lenders to provide key facts sheets for standard home loans as well as for credit cards. These are important measures which enhance consumer protection insofar as they provide what is effectively a ready reckoner. The reality is that consumers receive great wads of information. My constituents on the Gold Coast in my seat of Moncrieff and all of us in this chamber know that when you have interactions with banks, when you have dealings with financial houses, you receive wads and wads of paper: statements of advice, policy disclosure statements and all those types of items. To be able to distil it down to its most basic elements, which is effectively what the key facts sheet does, is a welcome addition to the arsenal that consumers have when it comes to determining which is the best home loan or credit card, what the pitfalls are and what the various charges associated with that credit card or home loan are. In that respect I welcome it.

There are of course some other reforms that have been made with respect to prescribing rules for approval of the use of credit cards above their credit limit, specifying an allocation hierarchy for payments made under credit card contracts and restricting credit providers from making unsolicited invitations to borrowers to increase the credit limit of their credit card—as well as introducing a requirement for lenders to provide a key facts sheet for credit cards, as I said. A number of these subelements of the legislation are important because they have a material impact on the functioning of credit providers. In particular, one is straightforward and is supported by this side—that is, the specification of an allocation hierarchy for payments made under credit card contracts. It is certainly worthwhile that there be an allocation hierarchy such that repayments made on credit cards go to paying down the debt that attracts the highest interest rate. That is a smart step. It is a step that we are supportive of. It is a step that is proconsumer and therefore of benefit.

But also contained within this legislation are issues of concern. One of them, which has now been amended at the eleventh hour, was about rules surrounding the use of credit
cards above their credit limit. I am Deputy Chair of the Standing Committee on Economics. We heard evidence from a number of witnesses that highlighted their concern about what the impact of Labor's legislation would have meant. In the first instance—this was an obvious concern and one that I raised with witnesses as well—was the issue about whether, as a consequence of Labor's legislation, we would see a situation where credit providers provided a higher than usual credit limit to a customer, expecting that subsequently they would be unable to raise the credit limit unless they had jumped over all the hurdles that this legislation effectively put before them. The clear and unequivocal answer from witnesses was: yes, the consequence that was most likely as a result of this legislation would have been a higher initial credit limit. So one could rightly wonder why the Labor Party was undertaking this.

Certainly, as with many things Labor attempts to do, it is driven by a sense of purity. I guess, in some respects about the outcome that is being sought. The reality is, though, that the application is often worse than the affliction which Labor is attempting to address in the first instance. That was the case with the original iteration of this legislation. Now that has been amended so that consumers can give their consent to there being, for example, additional fees and charges associated with going over their credit limit as well as with respect to the way a credit limit is assigned in the first place. In that sense, I am pleased that the Labor Party has seen the common sense that was put forward by the coalition and incorporated those changes into the legislation.

A second aspect of this that causes me some concern is with respect to so-called unsolicited invitations. The reality is that anyone who watches some television, listens to some radio or reads some newspapers sees advertising for all manner of products and services. It is part of daily life. When you drive in your car, you see billboards. When you turn on the television, you see advertisements. We are not compelled to race out and purchase all those items as a consequence of seeing advertising. Indeed, for the manufacturers and service providers that are advertising in a market economy, I think it is part of their routine business. In fact, I think most people have become desensitised to a large extent to advertising. Yet for some reason the Labor Party takes the view in this legislation that we are able to withstand advertising in all manner of other things but not when it comes to credit card limits. When it comes to credit card limits, apparently we are all suckers and immediately sign up to increasing our credit limit on our credit card.

Given that there are criminal sanctions under the legislation, at least in its first iteration, which apply as a result of an unsolicited invitation to increase your credit limit, you have to start scratch your head about whether or not this is a little heavy-handed. My personal view is that it is heavy-handed. My personal view is that it is crazy to be saying to financial lenders, 'Don't you dare provide an unsolicited credit offer, because if you do that then you're in breach of the legislation, and if it is a personal employee they're in breach of the legislation and potentially subject to criminal sanctions.' It is madness. Why is it that consumers apparently have the ability to discern what they should consume when it comes to other products and services but they cannot do it with respect to credit cards? I think it is one bridge too far. I think it is unnecessary. In that sense, I certainly have some concerns. It also lacks common sense.
Again, a key part of the testimony from witnesses before the committee when we undertook the inquiry related to whether or not it was commercially sound for a financial lender to lend a consumer more money than that consumer was able to pay back. Of course the answer is no. That is not a sustainable business model. The reason most borrowers are not in a situation to repay their debts is typically because of a life-changing event like the loss of employment. That typically is the reason why people get themselves in hot water, and it is often unforeseen. Given that that is the key driver of many of the defaults, especially of credit card borrowers, you have to question why this subelement of this legislation is necessary. Given that it is commercially unsound to do it, and therefore you would assume that there is not a demand in the marketplace for it, why would it happen?

That is not to say that there are not some fly-by-night operators, and there has been some evidence that there has been at a very minor level. So again the question is: why regulate an entire industry when you are attempting to address a very small percentage of those that are effectively, for lack of a better term, breaking the rules and operating in an unsustainable way? That notwithstanding, I guess it provides the opportunity for the Labor Party to beat their chests and claim they are all about the consumer and all about empowering people. But what consumers need to know is that they end up paying for all this red tape, they end up paying for all these protections, they end up paying in some way, shape or form for all of the compliance that is associated with all of these additional regulations. It is consistent with the big government approach of the Labor Party.

However, I outline, as I said, that there are a number of aspects that I am broadly supportive of, especially with respect to the key fact sheets and particularly with relation to the allocation hierarchy for payments. In that sense, whilst I certainly do not commend the bill, as a member of the opposition I am also not totally opposed to it.

Mr PERRETT (Moreton) (18:15): I rise to speak in support of the National Consumer Credit Protection Amendment (Home Loans and Credit Cards) Bill 2011 and note the support, broadly speaking, of the member for Moncrieff. I commend him on his contribution. I am sure that when the Turnbull tide returns he will be promoted to the front bench.

Mr Bowen: Shadow Treasurer.

Mr PERRETT: Yes, shadow Treasurer perhaps. This bill delivers on our election commitment to get a better deal for consumers with credit cards. Any Labor member or anyone representing any seat knows that this is a huge issue. Whilst it is very easy for the member for Moncrieff to talk about pure markets and ability to say no to advertisements, the reality is that with credit it is a slightly different market. It is a bit like the carbon price: there are some times when the market does achieve the best things and occasionally we need to have the hand of government in there.

I note that in April this year there were 14.8 million credit cards in circulation in Australia, with a total credit limit of almost $135 billion. In April the credit card debt of Australians was $49.3 billion and Australians made many millions of purchases on their credit cards. I would like to go on the record and note that less than half of those purchases in April were from my wife!

Mr Bowen: Is she listening?

Mr PERRETT: I am hoping not. And in April we had the Easter holidays, so there was at least one day when most of the shops were closed down. But still there were all
those purchases. That credit card debt in April was $49.3 billion and if you go back to December you have that Christmas spike when it was up to $158.9 billion. So obviously credit cards are an important part of their daily lives for many people.

The legislation before the House is not about bashing the banks but is about ensuring that we have a regulatory framework in place to protect consumers from excessive fees. It also gives them greater control over how much they borrow. Rather than just let the market rip, it is important to have controls and some checks and balances. This is in response to growing community concerns about some bank behaviours and this bill therefore amends the National Consumer Credit Protection Act 2009. Firstly, the bill changes the way banks apply credit limits. Currently banks allow credit accounts to exceed credit limits and then charge an over-limit fee. These fees alone cost consumers $225 million a year. With about 22 million Australians, that is about $10 each just in the over-limit fees. This bill limits the amount credit accounts can go over to 10 per cent above the credit limit and abolishes the fee when they do. Consumers can also opt out of this buffer if that is best for them or they can negotiate a larger buffer, which would be subject to a fee. This measure strikes the right balance. It prevents banks from slugging consumers with excessive over-limit fees and empowers consumers to choose whether they can go over their limit. As I said, at the moment there is about $10 in fees for every man, woman and child in Australia. Hopefully not everyone in Australia has a credit card, but still it is a significant amount. This bill also requires credit card lenders to allocate repayments first to debts with the lowest rate. It is expected that this could save consumers around $360 a year, depending on their spending habits.

This bill also includes measures to help protect consumers from excessive debt. It does so by banning unsolicited credit limit extension offers being sent to credit card holders. I did a bit of a survey today, knowing that I was going to deliver this speech, to find someone that had not been given a credit card offer. Irrespective of your income, how many people have been made these offers? This is just my little snap survey, admittedly—I did not wander into the Liberal Party room today and talk to them—but the norm seemed to be that people's credit limit was doubled as a matter of course. They were able to immediately double what they were able to rack up. Now lenders will not be able to send offers to extend credit limits unless consumers have already agreed to receive these offers. To placate the concerns of the member for Moncrieff, you will still be able to tick the box and be sent offers if you are comfortable with that.

We all know it is quite enticing the way these offers are sent out. In Catcher in the Rye Holden Caulfield talked about the fact that everyone wants to be in a club and the more exclusive the club the better people feel about themselves—so the bronze club, the silver club, the gold club, the platinum club—and sometimes it is a case of offering to change you from a gold to a platinum, yet it does not really change anything except the colour of the card, but people mistakenly feel they are in a more exclusive club. I am not sure what sorts of colours and metals they progress on to, but everyone likes an exclusive club and the people who offer credit cards understand that. It is a bit like Calvin in Calvin and Hobbes offering to build a cubbyhouse only for boys. This will
provide some protection for consumers, who can easily end up with a credit limit they cannot afford. We all know that if someone receives a credit card offer at the same time as losing their job or their circumstances change they may make a short-term decision that will get them out of trouble for a few payments but obviously, in the long term, at the higher interest rates that are attached to the credit cards, the debt chases hardship and ends up compounding the problems.

This bill also introduces a new requirement for lenders to include on credit card application forms a facts sheet with a clear summary of key account features. This is a long overdue measure that will give consumers important information including the annual fee; the interest rates on purchases, cash advances and promotional offers; and other relevant fees. We have all been sent the product disclosure statements, but if we did a survey I wonder how many people, including lawyers, would have actually read all of the product disclosure statements they receive in the mail. It would be a very small percentage I would suggest. It should be incumbent upon banks to ensure that their customers are fully informed about this kind of information so they can make an informed choice when selecting a credit product. The clear summaries are a great feature. This information should not be buried in complex terms and conditions booklets but should be made obvious to consumers as part of the application process.

In the past I have gone through the PDS and crossed out the odd paragraph every now and then and returned it. I have done it a couple of times and never actually received any comment back from the people. So, maybe consumers are not reading it and the people who send out the information are also not reading it. The key facts sheet mandated by this bill will ensure more appropriate disclosure to consumers. *(Quorum formed)*

I promise I will not say nice things about the member for Moncrieff again, if that was the reason for the quorum call!

The bill requires lenders to provide a key facts sheet to set out the costs of home loans to allow consumers to more easily compare home loan products.

It is no surprise the banking sector is not overwhelmingly behind this bill. The Australian Bankers Association have come out swinging, but I do not think we need worry too much about our banks or lose too much sleep over them. The 'big four' have reported first-half-yearly profits—so, just six months—of $11.9 billion, which is about $540.91 for every Australian. The Commonwealth Bank posted $3.3 billion profit to December 2010, NAB earned $2.67 billion, Westpac a cool $3.16 billion and ANZ's six-month profit was up a massive 38 percent to $2.66 billion. No-one is suggesting the banks should not be profitable, and I think most of us would agree that the strength of the Australian banking sector played a part in shielding Australia from the full impact of the global financial crisis. When we saw banks around the world tumbling, we saw that our 'big four' were consistently in the top 15 banks in the world. I commend the opposition for their contribution to making sure that we have had a strong banking sector. It is something that there has been bipartisan support for. As well, there were government measures during the GFC, such as the bank deposit guarantee.

Banks answer to their shareholders and most are no doubt very happy with the half-yearly profit reports. But the banks also have a social licence to provide financial credit and enable measured economic growth and fiscal stability throughout Australia. The Gillard Labor government believes that with this social licence comes an obligation on the
part of the banks to protect consumers and not lure them into unaffordable and unreasonable credit deals. We should acknowledge that banks such as NAB are actually leading the way when it comes to some of these reforms, and I do commend the banks that have taken these initiatives. They have already scrapped some over-limit fees and now allocate repayments to the highest interest debts first. These are terrific initiatives for consumers and also prove that the sky will not fall in for Australian lenders when these reforms come into force. I commend the bill to the House.

Mrs PRENTICE (Ryan) (18:29): By introducing these changes to the National Consumer Credit Protection Act, these amendments form part of a knee-jerk change put forward by this government. Given this Labor government's track record of unsuccessful and bungled delivery of change in Australia, I am understandably apprehensive about the possible outcomes.

The banking sector is one of the most important industries in Australia. Given the world that we live in today, it is of the utmost importance that the services provided by banks deliver the best possible outcomes for consumers. Increased competition within this sector will help to improve these outcomes and deliver better services for all Australians.

However, we must be wary of knee-jerk reactions to perceived problems. Australia's banking sector fared better through the global financial crisis than that of any other OECD country. Whilst we saw massive runs on Northern Rock in the United Kingdom and Bear Stearns in the US, the collapse of Lehman Brothers, the acquisition of Merrill Lynch, the bailout of Morgan Stanley and Goldman Sachs, and the US federal takeover of Fannie Mae and Freddie Mac, the Australian sector, whilst taking a hit, did not teeter on the precipice of destruction like others did around the world.

That was due, in a large part, to our superior regulation system. Of course, the responsible economic management of the Howard-Costello government provided an unparalleled cushion for the Australian economy. However, the system of regulation present in Australia, with both ASIC for financial services and APRA for the banking sector, helped keep us out of the storm.

The dovetailing of these two regulating bodies was real reform of the banking sector in Australia. It was considered and responsible. Whilst the banking sector is in need of review, given the massive changes the world has undergone, we must ensure that any such reform is not knee-jerk and reactionary and that we study and understand the unintended consequences of any such reform.

Measures that this government is proposing, with the stated purpose of consumer protection, could in fact have the exact opposite effect. Banning exit fees, for example, could very well have a detrimental effect on smaller lenders, severely decreasing competition. Such a decrease would further centralise big lenders' purchasing power, leaving the consumer worse off.

The banning of exit fees is a classic example of this government's policy of reaction and it is important to briefly discuss this today as an example of why we must ensure that the current amendments do not follow in the same vein. According to the Australian Bureau of Statistics, small lenders' market share of mortgages has already fallen, from above 13 per cent in the period prior to the global financial crisis 2007, to just 1.2 per cent in February this year. The ability to recuperate the costs of establishing a mortgage through an exit fee penalty is...
extremely important to a small lender, who has less of an ability to absorb this outlay than the big lenders.

Whilst at face value the banning of exit fees may seem like a popular measure, it is also regarded as a major threat to competition within the sector. Even the Senate Economics References Committee inquiry into banking competition echoed these concerns and recommended that the government re-evaluate the outright ban, which is currently planned to come into effect on 1 July this year. The proposal is a perfect example of how a rash and rushed decision can in fact have unintended consequences and exacerbate a situation rather than fix it. The proposal is a perfect example.

The amendments put forward today have the usual, distinctive ad hoc Labor feel to them. Australia's strong banking sector should not be put to the test unnecessarily through poorly thought out policy. This is why the coalition has been engaged in the issue of banking reform for a long time. We take competition in the banking sector seriously and support sensible measures to improve the industry.

Some elements of the bill have merit, such as the changes to the hierarchy of payments under credit card contracts, which would facilitate consumers to pay off the transactions with the highest interest rate first. However, it seems that many of the considerations in relation to credit cards are poorly drafted and the concerns of the industry have not been fully addressed.

I am therefore concerned about the lack of clarity within these government proposals. It is particularly apparent with retrospection in relation to existing credit contracts. Currently, the bill proposes that the changes being made to credit card regulation apply only to new contracts. That means that current credit card holders would not benefit from the reform. This raises concerns and the government has provided no discussion as to why existing contracts should not be subject to the changes proposed in this bill. If there is a clear reason, be it legal or constitutional, as to why existing contracts should not be included, I call upon the government to make these reasons known.

Additionally, it seems to me that poor drafting now appears to, in effect, allow every new credit card customer to be provided with an automatic 10 per cent limit increase. This clause essentially aims to protect consumers by disallowing lenders to charge high fees for drawing over their limit. However, it is implemented in a confusing way that does not provide simplicity or clarity for the consumer. Also, this 10 per cent default buffer applies to all contracts, unless the customer has chosen to opt out. This, effectively, results in a credit provider having no option but to provide this buffer, whereas it is currently at the lender's discretion to allow or disallow an overdrawn transaction. It essentially locks lenders in to providing 10 per cent more credit, reducing flexibility and potentially having many negative unintended consequences.

This gets to the core of my concern about these amendments. They take away flexibility and assume that, for credit cards, one size can fit all. That is simply not true. By locking lenders in to prescriptive regulation, this bill could unintentionally result in credit providers being forced into acting in a way that does not best suit their customer and these regulations would affect every provider. The customer would no longer have the choice of leaving their current lender in search of a better deal. Given this, I ask the government to truly look at the unintended consequences of this bill. Considering the number of amendments to legislation that have been put before the
House this year alone that deal with little more than retrospective clean-ups, it would be much more sensible and efficient for the government to simply get the drafting right in the first place by properly considering these factors.

As well as the abovementioned issues with the provisions in relation to credit cards, I have concerns about the changes to home loan regulation, particularly the time frame the government has set down for these quite time-consuming changes to be made. This will in turn affect the rollout of the key facts sheet, which, under this bill, all mortgage providers must present and provide about their home loans. The proposed key facts sheet is a one-page sheet that provides a summary of a mortgage provider's home loan that can easily be used to compare different institutions' offerings. These key facts sheets are meant to be provided by September this year; however, it is now June, and the government is yet to inform stakeholders as to what is required for these sheets—how they must look, what they must contain and how they will cover fixed-rate loans or lines of credit. This will give providers just two months to create, test and implement the new system and train staff around the country to be competent with this new measure. The credit provider alone is responsible for these key facts sheets. They cannot be managed by a mortgage broker or manager.

The Treasurer has taken almost 12 months to get to this stage of the legislation, which is still riddled with poor drafting and unintended consequences. Yet he is now trying to give the industry just two months to comply, assuming that the legislation receives royal assent this month. Given the harsh penalties that will be enforced if these key facts sheets do not meet the regulatory requirements, a two-month time frame is unrealistic and arrogant and is evidence that the government does not particularly care how its legislation actually affects people. It has regard for superficial appearances only.

Furthermore, the introduction of a key facts sheet once again assumes that a one-size-fits-all approach will work. It will not. The introduction of such a scheme places an obligation on a whole sector of people, including mortgage brokers and mortgage managers, and imposes very high penalties for a product that is already widely available. A key facts sheet, in reality, is simply an outline of what is potentially available. It is not a finalised assessment based on an individual's situation and cannot be substituted for one. A mortgage is a huge commitment for most people. To believe that reform can come from what is essentially a simple summary sheet is irresponsible, unrealistic and, to be honest, quite a frightening simplification by the Treasurer of a very complex issue.

Whilst the coalition will not oppose this bill, the bill raises real questions as to the government's ad hoc approach to policy. For four years now this government has been short on reform and has broken promise after promise. This is, quite rightly, turning the electorate against them. With these amendments we see a scrambling, haphazard response to an extremely complex issue. This bill highlights the common sense of the coalition's call for a full root-and-branch review of Australia's financial system. I implore the government to take the same approach.

Mr Hayes (Fowler—Government Whip) (18:41): I rise to speak in favour of the National Consumer Credit Protection Amendment (Home Loans and Credit Cards) Bill 2011. As an amendment to the National Consumer Credit Protection Act 2009, which includes the National Credit Code, the National Consumer Credit Protection Amendment (Home Loans and Credit Cards)
Bill 2011 gives effect to the government's election commitment in relation to fairer and simpler banking policy. This amendment delivers on the government's election commitment to reduce the information asymmetry—the very one-sided information flow from lenders to consumers—that we have in the industry at the moment.

Mr Acting Deputy Speaker Adams, I know you are well aware of my electorate. As such, you are aware of the issue of housing stress that is currently of significant proportions there. It is not only housing stress that is of concern to people in my electorate. There is also the burden of genuine financial stress. People get in over their heads. Some will take the view that everyone is entitled to make their own decisions, and hopefully they make the best decisions. With this piece of legislation we are trying to ensure that people are provided with the information they need to make decisions—cutting through all the hype, the glamour and the glossy brochures that encourage them to borrow more—that are in their own interest and that of their families and that give them a debt they are able to manage.

It is a simple fact that currently in Australia there are approximately 15 million credit card account holders. Therefore we must strive to have the most efficient, streamlined credit card system to ensure that consumers are not left behind and left vulnerable. We must also aim to improve the consumer relationship, particularly with the banking system, through the elimination of excessive fees. This amendment introduces the requirement that lenders give borrowers a one-page key facts sheet for home loans. The aim of this facts sheet is to ensure that the borrower will have the best possible information when making that home loan decision. Australian families should be able to easily compare the deals offered by the big banks with those of their local credit unions and building societies. This is about transparency.

I must say, it was a vastly different situation when I went to get my first home loan. I recall going to one of the big banks, only to be knocked back. That is how I and my wife, Bernadette, ended up at the building society. Things have not changed that much. Therefore, we are trying to reduce the market capture of the big banks, allowing competition in the system and allowing people to know and understand the true position being offered by the respective financial institutions as well as the consequences and effects of that. As I said, this amendment is about transparency. It is about ensuring that there is clear and concise information available to the consumer. It is our objective to ensure that the consumers are not paying more interest than they should be.

It goes without saying that a home mortgage is one of the biggest financial commitments that most Australians will enter into in their adult lives. It is our responsibility to ensure that they are given the fairest possible deal or arrangement in coming to that decision. We understand that banks must make a profit and must remain profitable. That certainly underpins our economic system. But, at the same time, it is our responsibility to protect everyday families. They are not approaching this as bank executives. They are not sitting as equals at a negotiating table. They are, to some extent, taking what is on offer. We are just going to try to ensure through this piece of legislation that what they are shown as being on offer is written in common-sense language that is understandable such that a family can make a decision as to what is good for them.
The bill provides a balance between making banks and other financial institutions competitive and helping borrowers make the best decisions for themselves and their families. There is no doubt that consumers have a responsibility to be prudent. This does not absolve them of that. But, in short, we are trying through this legislation to give them more access to understandable information to help prudent decision making. We must ensure that they are informed not only about all the opportunities available through the various financial institutions but also, more importantly, about the financial consequences and obligations of entering into various contracts or mortgages.

In recent years the government has successfully streamlined and updated consumer credit laws. Australians now have uniform credit laws applying throughout all states and territories. That provides protection for consumers against unfair treatment. Now it is time to address the national credit laws. Under the proposed changes outlined by the amendment, lenders will be prohibited from sending invitations to borrowers offering increased credit limits. I have received those on many occasions. Anyone who on any occasion has taken out an interest-free loan or something like that knows that if you are disciplined and make the repayments there is no downside. However, if you are slightly less than disciplined—and by 'slightly' I mean missing one repayment or not paying on the exact day—you then incur a significant penalty at a higher interest rate.

One of the things that I have always found so terribly loathsome is the amount of material that you are targeted with by the lending institution in question by simply signing up for one commercial transaction. This seeks to discourage that practice but also to discourage Australian credit card holders from accepting such offers that encourage frivolous spending and mounting up a debt that unfortunately becomes unmanageable. I have been through that with my own kids. I am sure, with the number of credit cards out there—and I have already indicated the number of them—that many members in this place have experienced that too. At one stage one of my children decided to make purchases, and it was fine until they had to be paid back on a given day. I guess it does then fall to mums and dads to come in and help. Maybe this goes to helping mums and dads out a little bit in that process too. My child took this loan out. At the time she approached it from being a knowledgeable university graduate. But when you take these things out, unless there is self-discipline, it is very easy to be caught up in a situation where managing that debt eventually becomes more and more difficult.

As I said, this is trying to give consumers the information they need when they are making those decisions and also drawing their attention to how to make suitable judgment calls about the debt that they are going to have to try to manage. I spoke about being bombarded with the amount of literature you get on these matters. It is bad when you are being bombarded with what is effectively a sales pitch to take on more debt. They gloss it up and make it look more attractive but, at the end of the day, we need people to make decisions as to the management of their debt.

Under the terms of this legislation, lenders will not able to charge fees to customers who go over their credit limit. That is something that used to apply. You would get that in the mail and most people would just pay it. You might complain but mostly you would just pay it. This will now prohibit that from occurring. However, it can be reversed upon the express request of the credit card holder. This is actually transferring a bit of that power. It is putting the consumer in a
position to say, 'I want to go above that credit limit,' as opposed to simply going above it and being caught after the event.

With this in mind, lenders will still be able to practise discretion when approving some payments above the credit limit, but this discretion will only be able to be exercised up to a buffer limit of 10 per cent of the consumer's credit card limit. This change to the system signifies an end to most credit limit overdraw fees. That will be a significant change for a lot of people. I understand that nationally it will mean a saving of $225 million annually. That is $225 million that will stay in the pockets of hardworking Australians. In addition to these changes, the government is moving to increase the regulation of lenders in relation to the warning to consumers about making only minimum repayments on their credit card accounts. Consumers need to be kept well informed about the consequences of making only minimum repayments and must be encouraged to make additional monthly contributions. More importantly, lenders will be forced to allocate the additional payments that are being made, in the first instance, to the credit card holder's highest interest debt.

For far too long the banks have had the upper hand. There has been a clear lack of transparency in the information flow between banking institutions and consumers, which has seen too many Australian families get trapped in bad loans and lumped with excessive credit card fees. This initiative gives some power back to individuals, helping them to make the best decisions with their hard-earned money.

I represent an electorate which is very much governed by the number of families who live there. A mortgage is, without doubt, the biggest financial arrangement that people in my electorate enter into. This bill will go a long way towards helping hardworking families make prudent decisions about their finances and helping them take all steps possible to ensure that they do not enter into a bad financial arrangement. I commend this bill to the House.

Ms GAMBARO (Brisbane) (18:54): I rise to speak on the National Consumer Credit Protection Amendment (Home Loans and Credit Cards) Bill 2011, and particularly mention that the coalition might also be introducing amendments. This amendment bill is a significant action by the government to address the complex regulations relative to the areas of consumer credit, including payday lending, credit cards, store credit, investment and small business lending, and personal loans.

The coalition holds a very strong view that our objective and commitment is to ensure constitutional soundness, particularly that implementation arrangements are in place for the referral of consumer credit powers to the Commonwealth by the states. We must all be assured that the national regulation of consumer credit by the Commonwealth provides a thorough and consistent administration that extinguishes the gaps and conflicts that may have existed under the current regime and that it addresses the shortcomings of the current system in protecting all Australians, especially the most vulnerable in our society.

Protecting consumer rights and meeting the needs of all Australians are essential in building a very strong social fabric. The coalition supports fair, open and competitive markets to provide the very best means of having an open, dynamic, prosperous and equitable society. Government needs to ensure that markets are fair, open and always competitive. We also support a more comprehensive regulatory regime. We support reducing the financial risk and
disadvantage to Australian consumers entering into contractual arrangements for credit.

Potentially, the scope and influence of these new laws will affect the majority of this country's adult population. It is currently estimated that in Australia there are over 14 million credit-active individuals. Even people who have utilities—including electricity and gas accounts or mobile phones in their name—are active users of credit. For many people the use of credit is a stark reality in order to survive. They lead a hand-to-mouth existence, with very little margin for error in managing their financial resources. These people are well aware that they are constantly on the brink of, or a pay cheque away from, disaster.

In today's society it is becoming increasingly difficult to conduct day-to-day transactions without the use of a credit card. In the area of credit cards alone, Australians have a collective debt of a staggering $50 billion. More than two-thirds of this debt is accruing interest every day at an average annual rate of interest of 19.7 per cent—a near 20-year high according to the Reserve Bank. That translates to $7 billion a year paid in interest alone on credit cards.

There is very wide competition in the financial industry, with more than 174 banks, building societies and credit unions offering some form of high-street financial product. They are all vying for that very important consumer business. This legislation will no doubt result in significant changes in the way that credit providers and credit assistance providers conduct their business. It will also result in changes to the commercial practices of businesses involved in offering, managing and recovering loans and consumer credit contracts. However, there are some very serious concerns about the length of time that the government has provided industry with to comply with the new laws. They have provided very minimal time for industry to provide feedback and to comply with the new laws, particularly in light of the fact that a great deal of the detail in this bill has been deferred to regulation, which has yet to be released by the government.

This is all the more reason for the government to ensure that this legislation fully and adequately serves the purpose for which it was intended. It is anticipated, and it is absolutely essential, that the introduction of licensing, conduct, advice and disclosure requirements meets the needs of both consumers and businesses alike. This legislation must ensure that consumers are fully protected in their dealings with credit products, and credit providers must ensure that the legislation is clearly communicated and articulated to their customers. We also have an opportunity to liberate the market and encourage more stringent rules on access to credit, but also to cap the rates of interest that can be charged. The coalition holds the view that consumers' interests could be best met by measures which encourage competition within the banking sector, as opposed to the prescriptive regulatory approach for ad hoc issues.

The coalition stands by its call for a full root and branch review into Australia's financial system as part of the nine-point banking plan announced in October last year. There has not been a major review of banking since the Wallis review reported some 13 years ago. This side of the House supports the upgrading of ASIC's enforcement powers to eradicate unscrupulous and misleading practices. Responsible financial industry participants will undoubtedly regard this as an overdue and positive advancement in this area. This will be a challenging and complex undertaking as it covers all major financial institutions and major credit providers,
including the banks, the building societies, the credit unions, the finance companies, the retailers and other businesses that offer credit arrangements, as well as the payday lenders.

With many Australians experiencing difficulties in meeting their financial obligations, we must ensure that public education and guidance is available to assist consumers in choosing a course of action when they are having difficulties with payments, which can result in a long-term effect. A consumer's credit history is a foundation of lender decisions and can make the difference between getting a good loan with excellent interest rates and getting a bad loan, declined applications or highly inflated interest rates.

The issue of access to credit for low-income earners is also of great importance. These people continue to require access to available credit and we must ensure that this legislation does not disadvantage this very important sector of the credit market. Often it is the financially disadvantaged in our communities who most need to access short-term financial credit opportunities or products. Within my own electorate of Brisbane, this is also the case for people involved in temporary situations such as those who are recovering from the recent Queensland floods and natural disasters. Some are still waiting for insurance payouts or grants from the government and really need to access these credit facilities desperately.

Whilst we recognise the need to regulate the credit industry to protect consumers from unscrupulous financial credit providers, the coalition is determined to ensure that the providers of the credit are not inhibited by bureaucratic and demonstratively overburdening legislation that denies credit to the people who need it the most. The coalition applauds the advancement of consumer credit reforms in line with the adoption of a national regulatory approach to important social and economic issues. However, we share certain concerns, particularly about ensuring not only that this legislation fully and adequately protects consumers but also that it is not to the detriment of credit service providers.

ASIC must provide the mechanisms for easy access to services such as dispute resolution, where consumers will have access to these services with location, procedural simplicity and affordable costs being absolute priorities. This legislation will have a major impact on any organisation or individual involved in providing, assisting with or enforcing consumer credit, including in areas such as consumer leases and credit for residential property for investment purposes.

Interest rates under the Gillard government have increased seven times since September 2009, increasing repayments on the average mortgage by $477 per month in a little under two years. The truth is the Gillard government has been forced into taking action on financial credit providers and is playing catch-up politics. The best thing that the government could do to provide immediate relief for homeowners and small business is to pursue responsible economic management and wind back its heavy debt fuelled spending to ease the upward pressure on interest rates.

It is our understanding that to implement this COAG decision over $70 million has been allocated over a four-year period and that this funding will be primarily for the establishment of the national licensing regime for providers of credit and credit facilities. ASIC will be the sole national regulator. What has not been identified in the proposed new national regime, however, is the cost associated to providers in procuring
these new licences. Perhaps the Treasurer will answer a question at a future time relating to the envisaged costs to credit providers and whether there is a plan to recoup those operating costs over the years ahead with licensing fees. That really needs to be answered.

It would seem logical that whatever increased costs are placed on the financial or credit industry will be passed on to the consumer. We need to ensure that the new legislation does not provide an opportunity for financial businesses to use the legislation as a trigger or a reason to increase lending or credit fees. Australian banks have in the past few years increased the margins that they earn on credit cards, despite following the RBA's lead in other areas of financing. In the world of credit cards, most rate cuts by the central bank were ignored, with additional rate rises instead. Australians are acutely aware of the role of the banks in the escalating cost of credit facilities. Recent media articles and consumer surveys indicate that many Australians are becoming reluctant to increase their credit card debts.

This legislation also encompasses regulation of alternative credit facilities such as payday loans, which are becoming a popular alternative, offering small amounts of credit to those who would normally be ineligible for a credit card. A positive and encouraging trend is emerging with the increased use of debit cards, which are becoming far more popular. In fact, debit card usage has skyrocketed, with most consumers preferring to use their own funds to avoid building up any further debt. This growth in the preference for debit cards is due to the fact that, while they are restricting their credit card potential debt, Australians still owe a fair amount on their credit cards. Credit cards that attract interest rates of around 20 per cent are suggested as being of principle importance to those trying to repay in full, according to financial industry experts, while those on around nine per cent give consumers more room to move.

At a time when this country's tourism industry is working hard to encourage and stimulate our domestic tourism business, some credit card charges, such as those for airfares and taxi trips, incur usage fees by merchants of up to 10 per cent. These charges are further damaging Australia's reputation as an affordable tourism choice both domestically and internationally.

My home state of Queensland was the first state to implement a uniform consumer credit code, which was adopted by other states and territories. It is heartening to witness the coming together of different state and territory legislation and the transfer of financial services into a single, standard national consumer credit law for the benefit of all Australians.

The coalition calls on the government to refer this bill to the House Standing Committee on Economics, because the bill is an unsatisfactory response to perceived issues within the banking industry. We acknowledge that some elements within the bill are worthy of consideration, such as the changes to the hierarchy of payments under credit card contracts. The other sections relating to credit card reform seem to be poorly drafted, and there are industry concerns that have not been addressed. In addition, there are concerns over retrospection in relation to the bill applying to existing credit contracts. With further amendments and with properly managed implementation, this legislation has immense potential to have a beneficial effect on the credit and financial industries while ensuring the protection of Australia's consumers.

Mr CRAIG THOMSON (Dobell) (19:09): The opposition are really on their game today in calling for the National
Consumer Credit Protection Amendment (Home Loans and Credit Cards) Bill 2011 to be sent to the House Standing Committee on Economics. It actually has been considered by the economics committee. If the member for Brisbane would like to read a copy of the committee's report on the bill, I would be very happy to send her one. It was in fact tabled here last Wednesday. So that was a great contribution by the member for Brisbane and showed her to be really up to speed on the stage the legislation is at. Well done!

This is good legislation because it protects the consumer. The National Consumer Credit Protection Amendment (Home Loans and Credit Cards) Bill 2011 makes a number of reforms to lenders' practices in relation to home loans and credit cards. For example, it requires lenders to publish key facts sheets for both these types of product, which will make it easier for consumers to compare products. Additional reforms for credit cards prevent lenders sending unsolicited limit increase offers to individuals, unless they elect to receive them; prevent lenders charging fees when a consumer goes over their credit limit, unless the consumer elects to be able to go over their credit limit; and require lenders to pay off consumer debt with the highest interest first, unless the consumer elects otherwise.

The most important reform concerns unsolicited credit card limit increase offers to individuals. During the committee's hearing into the bill there was consistent evidence that aggressive marketing of limit increases by banks was a key reason why some consumers had credit problems. Credit cards have a number of unique features, two of which are high interest rates and the requirement that consumers pay only a small amount each month. Aggressive marketing by banks appears designed to put consumers at the limits of their credit capacity, whereupon the unique features of credit cards mean that individuals are paying interest with little capacity to reduce the principal. While the debt treadmill may be good for bank profits, it has significant social costs. That is why the committee unanimously supports this bill. Can I say, Mr Deputy Speaker, that is a rare occurrence. The committee also supports the bill because it will increase competition in the market and make consumers better off. Therefore, while there will probably be some transition costs for lenders, the increased competition will mean that the extra compliance should have no impact on prices for consumers. Costs for lenders should be further reduced, because many have already voluntarily adopted some of these reforms.

The committee made only two recommendations. One recommendation was that the House pass the bill. The contributions of not just the member for Brisbane but most of those opposite show clearly that they have not read the report, because the other recommendation was that the deadline for financial organisations to have their key facts sheets ready should be moved back from 1 September 2011 to 1 January 2012. The evidence was that, given passage of this legislation, there were some timing issues in relation to that. I understand that the Assistant Treasurer will introduce some amendments in relation to that recommendation. The committee, in considering these issues, saw that this is a good bill and that it should be supported, with the one additional recommendation in relation to the facts sheet timeline.

As I said, this was a unanimous report, which is rare for the economics committee in this parliament. The House economics committee has followed the pattern we have seen in this parliament, which is that generally all we get from the opposition is 'no'. Even with this legislation we were not
quite sure, right up to the death, where the opposition would go on it, but two minutes before the report was tabled we heard that they would support the bill. It shows that even the opposition understood that, if they opposed this bill, they would be condemned out there in consumer land. Unfortunately, the opposition seem to have a different view of consumer rights when it comes to exit fees from banks, which they want to see reintroduced and which we are trying to make sure are not. It is a continuing battle. The primary reason these reforms were needed was in relation particularly to unsolicited credit card limit increase offers. The bulk of the evidence from consumer groups concerned the prevalence of the unsolicited credit card increase offers and their potential to lead customers into the debt trap. Reforms contained in this bill would make it more difficult for customers to take on credit card debt that they are not able to repay. Ms Karen Cox, the coordinator of the Consumer Credit Legal Centre, gave evidence that credit cards have been the most common reason for people seeking assistance for the full 10 years she has been there. She said:

There is no doubt that credit cards are an enormous cause of pressure on families. We have seen countless examples over the years of people on very low incomes who have accepted a series of credit limit increases.

Importantly, the Finance Sector Union of Australia also confirmed that over the past several years their members working in financial institutions have been asked to be part of what they describe as an increase in the number of unsolicited marketing and other letters from financial providers suggesting people should increase their credit limit.

While the majority of customers pay off their credit card balance monthly, the most profitable customers from the lenders' perspective are those who cannot afford to pay back the full balance every month. Treasury, in their evidence, said that one of the issues with credit cards is that you only have to make minimum repayments, and increases in the credit limit can place you in a position where you are carrying long-term credit card debts without ever necessarily being able to significantly reduce those debts.

Research by consumer groups shows that banks have aggressively marketed credit cards. Mr Mark Degotardi from Abacus gave evidence that that is what they had seen and noticed. There was a study done in 2009 which showed that 84 per cent of Victorian credit card holders had received an unsolicited credit card limit increase offer. We are seeing almost everyone in Victoria in this particular study being offered an increase.

The study also broke it down into different groups and showed virtually the same rate of credit card limit increase being offered to people who are unemployed—84 per cent of unemployed people in Victoria had been offered an increase; 83 per cent of those studying had been offered an increase; and, 82 per cent of people with a healthcare card had been offered an increase. Banks certainly were not looking at people's capacity to pay; they were looking at ways of maximising profits and using the unique nature of credit cards, which is the high interest rate and the low minimum payment where you pay only part of the interest back and never get to the principal, as being one of the key issues. That is why this government has gone about making sure that we address these issues. We are addressing consumer concerns in a wide range of financial issues including exit fees, which the opposition continue to oppose, but we are doing it particularly in relation to credit cards because of the problems consumer groups
continually told us about—the heartbreak of families who have used credit cards to pay bills to get by each month and who, in doing so, get themselves into a worse situation. Almost universally they were getting unsolicited offers to increase their credit limit.

This is an important bill which makes sure consumers are protected. It is part of a range of bills which this government has been introducing to make sure consumers are looked after.

Mr Robert: Mr Deputy Speaker, I draw your attention to the state of the House.

The DEPUTY SPEAKER (Hon. DGH Adams): In accordance with standing order 55(c), the House will be counted at 8 pm, if the member so desires at that time.

Mr CRAIG THOMSON: The House should pass this important legislation. We are in the unique situation that the opposition are supporting a bill which is in the interests of consumers. It is a rarity today to see them support anything. I commend the bill to the House.

Mr CRAIG KELLY (Hughes) (19:20): I rise to speak on the National Consumer Credit Protection Amendment (Home Loans and Credit Cards) Bill 2011. In his second reading speech on 24 March this year, the Treasurer said:

I announce new reforms to promote a competitive and sustainable banking system to give every Australian a fair go.

What the Treasurer failed to mention in his second reading speech was that one of the reasons we need reform to promote a competitive and sustainable banking system is as a result of the Treasurer's monumental blunder in approving the Westpac takeover of St George Bank in 2008. The Treasurer has no excuse. He was aided and abetted by the flawed and misguided advice from the ACCC, an organisation dangerously ignorant of the risks to our nation's long-term economic prosperity, by allowing markets to degenerate into the state of hyper-concentration. For while the test applied by the ACCC to approve a merger is under section 50 of the Trade Practices Act, it is no more than crystal ball gazing to guess if the merger will result in a substantial lessening of competition. The test that the Treasurer applies to such proposed banking mergers arises under section 63 of the Banking Act 1959, which provides that the Treasurer must take the national interest into account when considering such a merger. Simply, the St George-Westpac merger—the removal of St George Bank as an active and aggressive competitor in the market—was not in the national interest and the Treasurer abrogated his responsibility by allowing this merger. It is worth noting that even former Prime Minister Keating has made it clear that he would have never agreed to this merger, due its detrimental effects on competition. But this misguided decision from the Treasurer should not have come as any surprise, for we have seen time and time again that this government possesses the reverse Midas touch—from Ruddbank to GROCERYchoice, to winding back border protection, to the ceiling insulation scandal, the green loans affair and live cattle exports, everything this government touches turns to mush.

The long-term success of our economy and our future economic prosperity rely on increasing our nation's productivity. As history has taught us time and time again, it is small business that drives innovation and productivity improvements, not the big end of town. As a former vice-chairman of the General Electric Company once noted:

Not a single distinctively new electric home appliance has ever been created by one of the giant concerns—not the first washing machine, electric range, dryer … razor, lawn mower,
freezer, air conditioner, vacuum cleaner, dishwasher, or grill. These were all created by small and medium sized firms. The success of small business depends upon the ability of small businesses to obtain finance and start-up capital. But when you reduce the number of banks in the market, as the Treasurer did by allowing the St George-Westpac merger, you reduce the number of options for small business to obtain finance and, in doing so, you undermine the long-term economic prosperity of our nation.

The history of business is littered with stories of businesses' successes after being rejected by bank after bank and finally finding a bank that would provide start-up capital and give them a go. I will give just one example. Almost every child in the world has heard of and loves Disneyland. Today, as well as Disneyland in California, there is Disneyworld in Florida and there are Disneylands in Hong Kong, Tokyo and Paris. Over one billion people around the world have visited a Disneyland. Disneyland is one of the great business success stories in history. Yet, when Walt Disney went to the banks to try to get funding for his very first Disneyland, he was rejected by more than 100 banks before finally being accepted. The top executives of the major banks turned Disney down because they thought no-one would come. Just imagine if, at the time, some misguided fool had swallowed, hook, line and sinker, the merger buzzwords of 'synergies', 'greater economies of scale' and 'improved efficiency' and allowed a series of mergers whereby Walt Disney only had four major banks to turn to—the current situation in Australia. The Disneyland that is known and loved throughout the world would never have come into existence.

We will never know what new products, new inventions and new jobs will fail to come into existence, killed before they were born because of the deluded theory which underpinned the Treasurer's allowing the St George-Westpac merger, thereby reducing the number of banks in the market which small business can seek to obtain finance from. We will never be able to compute the price that all of us will pay and how our standard of living will be lower than it would otherwise have been because of the Treasurer mistakenly allowing our banking sector to become more concentrated.

As the Treasurer scratches his head, befuddled as to why productivity in the nation has stagnated under his watch, he need look no further than the damage being done to our small business sector by our overly concentrated banking sector. History has shown time and time again that small business plays the leading role in the experimenttion and innovation that lead to technological change and drive productivity growth. If you attack small business, as this Labor government has done time after time, if you make it more difficult for them to obtain finance, as this government has done, you will retard productivity growth.

Over the past few years, we have witnessed an unprecedented increase in concentration in our banking sector. The problem is not only the reduction in the options of small business to obtain finance; it is also the increasing interest rate margins that small businesses pay and the fees and charges that they are being slugged with. Figures from the RBA confirm that the big banks have now become parasitic on the small business sector. The banks are simply gouging small business on interest rate margins.

It is not only interest rate margins that small business are being gouged on. Late last week, we had the RBA release further data exposing how the banks are ripping off business, as these figures showed that the
banks had massively increased fees and charges to businesses—by 14 per cent, to hit a record $6.87 billion—and this increase came despite business borrowing actually falling. So the banks are actually loaning less but they are taking more. This is the classic test of an uncompetitive market.

If the Treasurer wants to give every Australian a fairer go in regard to banking, he should be tackling the huge problem in our banking industry, and that is the penalty fees and charges imposed by the big banks. Although there has been a slight recent decline in bank fees charged to consumers, which the banks have made up for by slugging businesses, according to a 2009 report by Fujitsu Consulting, Australian bank customers pay the Western world's highest bank fees. The report's author states:

A lack of competition in Australia meant local banks were collecting $5 billion in fees from consumers, making them the most expensive in the western world.

The report's author goes on:

The average household is, in our view, paying up to $200 more each year than they should thanks to the wide range of fees and charges levied in Australia, and to the lower levels of competition in the market.

The real concern that this government should be tackling is that many of these fees and charges imposed by the banks are possibly unenforceable. It is a well-established legal principle that a contractual term which requires one party to the contract to pay the other 'innocent' party a sum of money upon default or breach of that contract is only enforceable if it provides that the sum is a genuine pre-estimate of the loss or damage suffered by the innocent party. If the fee is inflated to a level where it does not represent a genuine pre-estimate of loss or damage suffered, it is a penalty and is unenforceable at common law.

In our democracy only the government can issue penalties, not the big four banks. The possible illegality of many forms of bank fees that this bill attempts to regulate is something that a well-resourced ACCC should have been looking at.

Mr Craig Thomson: Mr Deputy Speaker, I have the same point of order. You have been very generous to the member. Far be it from me to defend the banks, but we have had a 10-minute spray against the banks. Not one part of this contribution has gone to what an important piece of consumer protection legislation this is. It is time the member be brought back to what this bill is about.

Mr CRAIG KELLY: Thank you, Mr Deputy Speaker. This bill addresses the issue of bank fees and charges to consumers and
that is the issue that I am addressing. The question is the possible illegality of many forms of these bank fees, and that is something that a well-resourced ACCC should have been looking at, especially remembering that Australian consumers pay the highest bank fees in the Western world. But, as usual, the ACCC were asleep at the wheel on this issue—and no wonder, because the ACCC have been more interested in spruiking government policy.

As if to highlight the inaction of the ACCC on bank fees and charges, the UK Office of Fair Trading, the UK’s equivalent of our ACCC, have been taking an active and vocal role in standing up for consumers by dragging the banks through the courts to challenge the legality of many of their fees. While the ACCC have closed their eyes, one might ask: where is the government’s minister on competition? It would help if this government even had a competition minister. Following the disastrous stints of the members for McMahon and Rankin as failed competition ministers, this government no longer even has a competition minister. So, despite all the problems we have with competition in Australia, with the grocery duopoly punishing consumers—

The DEPUTY SPEAKER: Order! I ask the honourable member to come back to the bill. The bill deals with credit card protection and matters dealing with information for consumers. It does not go to a lot of the points that the honourable member is dealing with. This is not an appropriation bill, on which a wide-ranging debate is allowed; it is a bill dealing with a narrower matter. I ask the honourable member to come back to the bill.

Mr CRAIG KELLY: Thank you, Mr Deputy Speaker. This bill addresses the issue of fees and charges, how they should be regulated, how they should be listed and what information consumers could have about them, and they are the issues that I am addressing.

Since the ACCC and the government have dropped the ball on looking at and regulating these fees and charges, it has been left to a private law firm to run a class action test case seeking to prove that many of the banks' fees and charges that this bill seeks to regulate are in fact unlawful penalties that may have to be refunded. This case is already proceeding before the courts and involves over 27,000 individuals and businesses, holding 40,000 personal and business accounts, acting against the ANZ, attempting to recoup over $50 million worth of unenforceable penalties that the bank has gouged from consumers.

This bill simply misses the mark. It fails to address the problems in our overly concentrated Australian banking sector, a sector which has now become so highly concentrated and so big that the big four banks are all too big to fail, whereby they require special regulation to protect them from the forces of competition. This bill does little to improve a competitive and sustainable banking system and it fails in its aim to give every Australian ‘a fair go’. It fails to address the gouging of small business and consumers by the banks. That is why it is correct that the bill was sent off to the House of Representatives Standing Committee on Economics and that is why the government should support the coalition’s call for a root-and-branch review of Australia’s financial system.

Mr SYMON (Deakin) (19:35): Unlike the member for Hughes, who has just spent 15 minutes talking about anything but what is in the National Consumer Credit Protection Amendment (Home Loans and Credit Cards) Bill 2011, I speak in support of the bill. It is part of the Labor government's
commitment to reforming the Australian banking sector. This bill will amend the National Consumer Credit Protection Act 2009 to improve competition and provide better support for Australian consumers. This bill will affect credit card and home loan providers, ensuring they provide better information to consumers, and the provisions detailed in this bill will limit some of the worse practices of the banking sector in these areas.

The RBA credit and charge statistics table Cl reports that in April 2011 there were 14,853,000 credit card accounts in Australia. In that month alone there were 2,108,000 cash advances, to a total of $811 million, and there were 126,383,000 purchases, with a total value of over $17 billion. Repayments for the month were $19.25 billion and balances of $36.39 billion were accruing interest—a huge amount when you think about it. The total credit limit in April 2011 for both drawn and undrawn credit cards was $134.9 billion. Families and individuals Australia wide rely on their credit cards to smooth out unforeseen costs and provide an important safety net. Credit cards for many people are a necessary part of their household budget and can be of great benefit. Some people do use credit cards wisely and are able to pay them off in time, and they see the benefit because they do not pay the fees, they do not pay the interest, but not everyone has that advantage. There is a danger that the consumer's level of credit card debt can exceed their capacity to manage it.

As a member of this House I—and, I am sure, many other members as well—quite often deal with people who are in these situations and I have to refer them to local services because of the dire straits they are in. In many cases it comes back to credit cards. In many cases the journey from sustainable to unsustainable credit card debt is being helped by the practices of Australia's banks. Consumers usually take on a credit card with a limit that they can cope with, a credit limit that enables them to deal with unforeseen costs and yet is manageable so that any debts accumulated can be cleared up in a reasonable time. At a later date, the consumer may receive a letter in the mail from the bank offering them a preapproved increase in their limit, and I am sure most of us have seen that many times. I have certainly received many such letters over the years. With a form such as that, all it needs is a signature. It can be faxed or mailed off and—bingo!—the credit limit has been increased, sometimes by many thousands of dollars and sometimes by even more.

For a family under pressure, if the bills are mounting and their credit card is getting close to its current limit, you pretty much know what is going to happen next. That form gets signed. It gets sent off. The new limit is in place and it is then used. Of course, the customer, the borrower, who has gone up to the max on the old credit card limit and has not been able to pay it off has even less chance of paying off a card with a higher limit.

Banks have been widely condemned for the practice of sending unsolicited invitations to increase credit card limits, and I think it is right that this bill addresses that. There are certainly some people in situations that can cope with increased credit card limits, but I think banks should also carry some responsibility when those are being offered.

A typical credit card interest cost is often more than 20 per cent per annum. For some cards it is less; they have different conditions. But there are certainly a lot of cards that have that rate or more. It only takes an outstanding balance of $10,000 on a credit card to see $2,000 a year go up in interest and not one cent applied to the
amount that has been loaned via the credit card. Many people unfortunately fall into that trap and spend a large amount of their income paying off interest for purchases that in many cases they have already used or consumed. As we often hear, having large debts can have a devastating effect on families. Credit card debt can make people feel stressed, frustrated and overwhelmed and even leads to health problems. A lot of mental stress can come about from that type of situation with a tight budget.

Data from the Reserve Bank showed that total credit card debt in Australia was $48.6 billion in November 2010. At that time, there was a total credit limit of $133 billion. As I mentioned before, it has gone up slightly since then. Of that $48.6 billion in November 2010, 77 per cent was rolled over from month to month, as most people had not paid off their credit cards in full. When you think about that, that is 77 per cent of those cards having interest paid on them—lots of interest. Of course, it is the banks' right to charge interest; it is their product. But it is also a question of how people have got this credit available to them, and this bill addresses some of those issues. The growth in credit card debt over the past decade has been nothing short of spectacular. Just as an example, from January 2000 until July 2010 the total amount of credit card debt outstanding in Australia rose by 320 per cent. The continual rise in the level of credit card debt is a concern, and this legislation is aimed at helping consumers reduce their levels of debt.

For some local examples, I turn to a service I know rather well in my electorate of Deakin, because my electorate, just like every other electorate, is affected by people who get into financial trouble. Eastern Access Community Health, who have a social and community service based in and around Ringwood, in my electorate, also have a financial service there. They are very good at dealing with locals with financial crises and are able to put them on the right track. That service is funded with federal government support, which is a good thing. That started as part of the global financial crisis, back in 2009. The Labor government at the time provided $80.4 million of additional money for emergency relief and financial counselling which ran from 1 March 2009 until 30 June this year. In the electorate of Deakin this funding supported an additional two financial counsellors who were employed at EACH. As I said, they provide support for members of the community who may be experiencing financial difficulty.

The good news is that in the recent budget it was announced that the 77 full-time financial-counselling positions established during the global financial crisis will continue to be funded, with an extra $28 million over the next four years. That is a great thing for not only my electorate of Deakin but, as I said, everyone else's electorates, where these problems have arisen.

In particular I would like to mention Deborah Graham. She is one of the financial counsellors at EACH, and she advises that, in every case that she has dealt with of severe financial hardship, extensive credit card debt has been the problem. She advises me that, in all of her current cases, her clients started with much lower credit limits and that they increased their limits after they accepted unsolicited bank offers. One of the examples she provided involved an individual on a Centrelink income who has cards from three different banks with credit limits of $4,000, $2,000 and $4,000 respectively. In each case the bank offered to increase the limits of their cards from an earlier lower limit. Over a period of time the debts got higher until they got to the point where help had to be
sought. It was unsustainable. The credit card debt spiralled out of control, past any ability of that client to pay it back on the income they were receiving. Deborah is now working with that client to help manage those debts, but it is not a situation that should become a matter of course. It should be the exception, and it should not be made easy to get into that situation. The message Deborah gave to me is that this legislation will make a real difference in helping to keep people out of financial distress. Banning the practice of unsolicited offers of extra credit limits will help people operate within their limits.

As well as banning the practice of unsolicited pre-approved credit limit increases, this bill will stop banks providing debt above the agreed credit limit and then charging penalties for this so-called service. As part of this reform the government recognises that lenders may need some discretion to approve certain payments which go over the credit limit, and I think that is valid if it is for an essential service. It is valid in the interest of a borrower to see that their gas or their power does not get cut off simply because it has been paid off with a credit card maybe at the wrong time of the billing cycle. Although the credit level will be able to exceed the total limit, this legislation will ban the current practice of charging a penalty plus interest for exceeding that limit. The interest will still be there, as I said before. That is money borrowed. The penalty for the bank is just cream on top. These types of penalties can be very frustrating for customers who accidentally exceed their limit. Many times there seems to be no correlation at all between the penalty charged and the so-called inconvenience to the bank. The two scales are way different.

For those who are in severe financial hardship, the removal of these penalty fees can help them gain control of their own debt and ensure the amounts they are paying are not spiralling out of control even further. Currently many banks will charge consumers anywhere between $20 and I am told up to $95 each month while the debt sits above the credit limit. These penalties make it even harder for people to dig themselves out of debt. The customer is often paying 20 per cent interest or more on the outstanding amount and on top of this they are incurring regular fees and penalties for exceeding their limit. The Reserve Bank of Australia, in its June quarter 2011 Bulletin, advised that fees on exceeding credit card limits, including late payments, totalled $301 million for the year to 30 June 2010. It is estimated that Australians could save around $225 million annually from the banning of fees and penalty rates for exceeding credit limits. Banning these fees will empower consumers to deal with their debt levels and not face additional costs at the time they can least afford it.

Another aspect of the National Consumer Credit Protection Amendment Bill 2011 is that it will require lenders to allocate repayments to higher interest debts first, so families do not pay more interest than they should. Currently, bank customers do not have any control at all over how their repayments on credit cards are allocated. Some credit providers allocate repayments under their credit card contracts in a way that can maximise the amount and time required for the customer to repay the debt on their credit card. The customer's money is often used to pay off parts of the loan which are actually only incurring low or sometimes even no interest. Each bank and each financial institution that issues cards has different conditions and quite often they have different conditions for different types of cards issued by the same institution. Many people simply do not understand what they
are paying or the how or the why or the when as to which part of their debt is getting paid. Other countries have been able to bring in legislation to ensure that the highest interest rate debt is paid first. I think this is a great step forward that we are now proposing to do this in Australia.

Very importantly, on top of that, this bill will also make it mandatory for credit card statements to advise customers not to pay just the minimum amount, which is very easily done. The statement comes out and it has a figure on there. If you pay that you do not hear any more from the bank until the next month and you get another statement. But if you are paying the minimum amount your chances of paying off your loan from the bank are virtually nil. You will probably never get there in a working lifetime. The minimum amounts are very low.

Also contained in this bill is a provision that will make it mandatory for credit providers to provide a key facts sheet to consumers before entering a credit card contract. This change will allow customers to compare different credit card products more easily and have a better understanding of how to use their credit cards more efficiently. I would hope that minimises the amount they have to pay in both fees and interest.

In addition to introducing the key facts statement, this bill also runs in parallel with the reforms that are part of the federal government's commitment to reform the banking system and to promote competitive and sustainable practices. These reforms include the federal government's ban on mortgage exit fees which the Liberal and National parties are trying to torpedo this very day in the Senate, I understand. Banning exit fees on mortgages will help boost competition in the home loan market over time by giving consumers the ability to swap banks without facing the financial burden of exit fees. If the Liberals have their way, it will be families who get it in the neck, not the big end of town. I commend this bill to the House.

Mr BUCHHOLZ (Wright) (19:50): I sit on the Standing Committee on Economics and this bill seeks to introduce major changes to the relationship between credit providers and consumers in respect of credit cards and home loans. It forms part of the banking reforms announced by the government designed to empower consumers, to support smaller lenders and to secure the flow of credit to our economy. In principle we do support this bill. However, there are some points raised during taking evidence and listening to witnesses that it is prudent for me tonight to pass on so that we have an entirety. This bill is going to need constant massaging and constant monitoring as its implementation has an impact on the market.

The bill has a provision to introduce a requirement for lenders to produce a key facts sheet for standard home loans. We do not have a problem with that. The more information we can give a consumer to make a value decision the better. The downside to the fact sheets is that there will be an extra cost, an extra imposition on the banks, and undoubtedly the banks will pass that on. I do not see the banks shifting to an environment where their fine print will become less. It will be just another layer of administration. Notwithstanding that, I think there is substantial benefit in people being made aware of their financial responsibilities. The facts sheet would set out in a standardised format pricing and other information about their products, allowing consumers to readily compare different home loans. The banks will be encouraged to actually personalise the data for the client so that they will be able to shop apples against apples.
Also, the bill tends to regulate the circumstances in which borrowers can exceed their credit limit on their credit card and prohibits fees being charged by the credit provider when they do so, except when the consumer has adopted to have a higher buffer on which they can be charged fees. I do not get this, because the body of this bill speaks to protecting consumers with credit card debt from unsolicited invitations, but this part of the bill, with reference to a buffer, is something that I struggle with. If we are trying to restrict unsolicited limits to credit card holders, providing a buffer for the consumer is exactly the juxtaposed position of what the body of this bill speaks to. So whilst it is in there I will speak to it, but I definitely have concerns, unless I have misinterpreted it.

The bill also speaks to specifying a hierarchy of payments made under credit card contracts, requiring credit providers to allocate repayments by the borrower to that part of the balance of the credit card on which they have charged the highest interest rate, unless they have elected to make different payment arrangements. With most of the standard credit cards there are default or higher components of your credit card expenditure that are exposed to greater interest payments. For example, if you get a cash advance on your credit card you may be paying an extra two or three per cent or a fee to get that cash advance. So, when you go to make your minimum monthly payment the bill intends that the payment will be calculated to offset higher amount of outstanding funding. This part of the bill does make sense. Hopefully, it will reduce some of the burdens for consumers.

This bill speaks to restricting credit providers from making unsolicited invitations encouraging borrowers to increase their limits and credit cards, except when consumers have consented to receiving such offers. We have all seen the volume of such mail that comes through our letterboxes. If you have, or have had, a credit card the banks have taken a position of going out and soliciting increases in limits. My concern was—and I will give my defence of the banks later on in my speech—that the banks make these unsolicited offers, such as increasing a person's limit from $500 to $5,000, without being diligent enough about the capacity requirement or in their evaluation. Enormous cost-of-living pressures are being borne by society as a result of the fiscal management of this country at the moment. There are people in my electorate who are on their knees. Credit card payments and expenditure are the ways in which they are keeping their heads above water. They are paying their energy bills, kids school fees and buying fuel for their car on their credit card. Some of them are actually buying their weekly groceries on credit cards. When you have cost-of-living pressures mounting up to the back teeth and you have an offer from the bank to increase your credit limit from $500 to $5,000, it's Christmas! You are not a logical rational thinking person when it comes to taking up that option. As a result we have this pain in the marketplace.

We heard this from Consumer Action Law Centre and the Consumer Credit Legal Centre, who gave evidence. Some of the stats they referred to were that out of all the people they were dealing with who had credit card default problems 60 per cent had one credit card and 40 per cent had multiple cards. I thought that was an interesting statistic to share with you. We would probably not have to be dealing with this legislation as aggressively as we are if we had stronger fiscal responsibility and the cost-of-living pressures in society were not as intrusive as they are at the moment.
The last point the bill speaks to is an introduction of a requirement for lenders to provide a key facts sheet for credit card contracts. The bill makes it mandatory for credit card providers to include in credit application forms key information about annual percentage rates and other terms that would apply to a contract. This part of the bill just speaks to a mandatory note on your credit card bill alluding to the fact that if you continue to make the minimum monthly payment on your credit card your term for the outstanding balance should be shown. So, on a standard $5,000 credit card, if you make a minimum account balance payment you could be entering into a term of up to 15 to 20 years to pay back that debt. Passing that information to the consumer will hopefully motivate people to reduce their debts quicker.

One of the issues raised by the parties in relation to the consultation process was the short time frame permitted for submissions to be made. I have some dates here. The exposure draft was released by Treasury on 4 March. Given the importance of this bill and the number of people it affects, it was a little unfair that the closing date for submissions was—wait for it—8 March. Treasury put it out on Friday the 4th; then there was the weekend and Monday. This had to be submitted by Tuesday, 8 March—way too short a time for consideration and for the market and stakeholders to respond. The Australian Bankers Association articulated a concern that the banking industry had not been able to fully assess the potential impact or the likelihood of unintended consequences of the new rules. Predominantly, that was as a result of the time frame that they had to work with. Groups also broadly shared the concern that, as many of the substantive provisions would be included in this regulations, comprehensive comments on the policy detail were not possible at this stage of the legislation. Predominantly that speaks to the lack of substantial regulation included in this bill.

Often you will hear us, as the opposition, oppose. We oppose policy that is put up for a very good reason: often it is pretty ordinary policy. But on this particular occasion I am more than happy not to oppose it but to support it. I can see the intent.
just screwed this one. You have taken it the wrong—

The DEPUTY SPEAKER: The member for Wright is trying my patience. He will refer to the bill.

Mr BUCHHOLZ: I am sorry, Madam Deputy Speaker.

The DEPUTY SPEAKER: The members will leave the chamber.

Mr BUCHHOLZ: With 29 seconds to go I have shown my intent to support the legislation. However, sometimes the standard practice of this House is quite confusing to a new member.

Debate adjourned.

Appropriation Bill (No. 1) 2011-2012

Report from Main Committee

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

Ordered that this bill be considered immediately.

Bill agreed to.

Third Reading

Mr SHORTEN: by leave—I move:
That this bill be now read a third time.
Question agreed to.

Bill read a third time.

Appropriation (Parliamentary Departments) Bill (No. 1) 2011-2012

Report from Main Committee

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

Ordered that this bill be considered immediately.

Bill agreed to.

Third Reading

Mr SHORTEN: by leave—I move:
That this bill be now read a third time.
Question agreed to.

Bill read a third time.

National Consumer Credit Protection Amendment (Home Loans and Credit Cards) Bill 2011

Second Reading

Debate resumed on the motion:
That this bill be now read a second time.

Mr LYONS (Bass) (20:08): I rise to speak on this very important piece of legislation, the National Consumer Credit Protection Amendment (Home Loans and Credit Cards) Bill 2011. May I say from the outset that while some Australian families are struggling under cost-of-living pressures, it is obvious that the four big banks have no such worries, with Westpac, ANZ, NAB and the Commonwealth Bank all reporting record half-yearly profits recently.

This government is about fairness for Australian families. That is why we have introduced this important bill. We, the Gillard Labor government, are about fairness for families when making fundamental financial decisions. We are about putting power back into the hands of the people when comparing the products offered by
financial institutions. People have the right to compare an apple with an apple—or, in this case, a lemon with a lemon—when searching for a new home loan or credit card, and many banks have been offering lemons when it comes to credit cards. Many Australian families are being crippled with credit card debt. With the grip of the global financial crisis, working families' households are increasingly trying to save and pay off debt. In January this year credit card holders paid back $18 more than they spent on new purchases for the month, compared with zero in February 2006. This government, through the National Consumer Credit Protection Amendment Bill, aims to further help Australian families get back in front.

In January this year the average balance outstanding on credit cards was $3,207, of which $2,403 was accrued interest. This amendment will require credit card providers to allocate repayments to the highest-interest-bearing debts first. In this way, a credit card user could save $360 or more per year, depending on their spending habits and credit limit. This means more money in the back pockets of average Australians. It is a measure the Age columnist John Collett described as 'excellent' on 16 March. For families in my electorate of Bass, this is very much welcome news. I am sure that is the case throughout Australia.

An important part of this amendment is the prohibition of unsolicited credit limit increase invitations. For many Australians, it is not uncommon to receive letters of offer for a limit increase. For families struggling with monthly bills, it can be very tempting to increase the limit. Inevitably, this leads to greater financial distress down the road when they are unable to pay off the full balance at the end of month or sometimes not even meet the minimum payment. This amendment will stop unsolicited credit limit increase invitations being sent to customers. The average credit limit on credit cards has risen from just over $4,000.00 in 1994 to $8,953 in January this year. The decision by an individual to increase their potential financial liability should be taken seriously in response to a genuine need and ability to repay, not be spontaneously prompted and entered into as a result of opening their letterbox. These letterbox offers have been made by lenders without questioning the existing financial situation of the borrower. The borrower may have changed jobs three times or retired since getting the card. That sort of offer is irresponsible to say the least.

In this vein, the bill will require lenders to ask customers to nominate a credit limit when they apply for a credit card. Currently, card issuers may offer a limit that is far greater than expected or wanted by the customer. It then becomes an obligation of the customer to contact the bank and request a limit decrease. Upon contacting the bank, customers are often met by resistance in the form of retention units who try to convince customers that having a large credit limit is a good thing. Indeed, bank representatives encourage them to keep the higher limit for a rainy day, which can be a dangerous resort for families. This bill will put an end to that and put the responsibility back on the shoulders of big business, where it belongs.

This bill also sets out the circumstances in which borrowers can go over their credit limits. Currently, card issuers will often allow their customers to go beyond their credit limits and then charge them a fee for doing so. Credit card providers currently charge approximately $225 million a year in over-limit fees. The reforms will limit the amount these accounts can go over to 10 per cent above the credit limit at the discretion of the lender and abolish the fee when they do so. Abolishing these fees puts yet more money into the average family's coffers. This buffer is important to customers. For
example, it is not desirable to have a direct debit for home insurance declined for the sake of a few cents, only for the property to burn down without coverage. Customers may be willing to give consent beyond 10 per cent by accepting the fees where appropriate. The difference, however, will be that this will be on an opt-in basis unlike the current opt-out onus placed upon the consumer. By the same token, some customers may not wish to have a buffer beyond the credit limit. These customers will be able to opt out. This amendment shifts much of the control back to the consumer, where it belongs.

This bill also makes it mandatory for credit card application forms to include a clear summary of account features. This is very important. The bill will require application forms to include a key facts sheet for potential credit card borrowers. It will become the right of consumers to be given the relevant information upfront about the credit card for which they are about to apply, rather than the current obligation placed upon them to find information. The key information will include the interest rate on purchases, cash advances and promotional offers, the annual fee and the other most relevant fees.

Going beyond the key features, the bill will also require credit card issuers to inform customers about the implications of meeting only the minimum payment on statements, such as ongoing interest payments and higher debts. Credit card issuers will also be forced to standardise their calculation of interest to allow the Australian public to effectively compare credit card products. Currently some banks calculate interest on principal, interest and fees. Others charge interest on principal and fees, while some charge interest on principal only. It is a mire of confusion for anyone comparing the interest costs associated with different card products.

The other facet of this bill is that it will be mandatory for banks and lenders to provide a facts sheet to potential borrowers so they can compare home loans. This is a good move and should lessen the confusion for borrowers who are buying their first home or refinancing. This bill gives Australians a fair go and creates a level playing field between the banks and consumers.

Australia's financial system today is the envy of the world. We did not feel the impact of the global financial crisis as strongly as other nations. Our actions during the global financial crisis got a lot of families through. This reflects both the hard work and experience of our regulators and the decisive action taken by the Labor government. The government took swift action to ensure our banks' access to global capital markets and to provide certainty for depositors across Australia. This ensured the continued flow of credit and, together with the Australian government's timely and targeted stimulus, helped infuse a sense of confidence in the Australian people.

Yet there is still more to do, and that is why we have introduced this bill. Australians deserve to have a better go with the big banks. The Australian people will not tolerate any bank abusing their place in the Australian economy because of their strength.

A measure I am pleased to note is the moneysmart.gov.au website, which provides plain English, unbiased information about finances. It aims to improve financial literacy and provide tools to help with budgeting. The Gillard Labor government wants people to be able to make better informed choices so they can take control of their finances. I encourage all Australians to visit moneysmart.gov.au and take advantage of
this fantastic information and online tools which will help control finances.

We will keep looking for ways to make it easier for families at kitchen tables around Australia to balance the household budget. We know that there are challenges and opportunities for the times ahead—keeping the economy strong, pricing carbon and rolling out the NBN—yet we are moving in the right direction. I commend this bill to the House as it will make a real difference to Australians who are struggling with credit card debt. These measures are sensible and will provide a level playing field for Australian men and women.

Ms MARINO (Forrest—Opposition Whip) (20:19): The National Consumer Credit Protection Amendment (Home Loans and Credit Cards) Bill 2011 addresses some key issues in the use of credit in the form of home loans and credit cards. To be specific, it aims to ensure that credit card usage is not approved above the credit limit, except in certain circumstances, and to specify an allocation hierarchy for payments made under credit card contracts. It also requires credit providers to make the details of products available in a simple and convenient manner in a so-called key facts sheet.

These and other changes are proposed because the government is concerned, and rightly so, that credit can become a burden on citizens. But I find it really quite incongruous that it is this government that is expressing concern about the ability of Australians to manage their debts when it is this Labor government that has itself wallowed in debt—in fact, the highest debt in Australia's history. This Labor government is apparently concerned about people going too far into debt but will force a total public debt of $107 billion on the Australian people. It is this Labor government that suggests limiting additional borrowings on the credit cards of Australian citizens that is itself borrowing $135 million a day. It is this Labor government that wants to ensure that repayments Australian citizens make go to paying off first the debt with the highest interest rate, while at the same time leaving the Australian public footing an interest bill of $18 million a day to pay for Labor's debt splurge. I understand the intent of this bill, but the government should be applying these principles to its own management of the Australian economy. It is a case of taking the log from your own eye before pointing out the splinter in another's.

This bill seeks to prevent credit card debt being extended beyond initial limits except in 'certain circumstances'. That might be a good idea for the Australian government as well. What would 'certain circumstances' include for a Commonwealth government? This government, as a part of the budget process, is increasing the credit limit it gives itself.

The DEPUTY SPEAKER (Ms AE Burke): The member for Forrest is labouring the analogy a bit much, and she can come back to the bill before us.

Ms MARINO: Certainly, Madam Deputy Speaker. We do know that, in extending the credit limit, the government wants to raise that to $250 billion and in the process to define and get rid of special circumstances. That has happened at the same time that it has dumped the need for the special circumstances for itself but not for the voters. The government is refusing to apply to itself the same principles of accountability that it is willing to enforce on people through this bill.

Looking at the bill in more detail, the proposal to have credit institutions develop a key facts sheet on credit products has some merit. Many of them currently provide this
information in an open and honest manner and standardising this across institutions would make comparisons easier. But I wonder what such a sheet would look like for the government.

The DEPUTY SPEAKER: The member for Forrest has been warned. She will go to the bill before her.

Ms MARINO: And I have, Madam Deputy Speaker. The bill prohibits credit providers from making unsolicited invitations that encourage consumers to increase their credit limits, except where the consumer has consented to receive such offers. Many of us have received in the mail those ‘you have been approved to go further into debt’ letters, especially during the credit gluts of the 1980s and the early 2000s. Your mail on that day might have offered to double your credit card limit and also have been full of unaddressed brochures on the things to spend that extra credit on.

While reducing the number of these offers going out, we should be looking at alternative ways to prevent people going too far into debt. This probably needs to start when we are younger. Many young Australians leave school with the legal capacity to go into debt but not the training to understand and manage that debt. Indeed, many college and university graduates are highly skilled in the technical fields they studied but are horribly ignorant of the financial facts that might keep their businesses open and themselves out of bankruptcy. It is this lack of economic education which is, to my mind, one of the prime reasons for the economic hardship faced by so many young Australians today.

I am sure that the government would agree that having some debt is not a problem if you can manage it and repay it comfortably. The secret is to control the debt before it controls you. I am afraid that this has not applied to the government itself. The government at last has responded, through this bill, to industry concerns and provided amendments at this late stage. These eleventh hour amendments have certainly responded to industry concerns. However, the need for a full review of Australia’s financial system, as is part our nine-point banking plan announced last year, certainly would not go astray.

Ms O’NEILL (Robertson) (20:25): I rise to speak on the National Consumer Credit Protection Amendment (Home Loans and Credit Cards) Bill 2011. An often overlooked achievement of the Gillard government has been the COAG national reform agenda in the areas of consumer credit and personal property securities. This bill and the National Credit Code are significant economic reforms. They seek to improve and streamline the regulations concerning consumer credit and provide for a national regulatory system. This government has already achieved the implementation of Australian credit licences, responsible-lending provisions and a comprehensive National Credit Code. These reforms have achieved the important balance of enabling consumers to access needed credit while ensuring that credit providers are responsible in their provision of that credit.

The responsibility of financial institutions and other credit providers in providing credit has been an issue of global significance, arising particularly in the context of the global financial crisis. An outcome arising from the GFC is that governments do need to provide appropriate regulation governing the provision of credit. While Australian regulations have largely been much more appropriate than those in nations, such as the US, that were much more affected by the GFC, needed improvements were identified here in Australia.
One key reform by this government was the introduction of Australian credit licences, which ensure that credit providers cannot escape accountability due to different licensing requirements in different states. Additionally, the responsible-lending provisions that were established by this government once and for all provide a national standard of responsibility for credit providers. Also, the establishment of the National Credit Code, replacing the state based Uniform Consumer Credit Code, was a triumph of cooperative economic reform by the states, working with the Commonwealth under our leadership. I sincerely hope, given the change of government in New South Wales, that these reforms that are vital for a truly national economy can continue.

This bill represents the next vital step in providing for a culture of responsible lending in this country. It concerns issues including credit limits, how credit providers manage higher interest bearing debts, and the provision of important information to consumers on home loans. All these are fundamental in providing for a culture of responsibility in the provision of credit.

One component of this bill which I am particularly pleased to support is the prohibition of unsolicited credit limit extension invitations that encourage borrowers to increase their credit limit. From evidence he gathered during the inquiry of the Standing Committee on Economics, which he chaired, the member for Dobell gave a very colourful illustration of the impact of this practice on Australian families. The exception in this measure is where the consumer has provided informed consent for such offers to be made. I understand that we should consider the argument that it is up to the individual to responsibly manage their financial security. What this House needs to consider is that some consumers, particularly young people, can misjudge or make poor decisions about their personal finances. Similarly, families under financial pressure can turn to credit cards and never recover. This legislation is not intended to deal with this situation by providing for stringent regulation that stifles free enterprise. Rather, it promotes a culture that ensures that credit providers act in a responsible and considered way. The global financial crisis demonstrated that the irresponsible provision of credit by financial institutions is a reality and it can have dire economic consequences.

My electorate of Robertson has a high population of families and young people below the age of 25. I know I have spoken about the demographics of my electorate in previous speeches; however, the Central Coast does have a unique demographic make-up and it represents a mortgage belt area. Many of the young families on the Central Coast have sizeable mortgages. We are a region, but our proximity to Sydney means that there is considerable financial pressure on the families who live in the Gosford and Wyong local government areas. Additionally, many of these families, like families right across Australia, use credit cards provided by a bank or an alternative financial institution.

The decision to purchase credit is an individual one and it is determined by the individual in concert with a responsible credit provider. In relation to credit cards, however, I believe that it is fundamental that the government play a significant role in ensuring that credit providers are actually responsible. The ability of a bank to merely send out letters to individuals holding credit cards and increase their credit limit can be characterised very easily as an incredibly irresponsible practice. It occurs nonetheless, because the risk of any individual defaulting on their credit card is seemingly less of a concern than the potential profit that might
be made by the bank or credit facility adopting such a practice.

Often the consumers targeted with offers of a higher credit limit from the banks are those more likely to be experiencing financial difficulty due to high levels of unsecured debt. The level of unsecured debt of many young people is very concerning. Statistics demonstrate that the level of unsecured debt amongst youth is higher than in other age brackets. On a number of levels this is perhaps to be expected, but it is certainly not a desirable outcome. Often younger people require access to unsecured credit to enable them to start out in life. Despite this, a variety of reports indicate that debt problems are significant, particularly amongst youth. Requiring lenders to ask consumers to nominate a credit limit when they apply for their credit card means that consumers have power at that point to determine their limit. Lenders, however, will not be able to make unauthorised offers to consumers encouraging them to increase their credit limit. (Quorum formed) This represents a step towards providing a more responsible culture of credit provision between lenders and consumers.

This bill contains other important provisions which will assist in the development of an improved culture of responsibility in the provision of credit. One is the requirement for lenders to inform customers about the implications of early repayment of minimum amounts when receiving their statements. Even paying just a small amount extra over the minimum required can make a large difference to the interest charged. The provision of this information to many consumers, especially to young consumers, would be immensely beneficial in enabling them to plan and to more effectively manage their finances, while developing their financial literacy.

While some school students learn about financial management at school or from their parents, it is sadly a reality that many young people learn about financial management from unfortunate experience. We need a culture where credit providers do not exploit the financially inexperienced young borrower. We need a culture where consumers, particularly young consumers, are well informed of the implications of borrowing. An additional way in which this bill seeks to implement this objective is by mandating that a key facts sheet be included with new credit card application forms. This will provide much-needed information to new borrowers, including the relevant interest rate and fees. It is always better for a consumer to be aware of this information before they make a credit commitment. Whilst some, including those opposite, would be quick to argue that this is a matter for individual responsibility, lenders should not be allowed to take advantage of inexperience. It is the ethical path to provide for a culture of responsible lending.

I sincerely believe that this bill will improve the means by which credit is accessed and will ensure that lenders provide their services in a more responsible manner. Whilst this bill predominantly affects credit cards, there are also embedded in it improvements in relation to responsible lending for home loans. As part of the Gillard government's banking package, lenders are to provide consumers with a key facts sheet with each new standard home loan. I understand that this differs from credit cards in that consumers purchasing a home loan generally do so after considerable deliberation. Certainly, consumers report that the key facts sheet is an extremely useful asset when attaining a home loan because it allows consumers to easily compare home loans. The provision of this means of easy comparison demonstrates that this
government is committed to ensuring that consumers are able to make major financial decisions that are to their advantage. The key facts sheet is a means of breaking down the information imbalance that many customers face when they are dealing with a very powerful financial provider. By receiving the information that they desire in an accessible form, consumers can feel more confident about the decision they make in regard to a home loan. Choosing a home loan is often one of the most important decisions a family will make, and choosing the wrong loan can be very expensive. Only one-half of one per cent extra in an interest rate can increase the cost of a $250,000 loan by $30,000 over 20 years. For these reasons, the provision of a key facts sheet is a vital reform.

This legislation demonstrates once again that competition and consumer reform are Labor words. Indeed, whenever competition and consumer law reform has been required, it has been a Labor government that has implemented it. This is a predominant reason why I am very proud to stand up in this chamber and affirm the Labor Party's credentials as a superior manager of the economy. It was a Labor government that introduced the Trade Practices Act, ushering in a new era of competition and consumer law. It was a Labor government that lowered tariffs and floated the Australian dollar, positioning Australia to take its place in the global market. And it is this government that has committed itself to providing the legislative framework for a truly national economy. This is demonstrated with the new Competition and Consumer Act, the Personal Property Securities Act and the National Consumer Credit Protection Act. This government recognises the central role of the provision of credit in providing for a healthy national economy.

I was alerted to the importance of responsible credit provision when I was provided with information by a local consumer action centre. It was the story of a gentleman who was passing through my seat and sought our assistance to repair a caravan, which was also his home. He informed me about the very real problem in his own life of payday loans. These unsecured loans, on which interest at annualised percentage rates anywhere from 300 per cent to 1,000 per cent can be charged, are simply a disgrace. Such lenders target consumers who are generally considered uncreditworthy by mainstream lenders. This situation demonstrates that action needs to be taken in regard to irresponsible lending. I believe that this legislation does so, and I commend the bill to the House.

Mr IRONS (Swan) (20:40): I rise today to speak on the National Consumer Credit Protection Amendment (Home Loans and Credit Cards) Bill 2011. When the Treasurer introduced this bill, on 24 March this year, he stated early in his speech that the government was introducing three broad streams of reform: to empower consumers, to support smaller lenders and to secure the flow of credit to our economy. If you dissect those words you will see that the emphasis on the reform to empower consumers to support smaller lenders and to secure the flow of credit to our economy is weak. If you dissect those words you will see that the emphasis on the reform to empower consumers to support smaller lenders gives the perception of a government introducing a bill that gives a commercial advantage to one part of a business sector over another, which just reeks of legislative bungling.

Australia has an economic structure that enforces level playing fields right throughout the business sector, which some refer to as the Trade Practices Act. Many companies and businesses have been prosecuted under this act for creating, or through collusion forcing, a commercial advantage over competitors or fixing prices to customers. It is illegal to do so and is now a criminal offence. But here we have the Treasurer openly stating that he wants to introduce
legislation that gives an advantage to a particular part of the banking sector so that customers will leave one part of the industry and go to another. This is typical of this Treasurer and this government. Every time they try to legislate for business they get it wrong, and this is just another example. It reminds me of the Brian Burke days in WA, and we saw what happened when Labor went anywhere near business in those days.

If this bill does achieve a fairer and simpler banking policy that does not contravene the Trade Practices Act then it should be supported. The bill comes before the House in the context of Australians using credit cards more and more, year after year—to be precise 428 per cent more, according to Euromonitor International, between the years 1998 and 2009. This growth in use has translated into a significant national credit card debt. In April 2011 the Reserve Bank of Australia estimated that there was $49.4 billion of credit and charge card debt in Australia, almost $36 billion of which was accruing interest. The actual liability, including credit and charge card limit, was estimated at $134.9 billion. Australians could borrow that amount of money if they needed to, just as this government borrows money.

Australia's credit card expenditure ranks high among nations. In 2009 our per capita expenditure was higher than countries such as the US, Canada and Hong Kong. We overtook the US in 2004 and have not looked back. But what does that mean for the country? I do not take the view that credit cards are a necessarily evil. The majority of Australians use them wisely and credit cards can assist with meeting day-to-day expenditure. However, the administration of these cards by banks has come in for criticism in recent times, and the charge has been levelled at banks that they are siphoning money off consumers at unacceptable rates. High interest rates and harsh penalties for breaching credit limits are two mechanisms which have been criticised by consumers, including many people in my electorate of Swan.

I am pleased that we are finally in a position where the government has introduced some legislation to be debated in the parliament. However, it is shameful that it has taken the government so long to consider this matter in detail. It has taken the persistent campaigning of the coalition and the shadow Treasurer to get to this point today where there is legislation before the House. The resulting legislation is an unsatisfactory response to the perceived issues within the banking industry. The requirement in the legislation for lenders to provide a one-page facts sheet stems from a policy that was announced by the Treasurer during a heated debate about the practices of the big banks towards the end of last year. The coalition had announced its nine-point plan for banking reform. The Treasurer was caught out, his inaction exposed and he quickly announced that he would solve the problem by requiring lenders to provide a key facts sheet for standard home loans.

These facts sheets may well be a good idea. Allowing consumers comparison between home loans is a worthwhile step. However, can a facts sheet really be considered a serious response to issues in the banking industry? And as usually is the case with policy on the run, this has created problems at the legislative stage and the government has had to remove the strict liability offences applying to the section of the amendments on the advice of the industry. I could go on to highlight these amendments but enough of my colleagues on this side of the House have already taken the Treasurer to task on this issue. To accommodate changes, this measure that was initially set to apply from 1 September 2011
has been extended to 1 January 2012. This does appear to be another example of a government that announces things before it has worked out any of the details.

As the Treasurer outlined in his speech, this bill also deals with issues relating to credit cards and I want to discuss the potential impact of these measures now. The bill provides for the introduction of a 10 per cent credit limit buffer, which can be broached without incurring fees. Consumers will be able to opt out and will be given the opportunity to request a larger buffer if they are prepared to pay for it. We note that the government has chosen to remove sections relating to the default buffer limit at 10 per cent of the credit limit, as well as the allowance for a supplementary buffer. There was some concern from industry bodies and institutions that the bill would send a message to consumers that they have a 10 per cent higher credit limit than previously stated.

The government has replaced this with a requirement for consumers to be notified if a credit card breaches the limit. The bill also provides for warnings on statements to consumers about the dangers of only paying the minimum repayment. It combines this with a requirement for an allocation hierarchy of payments, whereby lenders will allocate higher repayments to higher interest debts first. These seem reasonable. There is some concern however that the provision to restrict unsolicited offers to consumers to increase their credit limit will have the unintended consequence of forcing credit providers to push borrowers towards higher initial credit limits than they would have otherwise been offered. It is these sorts of concerns which demonstrate that the government is only scratching the surface of this issue, in typical knee-jerk reaction to public opinion. Contrast this approach with the coalition's nine-point plan on banking reform, which is:

1. Investigate anti-competitive banking practices
2. Investigate unnecessary banking risks
3. Ensure regular reporting of bank interest margins
4. Ensure more Government support for small lenders
5. Improve the liquidity of mortgage-backed securities markets
6. Simplify the Financial Services Reform Act
7. Commission an investigation of banking loan practices for small business
8. Commission a resolution to the debate about whether banks should be able to issue covered bonds, and
9. Conduct a full review of the financial system.

This is a serious strategy for dealing with these matters, unlike this government's rather shallow so-called reforms. In conclusion, I will not oppose this legislation as there are a couple of sensible suggestions in there.

Mr Ripoll: Oh!

Mr IRONS: I hear the member for Oxley is surprised at that.

Mr Ripoll: I am pleased.

Mr IRONS: That is good. However, this legislation has again exposed the policy problems that this government suffers from—announcement of policy on the run, not thinking through the details and having to make amendments as a result. Unsurprisingly, therefore, this is a fairly superficial attempt to solve serious issues and the government should be looking towards the coalition's nine-point policy proposal to make our banking system stronger, safer and fairer. Australia's credit card debt will remain internationally high and the public policy implications of this need to be properly considered by a responsible government.
Mr RIPOLL (Oxley) (20:49): I thank all members who have spoken on this bill, particularly the last member to speak, the member for Swan, and reassure the House and everyone listening that the opposition are supporting these reforms and this very good legislation—the National Consumer Credit Protection Amendment (Home Loans and Credit Cards) Bill 2011 and the National Consumer Credit Protection Act 2009. These are good reforms. They follow a range of serious reforms which this government has taken on, after an absence of almost 12 years when the opposition were in government of dealing with some of the serious reforms needed in financial services. The reforms look at banking competition, the advice sphere and superannuation—what we have done in the Cooper review—for the next 20 years. In the past 20 years we have seen super grow to become the basis of our national savings. Over a trillion dollars worth of savings in this country helped support us through the global financial crisis. Whether it is credit reform, consumer protection or competition in these areas, Labor has taken on these serious and challenging reforms. So it is good to hear that members opposite will be supporting these very important reforms.

This legislation follows through on our election commitment to crack down on unfair treatment of Australians who use credit cards, to make sure they get a better deal out of our banking system. In the end, we are all tied in together—the banking system, consumers, credit providers. Everyone needs everyone for the system to work but it ought to be a fair system that delivers a quality product to people.

In Australia, there are 15 million credit cards out in the market, almost a credit card for every man, woman and child in the country—certainly one for everyone over 18 years of age. So there is a fair bit of credit out there. I heard earlier criticism about our comparatively high credit levels compared to other countries. From time to time that may be the case. I have spoken in the past about unsustainable levels of credit, but a curious thing has happened in the last few years—that is, average credit card debt has fallen. People are beginning to get the message. They are saving and paying down their credit cards, being responsible in their use of credit. Our responsibility in this government and this parliament is to make sure that we give them the support they need in return—to make sure that the regulatory frameworks are right, that the banks and credit providers are doing the right thing, that credit is provided to those who can afford to repay it, that it works in the right way and that we support competition in these areas.

As most people would know, the average family has more than one card; it has multiple cards. The majority of families use that credit responsibly. Credit can be a very important means for ordinary people to give themselves a good lifestyle and to manage the creation of wealth. No-one buys a house with cash. People buy houses on credit. There are ways that people can manage good credit for good reasons, build their wealth over a period of time and create for themselves a good lifestyle and a retirement income for when their working lives come to that point. It is okay to have credit and it is okay to have a credit card, as long as people understand their responsibilities, as long as it is something that they can manage properly and as long as they are not being taken advantage of. That is the key thing when we look at the principle behind these reforms. We want to make sure that people do the responsible thing, but we also want to make sure that banks and credit providers provide an assurance of responsibility when they provide credit to people. (Quorum formed)

I thank all of my colleagues for taking the time out of their busy schedules tonight to
come and listen to me speak. I put on the record again that these are great reforms. While we hear the criticisms of the opposition, the opposition will actually be supporting this legislation, because deep down they believe this is good legislation and the government is doing a good job. When it comes to financial services reform and consumer protection—whether it is in relation to banking competition, banking exit fees, credit card limits or other necessary protections for ordinary working people—this government takes the hard decisions and makes the reforms. I thank the opposition for supporting this very important legislation.

I have very little time left, given that the opposition finds it necessary to continue to cut short our contributions, but in this legislation we are banning unsolicited offers to increase credit card limits. I think this is an acceptable reform. People do not need to be offered unsolicited increases to their credit card limits. They should be adult and responsible enough, if they need further credit, to apply for it themselves. It has been too easy for banks and lenders to, in an unsolicited way, encourage people into higher credit limits and even into debt.

This legislation also prevents lenders charging fees to customers who go over their credit limit, unless they have expressly asked for this particular service. There are a range of ways to ensure that consumers, while getting good access to credit, are protected from some of the worst aspects of credit, particularly the high interest that some providers charge on credit card debt, the high credit card limits and the fees that are charged. We also want to make sure that there are warning statements about making minimum repayments so that people understand that, by only making the minimum repayment, they potentially put themselves in a revolving door of credit and may never actually pay that credit off. If you calculate what you are actually paying over a number of years, the numbers are phenomenal. People ought to be aware of the pitfalls of having revolving credit card debt which you never pay. It can be worse than having a mortgage in the length of debt and the amount you pay back in fees and interest charges.

This legislation does many things to protect consumers in the area of home loan exit fees, providing more competition and giving people more ability to choose. It also provides for a one-page home loan facts sheet which will give people access for the first time to real information, restoring the power equilibrium and making sure that they know what their home loan is about, exactly what their responsibilities are, what the terms and conditions are and how much they will be paying. It will give them power for the first time to be in control of their own credit and debt.

I thank all the members who have spoken on this legislation. In conclusion, I can say that it is very good legislation. It provides for competition. It provides for choice. It provides for consumer protection. It is part of a suite of financial services reforms and changes that this government is making. I recommend the legislation to the House.

Mr Albanese: Mr Deputy Speaker, on a point of order: there is a Business Council of Australia dinner upstairs that has been disrupted on a number of occasions by petty childish pulling of quorums by the opposition. There is also an Australian Local Government Association dinner that has also been disrupted due to petty, childish negative politics from those opposite—

The DEPUTY SPEAKER (Hon. BC Scott): Order! The Leader of the House will resume his seat. That is not a point of order.

Mr BILLSON (Dunkley) (21:00): It was nice to have that little warm-up before I had
a chance to speak for a few minutes on the bill before the House.

Mr Albanese interjecting—

Mr Pyne interjecting—

Mr BILLSON: The bill before the House, being debated amongst the cacophony of exchanges in the House, is the National Consumer Credit Protection Amendment (Home Loans and Credit Cards) Bill 2011.

The DEPUTY SPEAKER: Order! The Leader of the House and the Manager of Opposition Business will stop shouting across the table. The member for Dunkley has the call. The Leader of the House will cease interjecting across the chamber. If he wants to have a discussion he can go outside.

Mr BILLSON: As I was saying, the debate relates to the National Consumer Credit Protection Amendment (Home Loans and Credit Cards) Bill 2011. The bill is something that the opposition will not oppose. We see some merit in many aspects of the bill and we will be supporting its passage through the parliament. The bill essentially seeks to change the National Consumer Credit Protection Act 2009 to require licensed credit providers to do a number of things. These include providing to customers key facts sheets for standard home loans. These outline not only the scale of the loan but the quantum of payments and the overall costs of the home loan the consumer might be considering entering into. There are also to be key facts sheets for credit card contracts on a similar basis: the costs and responsibilities are outlined there so that consumers can make informed decisions.

The bill will also restrict unsolicited invitations to borrowers to increase the credit limit on their credit cards. This is an interesting measure within this bill. I am sure many of us in this House remember a time, when credit was abundantly available, when we could barely get through a week without having our credit card provider offering some Herculean increase in the credit limit, or even credit card providers with whom we had no association—perhaps they had sourced our names off some database somewhere—very generously offering credit cards with significant credit limits.

I can understand the temptation that those spontaneous offers of credit may represent for some people, particularly those facing some financial distress. You can see the connection between financial hardship and even in some cases the very viability of households when there is this revolving door of credit coming from multiple credit offers, unsolicited, from credit card providers.

The bill also seeks to prescribe rules for the use of credit cards above credit limits where there are transactions that peak out over what is euphemistically known as the 'maxed out' credit card, what occurs when those credit limits are exceeded and the arrangements to be entered into by agreement between the credit card holder and the credit provider. The bill also provides for an order of application of payments made under credit card contracts.

Essentially, these measures came out of some of the Labor Party's comments in the 2010 election. They related to a number of measures, including the regulation of issuance limits, fees and charges and product disclosure requirements of credit cards in order to enhance the protection of consumers. This was spurred on somewhat by a very important public policy commitment that the shadow Treasurer, Joe Hockey, made in outlining the coalition's nine-point banking plan. So persuasive were those nine points, despite the government's efforts to ridicule this forward-looking plan for our banking sector, that the Treasurer, Wayne Swan, quickly announced some of
the measures that the coalition had outlined. So they clearly were not poor ideas, as Labor tried to outline. They were of such quality that the government tried to make them their own. Some of the measures in this bill carry forward the announcements in the nine-point banking plan of the coalition shadow Treasurer, Joe Hockey.

A couple of them are of particular interest to me, certainly the ones relating to price signalling. Interestingly, the government had never mentioned price signalling and a need to expand the powers available to the ACCC until the coalition started talking about it. In fact, the private member's bill that I introduced on behalf the coalition must have poked the government in the side to such a proportion that they quickly went about trying to create a bill of their own—a 'mine is bigger than yours' routine. I hope the parliament will consider before the week is out that the coalition's price-signalling bill is a product superior to the government's one and we will get the chance to debate that at some time.

Ms King: You're kind of pleased about that.

Mr BILLSON: I am kind of pleased about that. I thank the parliamentary secretary at the table for recognising that I would be heartened by that very objective and balanced appraisal of the two legislative proposals before the parliament. I was very pleased to read that some thought my bill was better than yours. Think of our extensive resources in the opposition compared to the tens of thousands of public servants available. Isn't it remarkable that quality can still emerge in the public policy debate despite that kind of resource imbalance. Needless to say, the bill before us deals with some of those policy announcements. The bill did have some unbecoming features, one of which, as my colleague touched on earlier, was a sort of process of consultation just to tick the box but with no meaningful engagement with key stakeholders. A very rushed consultative process meant that the bill came into the parliament with a number of flaws in it. Even though it is the government's own bill, the government is having to amend it. Having not done the homework properly, and not engaged in a genuine consultative manner, it now has to amend its own bill. I am pleased that those amendments are being made, because a number of those amendments improve the bill, but it does highlight that there were some unsatisfactory provisions. Thankfully, the banking industry engaged and the government has taken some notice of it.

Those elements within the bill that are worthy of consideration are certainly the hierarchy of payments under credit card contracts and other sections relating to credit card reform. Although poorly drafted, I think the ideas were quite reasonable, and the coalition has been constructive through the House Standing Committee on Economics in addressing some of those points. Industry has also, I think, taken its salvation in the House economics committee. At least someone was listening to its concerns and, through that slightly truncated process at the eleventh hour, the government has decided that there was some merit in those points from industry and has put forward some substantial amendments to the bill. It is a tad embarrassing for the government, but I hope it is an insight into proper consultation processes, because there are many stakeholders out there on this perpetual merry-go-round of consultations approaching them with goodwill, lots of resources and plenty of insights, only to feel like there is nobody listening. At least the committee process of the parliament can pick up some of those insights.
The key facts sheets for the standard home loans were originally set to apply from 1 September 2011. Clearly that was a very tight time frame. Following consultations with industry, that time frame has now been stretched out to 1 January 2012, albeit in an eleventh-hour amendment. The proverbial duck's legs were going very quickly as people were preparing for that start-up date. There now is a little more time to make sure that can be done properly, although there is some hope that the minister will finally release the regulations that will prescribe what needs to be in those key facts sheets. That was supposed to be in late June; we are certainly in late June. Let us hope that is not too far away; otherwise, the value of that extension will be undermined by the government's own inactivity. In its amendments, the government has also chosen to remove the strict liability offences which apply to this section. That is a concern that was consistently raised by industry and key institutions.

In the credit card area there are a number of changes to lending terms and prescribed rules for the use of credit cards above the credit limit. Other colleagues in this place on both sides have talked about a default buffer limit of 10 per cent above the approved credit limit as well as an allowance for a supplementary buffer. How these things will work through in practice will be quite interesting. My concern is that consumers might think that all of a sudden their credit limit has simply gone up by 10 per cent rather than it being a buffer designed to guard against punitive fees and the like, or higher interest rates, that are imposed and that may well not be expected by customers if they do happen to exceed their credit limit. We are all interested to see whether that does bring about behavioural change and some better comfort and protection for consumers or whether people will simply adjust to their old credit limit plus 10 per cent, and then we will find that some of the challenges that have motivated this bill are still with us, just slightly differently calibrated.

The hierarchy of payments provision is quite important. That requires credit providers to apply relevant repayments first to the parts of the consumer's balance that attract the highest credit rate. This seems quite reasonable. I know that if you are swapping between credit card providers they will often entice you with a discounted interest rate for whatever balance you transfer. This is designed to make sure that, if you then add to that balance, the most expensive part of the credit that you have called upon is where your payments are applied first.

As I touched on earlier, there are also the unsolicited invitations to borrowers to increase their credit card limits. You can be a little bit vulnerable to that. I heard an example, I think, from a government member talking about Christmas time. Cash flow can always be a bit of a challenge then. Faced with the festive season, the season to be jolly, and not feeling so jolly in the amount of cash available to you, that might be just a little too tantalising. I am pleased to see that that practice will be curtailed by the provisions in this bill, and I think that is a constructive step forward.

I touched on the key facts sheets earlier. They are just to make sure that people are aware of what they are entering into. I mentioned that the House economics committee made some useful recommendations recognising the debt treadmill. It might be good for bank profits, but it can come at a significant social cost. On this side of the parliament we are always keen for people to be responsible for their own actions, but, in the support we can provide in making sure that relevant and useful material...
supports better decision making, we think that is a good move, and there are a number of elements in this bill that go toward that objective.

On competition in the marketplace: hopefully, these key facts sheets will make comparison a more straightforward exercise. Some of the fiscal gymnastics that accompany credit products like credit cards with a whole lot of ins and outs, differential interest rates, special offers and transfers of balances can be quite bewildering. I am hopeful that this will at least give a basis for people to make better comparisons between credit card offers in the marketplace, and that should be good for competition.

I think the delay in the facts sheets is a smart move. I touched on that earlier. That was something that the House economics committee recommended.

There was also an acknowledgement that this is not without costs. This will bring some cost to industry as it gears up to meet these reforms. On balance, the House economics committee thought that those costs should be outweighed by the benefits of these reforms. As I mentioned earlier, we are all very interested in seeing what behavioural change results from the measures in this bill. The overall position was that the House economics committee thought this bill should pass, and that is certainly the disposition of the opposition now that some important, albeit late in the piece, amendments have been made by the government.

I was interested to hear colleagues talk about fees. Even the previous speaker was talking about home loan exit fees. I think this is something we need to be very careful about. A convenient amnesia takes hold of the government benches when they are talking about these things. There is in fact already a statutory power available to ASIC to take action for unreasonable fees—that is, fees applied by financial institutions that bear no relation to the actual cost incurred by the institution for the transactions to which the fees apply. One that is often talked about is home loan exit fees. It is quite interesting. I wonder how many home loan borrowers, how many mortgage holders, would appreciate the fact that what is effectively happening through the government's efforts to ban home loan exit fees is that they are socialising the costs of the decision of people to exit their home loans across everybody in the bank who happens to have a home loan, which I have always found a bit strange. If those home loan exit fees were genuinely a gouge and unreasonable, there is an existing head of power available to ASIC to take decisive action. But instead the Labor Party and its members have gone on this mantra that home loan exit fees are bad. I know when I am trying to make sure I can afford my mortgage, and my electorate is concerned about the cost of their mortgage, they would hate to have them bolstered up by having to cover the costs of other people's decisions to exit a mortgage they may have with that bank or that lending institution which actually incurs real costs. Someone has got to pay it. It is a bit like that balloon full of water. You push down at one place and they will pop up somewhere else. The problem is where they pop up is not where the push began. The push was the person that is accessing the home loan, they are the one that is creating the legitimate cost. Yet the government seems to think it is appropriate to socialise that cost across everybody who happens to be a client of that bank.

I am particularly concerned about what that means for small business. Access to finance for small business has been one of the key public policy challenges that this government has failed to address. Finance is the oxygen of enterprise. Yet too many small
businesses, after even offering to mortgage their home and their firstborn, are still being denied finance. They are now getting higher fees and higher margins. Why? Because there is such a focus on home loans when really we should be looking at all those paying the cost for the finance they need to access.

**Ms HALL** (Shortland—Government Whip) (21:16): The National Consumer Credit Protection Amendment (Home Loans and Credit Cards) Bill 2011 will amend the National Consumer Credit Protection Act 2009, including the National Credit Code, to give effect to the government's Fairer, Simpler Banking policy. It will also introduce a requirement for lenders to give borrowers a simple one-page key facts sheet for home loans to help them shop around for a better deal.

One thing I am really pleased about as I stand here in the House tonight is that for once the opposition is supporting the government on a piece of legislation. This opposition that opposes everything that comes through this parliament is supporting us on this excellent piece of legislation. I think it is also worth noting that when this legislation went to the Selection Committee the opposition did what it always does: it sent good legislation off to a House committee that ended up recommending that the legislation be passed. I might add that that was unanimously supported by members of the relevant committee. This is an opposition that disrupts for the sake of disrupting. This is an opposition that opposes for the sake of opposing, even when we have very good legislation before the parliament.

But tonight I welcome and embrace the opposition's commitment to seeing this legislation pass through the parliament, legislation that will prevent lenders sending unsolicited offers to individuals to increase their credit card limit unless they elect to receive them. It is legislation that prevents lenders charging fees where a consumer goes over their credit unless the consumer elects to be able to go over that credit limit. It will require lenders to pay off consumers' debt with the highest interest rate until the consumer elects otherwise. In other words, if a consumer takes a cash advance that attracts a higher interest rate, that component of their credit card debt will be paid first. In the committee's foreword the chair of the committee, the member for Dobell, makes the point that the debt treadmill may be good for banks' profit but it has significant social costs. That is why the committee supported the bill.

I know from the many constituents who come to see me, and I am sure members on both sides of this House are aware—**(Quorum formed)**

I thank the member for Paterson for calling my colleagues to the chamber. I am sure they appreciate coming down just to hear my contribution to this debate. I might thank him for pointing out to the House what an outstanding contribution I am making on this very important piece of legislation. I am sure that my constituency in the Hunter is aware of your support for my contribution to this debate. As I was saying before a quorum was called for, the excellent member for Dobell and chair of the Economics Committee made the point that the debt treadmill may be good for banks' profits but it has a significant social cost, and that is why the committee supported the bill. I went on to say that members on both sides of this House would be visited by constituents who have found themselves in some degree of trouble because they accepted some of those unsolicited offers of increased credit limits and have found that they are having a significant problem with their credit cards. This legislation recognises how these
problems can arise, and I am pleased that both sides of this parliament are supporting the legislation.

These reforms will regulate the circumstances in which borrowers can go over their credit limits and will abolish fees when they do so. Many of the banks do not support that, but already NAB has made some moves to recognise it and introduce some changes, without being forced to do so. The UK and the US have adopted a similar approach to this.

Currently the vast majority of credit card lenders will allocate repayments to the debt that attracts the lower interest rates. They will now be required to allocate the repayments to the part of the debt that attracts the highest interest. As a result, credit card users could save $360 or more a year. That is a very important change, along with the banning of unsolicited credit limit extensions.

The legislation makes it mandatory for credit card application forms to include a clear summary of key account features. It introduces a requirement for home loan lenders to give potential borrowers a key facts sheet so that they can compare between home loans. Once again that is a very important change. It is one that will be welcomed by consumers throughout Australia. The opposition have had the good common sense to recognise that this change will benefit all Australians.

I would also like to point out that you always know that legislation is hitting its target when you have banks complaining about the changes. For instance, Steve Munchenberg came out on behalf of the Australian Bankers’ Association and launched an attack on these changes. That attack was not driven by concern for good legislation but rather for concern about maintaining the level of profit that the banks have at the moment. He said that the move to increase regulation, especially for mortgages and credit cards, was misplaced and would lead to higher costs for consumers. (Quorum formed)

I again thank the member for Paterson for being so kind as to praise my speech and encourage my colleagues to come to the chamber. Once again I would like to put on the record just how appreciative the government is that for once the opposition is not opposing legislation that is passing through the parliament. It is a rare occasion for us on this side of the parliament to find that this opposition, which says no, no, no to everything, is actually saying yes to something and supporting a piece of legislation that is going through the parliament. This is excellent legislation which will benefit many Australians. Hopefully the opposition will honour its word and will not at the last minute renge on the undertaking to support it that many members have given.

I commend this legislation to the House and I am pleased that both sides of the House have indicated that they will support it.

ADJOURNMENT

The DEPUTY SPEAKER (Hon. BC Scott): Order! I propose the question:
That the House do now adjourn.

Italian Consulate, South Australia

Mr PYNE (Sturt—Manager of Opposition Business) (21:30): I am delighted to rise in the adjournment debate tonight to extend an invitation to Senator Alfredo Mantica, the Italian government's Undersecretary for Foreign Affairs, who is currently visiting Australia, to come and visit my electorate of Sturt and listen to the concerns of my constituents over the proposed closure of the Italian consulate in South Australia. The senator probably finds
himself stranded in Melbourne this evening and tomorrow due to the cancellation of flights, so he may have some time to reflect on my invitation. (Quorum formed) I appreciate the opportunity to continue my speech. I had a feeling the government would buckle.

Two years ago the suggestion that Italian consulates in Adelaide and Brisbane were to be closed brought about a strong reaction from the Italian community, local government and state and federal members of parliament. The issue of maintaining consular services in Adelaide and Brisbane has received overwhelming support, with the Italian government being criticised for not understanding the complexity of the community, the distance between cities in Australia and the vital work performed by the Italian consular network in Australia. The local campaign that forced Silvio Berlusconi's government, the PDL, to backflip on this issue achieved the following key results. Over 15,000 people signed a petition calling on the Italian government to keep the consulates open. The petition was tabled in the Italian parliament by the honourable Marco Fedi in 2009. (Quorum formed) (Time expired)

Davis, Mr Peter

Mr NEUMANN (Blair) (21:35): I pay tribute to a fine man and a wonderful educator who has been a fantastic advocate for the rights of young people with disability in the Ipswich area, Peter Davis. Peter is the former Principal of Ipswich Special School. He trained as a teacher in primary education and worked at Palm Island and Acacia Ridge. It was there he developed a passion for students who had become marginalised and had special needs. He undertook further study in the teaching of students with intellectual impairment and taught at Windsor and Kingaroy in special education settings located on primary school campuses.

Peter and his wife, Mary, have both spent their professional lives working in the field of special education, contributing substantially to the field at both state and national level. From 1980 Peter held the principal's position in a number of special schools around Queensland, with the last 22 years at Ipswich Special School, where he advocated tirelessly for students in his care. Peter's contribution is a truly remarkable one. When he first became the Principal of Ipswich Special School there were 10 staff. In 2011 around 100 staff are involved in supporting students, including advisory visiting teachers, therapists, nurses and other support professionals involved in outreach programs throughout the region. Peter has been a mentor to many schoolteachers. His contribution to special education in Queensland is unparalleled. Peter believes that every child, no matter what their level of ability, deserves a quality education, and he has devoted his professional life to this goal. Assisting technologies is a particular area of interest for Peter, and he has invested considerable time, energy and budget to make these available to his students. Assisting technologies allow young people who are restricted to moving their leg or head, for example, to put data into a computer.

Peter's former deputy, Andrew Thompson, is now the principal of Ipswich West Special School. He was present at the retirement function, as was Steven Leese, a mate of mine for many years and a mentor to so many people in special education in Ipswich. Barry Welch, the Queensland Teachers Union Organiser, also paid tribute to Peter's advocacy for the disadvantaged, his support for teachers and his strong support for the rights of teachers at work. Peter, in his retirement speech, lauded the $200 million
More Support for Students with Disabilities initiative of this government. This crucial initiative, with new funding, will benefit students, teachers and their families through new services and equipment and an adaptive curriculum to advise expert-designed training to support children with disability.

Peter has been a fantastic advocate for children with disability. For a long time he has advocated for a hydrotherapy pool at Ipswich Special School. It is our privilege, under the BER, to deliver $850,000 and a great honour for me as the federal member for Blair to have delivered it to make sure that children with disability get a hydrotherapy pool at Ipswich Special School. There is also $36,111 for the upgrade of ramps to ensure wheelchair access and $88,890 for the refurbishment of two classrooms in block A.

Peter was recently recognised in the Queen's Birthday Honours list with a Public Service Medal for his outstanding public service to education in Queensland, particularly in the area of special education. This year marks Peter's retirement. On 11 June I had the honour of speaking at Peter's retirement function at Brookwater Golf and Country Club. It is a great time for Peter to retire and to have realised a dream he has worked so long and so hard for—to finally have a hydrotherapy pool for so many young people at Ipswich Special School. I have actually been there in classrooms to hear the delight about what it will do for young people in that school.

To be recognised in the Queen's Birthday Honours for a lifetime of significant and tireless advocacy for students with a disability is a wonderful credit to Peter. As the federal member for Blair it has been my privilege to have known his wonderful teaching at the school and to see the love and affection he shows for the young people. During his speech, Peter remarked on the willingness of the federal Labor government to commit to social justice and social equity. He said that as soon as the federal Labor government came to power, things happened quickly in special education. After so many years of inertia, federal Labor was prepared to deliver for students with disability and for Ipswich Special School. In many ways, Peter Davis has made Ipswich Special School, and he helped to make Ipswich special by his contribution to the young people of Ipswich.

(Time expired)

The DEPUTY SPEAKER (Hon. Peter Slipper): As there is no other member standing, I will call the honourable member for Sturt, who has spoken before. He is entitled to speak again, and as no other honourable member on either side of the chamber has stood, the honourable member for Sturt has the call.

Mr PYNE (Sturt—Manager of Opposition Business) (21:40): I regard this speech as being in continuation, given the rude and rough behaviour of the Labor government with respect to this matter. (Quorum formed) In excess of 64 letters have been received from business, community organisations and stakeholders in support of maintaining Italian consular services in Adelaide and Brisbane. I have no doubt that the member for Makin, Tony Zappia, supports me in my call for the Italian consulate to remain open in Adelaide, let alone the member for Brisbane, Teresa Gambaro, who I am sure would also support me.

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Australian parliaments have heard and supported motions and speeches on this issue on eight separate occasions. A protest organised at the Italian consulate in my electorate brought out hundreds of people to rally in support of maintaining this vital
organ of the Italian community. I spoke at the rally—in Italian and not English. In spite of this overwhelming reaction, the Adelaide and Brisbane consuls are far from safe. Indeed, the person who has the ability to say 'si' and end the ongoing speculation that has lasted for two years is Senator Alfredo Mantica. I am advised that Senator Mantica will be travelling to Sydney, Melbourne and Perth but does not have trips planned to Brisbane or Adelaide, where the Italian community is most in need of his presence. I am advised by a constituent in my electorate that they are disappointed that Senator Mantica appears to be snubbing them and their views by not visiting Adelaide and not engaging with them on this crucial issue that is relevant to the Italian community now and will be into the future. I take this opportunity to remind Senator Mantica of the strong and resounding voice of the Italian community in my electorate and their will for the Italian consular services to remain intact. I am sure the member for Hindmarsh would agree with me. In spite of his Greek background, he would support this multicultural service. I invite Senator Mantica to my electorate and to use the opportunity while he is in Australia to visit both me and my constituents to strengthen the bonds between Australia and Italy. (Time expired)

Climate Change

Mr MURPHY (Reid) (21:45): During the last sitting period a number of us here in parliament had conversations with religious leaders who were representing a range of faith communities in Australia. These conversations concerned the very important issue of climate change. On Thursday, 2 June 2011, I had the great pleasure of meeting with Sister Suzette Clarke, the social justice coordinator for the Sisters of Charity; Mr Steve Denenberg, the executive director of the Australian, Asian and New Zealand Union for Progressive Judaism; Dr Beth Heyde, a member of the Public Affairs Commission of the Anglican Church of Australia; Father Charles Rue, a Columban representative in Australia for Justice Peace and Integrity of Creation; and Ashok Jain, representing the Canberra Jain community.

These people were brought together by the Australian Religious Response to Climate Change committee. They have offered the following statement, which I will now read to the House on their behalf:

Climate change is an unprecedented moral and spiritual challenge, which can only be met with determined, immediate action.

Mr BALDWIN: Mr Deputy Speaker, I rise on a point of order. I find members standing up the back of the House distracting me from this quality contribution.

The DEPUTY SPEAKER (Hon. Peter Slipper): Order! That is a frivolous point of order. I call the member for Reid.

Mr MURPHY: They continue:

Those who deny anthropogenic climate change are not accepting the connection established by nearly every reputable scientific organisation around the world between the emission of greenhouse gases and the heating of our global atmosphere.

To deny the science of this is to deny physics. We recognise that people find this difficult to hear. Political leaders, in particular, fear that the costs of change will be unpopular with the community and with powerful vested interests.

In this context we, as religious leaders, have a commitment to truth-telling. Human beings have no future on this planet if our moral sensibility remains too limited, if we continue to act in our short-term, narrow national self-interest, and fail to develop a broader awareness that our well-being is intimately connected with the health of our environment.

We urge society to have a grandchild mentality, that is to say, a way of thinking that weighs choices in the present against their potential cost to future generations.
We call upon the Australian community to also have concern for biodiversity and the integrity of all of the created order. We urge Members of Parliament to provide bipartisan leadership, to inform and inspire the community, and not to be swayed by members of society who appear dedicated to their own short term advantage.

In the meantime, as religious people, we especially are concerned that those who have contributed least to climate change, people in the developing world, are being hit first and will be hit the hardest. Given that Australia as a nation is relatively wealthy and our per capita emissions are among the highest on earth, we urge our leaders to respond fully to the call of developing nations for adaptation financing. This should be over and above existing overseas development assistance.

Regarding mitigation, ARRCC proposes a range of policies aimed at reducing Australia's emissions as rapidly as possible. Included in these are:

- public investment in renewable energy,
- gross feed-in tariffs for the generation of renewable energy across the country,
- stronger mandatory energy efficiency standards,

We support a carbon price as a necessary mechanism if Australia is to move forward towards an ecologically sustainable future. There should be insistence that emissions reductions happen at home and not via off-set credits overseas and there should be no exemptions for pollutants.

Further, we support the climate commission's proposal that the monitoring and development of a pricing mechanism should become the responsibility of independently created umpires.

We are aware of the costs this imposes on large sections of Australian society, however not paying those costs now will lead to far greater costs later.

We urge politicians of all persuasions to provide the Australian public with bold leadership. This is the critical decade for climate action, and not the time for political point-scoring.

The ecological limits of the Earth are not negotiable, and we treat responsible action in relation to these limits as "unrealistic" at our own peril. I could not agree more with the ARRCC. They have spoken in this House tonight—

(Expiration Time)

The DEPUTY SPEAKER: Order! Before calling the honourable member for Wright, it has been drawn to my attention that the Minister for Indigenous Health is not appropriately attired. I would ask him to consider his attire and come back to the chamber in the fullness of time.

The member for Lingiari then left the chamber.

Gillard Government

Mr BUCHHOLZ (Wright) (21:51): Tonight I take this opportunity to call on Australians to regretfully wear black on 24 June to commemorate Julia Gillard's first anniversary of becoming Prime Minister.

The DEPUTY SPEAKER (Hon. Peter Slipper): Order! The member for Wright, under standing order 64, ought to refer to the Prime Minister by her title and not by her name.

Mr BUCHHOLZ: I call on Australians to wear black on 24 June to commemorate the Prime Minister's first anniversary of becoming Prime Minister and to mark the death of fiscal responsibility. My electorate is one that does not rely on the resources sector, but my mums and dads are struggling and my businesses are struggling. (Quorum formed)

It has been recorded that my electorate of Wright is the economic weathervane of the nation. It is my responsibility to represent the silent majority that are struggling with record defaults on mortgages. When we have a look at the cost-of-living pressures that burden my electorate at the moment and you start to join the dots as to why they are struggling to put
food on the table and why they are running their credit card debt up, and when we start to have a look at some of the taxes that have been imposed since this government came to office—the alcopops tax announced on 27 April that is expected to raise $3.1 billion over four years, a new tax on Australians working overseas announced in May 2009 that is expected to raise—(Time expired)

Economy

Mr STEPHEN JONES (Throsby) (21:56): We all know that the mining industry is booming. There is a high demand for our commodities and we have the strongest terms of trade in living memory. The positives of this are enjoyed by those who live in the mining regions as there is strong employment and wealth has been generated. It is an important source of revenue for state and federal governments that provides money for schools, roads, hospitals and ports—and, dare I say, tax cuts for all Australians. The strength of mining and the relative weakness of the US dollar has delivered the strongest Australian dollar in decades. Treasury is forecasting that the dollar will remain above parity for many years to come. This means that consumers are paying less for imported goods, like clothing, electronic goods and IT equipment, and it is helping to suppress inflation. It also means that petrol prices are lower than they otherwise would be.

But for many industries, particularly manufacturing, the story is not so rosy. The high Australian dollar means that our manufactured goods are struggling to compete. Factories are threatening closure and jobs are threatened. For those workers, the glitter of the golden age of mining boom mark 2 seems a little bit out of reach. The high Australian dollar makes the products they manufacture more expensive than the cheaper imports and this is exacerbated when imported products are dumped on our markets at below production cost. They see their imported manufactured goods used in resource and construction projects as substitutes for locally produced goods. This is an issue that is affecting my electorate and the electorate of my colleague the member for Cunningham.

It is not the first time that manufacturing industry has gone through this challenge. The recession of the 1980s and the opening up of our product markets led to significant job losses. Then, as now, there was a need for government to intervene to provide assistance to industry, to provide assistance to companies and to provide assistance to workers to make adjustments. Then, as now, the situation lent itself to exploitation by the unscrupulous, who would peddle simplistic solutions or who would suggest that if we ignored what was going on in the world around us it would all go away. The simple fact is that workers are not mugs. They know when somebody is spinning nonsense. They have heard it all before from bosses, politicians, the media and anybody else who would like to jump on the bandwagon and try to pull the wool over their eyes. The simplest of solutions, it is sometimes suggested, is that we put a wall up around ourselves and pretend that we are somehow separate from what is going on in the world around us. Equally simplistic is to suggest that we should leave it all to the markets to determine how and where investment should occur and how jobs are created. Under this solution we would allow some industries to fail and the workers and the investment to flow to where they can make more money. I reject both of these propositions. There has to be a middle way, a way that recognises the opening up of our product markets has led to cheaper goods at home and that a boom in export earnings has seen our services sector balloon. But if we are to spread the benefits
of the mining boom then we have to look after local manufacturing and we have to look after the workers who work in local manufacturing industries.

I am committed to putting a price on carbon. The reason I believe this is the best way to lower our carbon emissions is that we create an incentive for industry to look for ways to lower the cost of energy and to look for less carbon intensive production processes. There are some industries, however, where this is not the case because of their very nature, and steel is one such industry. About 80 per cent of emissions in the production of steel come from the chemical process of converting iron ore to steel and casting and rolling it into a product. For this reason, the imposition of a carbon price will have little or no impact on reducing carbon emissions unless we stop using steel, and that is not going to happen in the near future.

This is why I have called for the exclusion of the BlueScope Steel plant in my electorate of Throsby from the imposition of a carbon price in relation to its steel-making activities. This should account for no less than 95 per cent of its emissions. Of course, exempting the overwhelming majority of BlueScope's activities from the imposition of a carbon price will not deal with the broader issues that we face with the high Australian dollar. (Time expired)

The DEPUTY SPEAKER (Hon. Peter Slipper): Before I call the next member, I would like to recognise in the chamber His Worship Mr Nicholas Tragas, Mayor of Boroondara—I apologise if the pronunciation is not correct—and also Claude Ullin, former Mayor of the City of Stonnington. I gather they are guests of the honourable member for Kooyong.

The question is that the House do now adjourn. As no other honourable member is standing, I again call the member for Wright.

**Gillard Government**

Mr BUCHHOLZ (Wright) (22:02): I will pick up my speech with the announcement on 12 May that the government has cut what Australians can put into superannuation tax free. The revenue gained from that for the government will be $2.8 billion over four years. There were restrictions on business losses announced on 12 May as well. This will generate additional revenue of over $700 billion in the forward estimates. There were also changes to the employee share scheme announced on 12 May. These will generate revenue of over $200 million over the forward estimates. The cigarette tax hike of 25 per cent announced on 29 April is expected to raise $5 billion over four years. It did not even miss the poor smoker.

The impost of the mining tax was first announced on 2 May and there have been multiple predictions of what the revenue from that is going to look like. Ethanol tax increases were announced just recently. An LPG excise increase was announced on 11 May—and this was after the government encouraged people to go and invest in LPG conversions, only to pull the rug out from under them with excise. The tighter restrictions on medical expenses— (Quorum formed) (Time expired)

**Active Travel**

Mr RIPOLL (Oxley) (22:07): All members and senators would know that the inaugural Asia-Pacific Cycle Congress, the APCC, will be held in Brisbane from 18 to 21 September 2011. Unfortunately, it is a sitting week, so we will not be to enjoy what the congress will provide. The congress will bring together world experts to discuss issues surrounding cycling and all the benefits it
brings. One of the topics of discussion will be active travel. Active travel, not surprisingly, refers to forms of travel that require the participant to be active, such as walking, cycling or taking some other sort of active participation in moving around our community.

Australia is confronted with a number of significant challenges when it comes to transport; climate change, as has been well debated in this place and in the community; the livability of our cities; and public health. In my electorate, which takes in Brisbane and Ipswich, and is one of the fastest growing regions in Australia, concern about the livability of our suburbs and our region and the decreasing quality of life is an issue for many families. Through my role as Chair of the Sustainable Australia Caucus Committee, I have found that Oxley is not alone in these concerns, as these are matters we discuss regularly.

The Infrastructure Australia report *State of Australian Cities 2010* has clearly identified the challenges and opportunities of building sustainable cities, and calls for effective and innovative responses. A focus on increasing the use of active travel is vital, as it will address some of the key issues we face, particularly in the areas of maintaining productivity, by reducing congestion and keeping people healthy. Anyone who lives in a major area will understand those issues very well. Active travel will help to get people active again, which will tackle major health issues such as rising obesity, chronic disease and cancer and physical inactivity, which is a major risk factor in itself. In building more choices for active travel into our communities, we can make it part of the way that we build cities, redesign cities or transform cities, and improve their impact on lifestyle, quality of life and value in the place we live. Building the infrastructure for active travel allows people to get to their public transport hubs—not just having the hubs, but being able to get there—and is often a low-cost option for the travel over short distances that is usually done by car. There are plenty of research, data and examples of this.

The health benefits are obvious, but I will put them on the record. One of the greatest public health challenges in Australia is the obesity epidemic. The prevalence of overweight and obese people has been steadily increasing over the past 30 years. I know that everyone in this place is committed to doing more to make a better community. Being active for transport has numerous health benefits not only for the individual but for the community at large, and also for government. Exercising for just 30 minutes a day can reduce the incidence of heart disease by as much as half. This has the potential to save the health system some $1.5 billion per year, just in that one area alone. Simply combining active travel with public transport, such as by a walking trip at either end, has been shown to give people an average of 41 minutes of physical activity per day, against only eight minutes on average for those who drive their own car to and from work. Given the number of hours that people spend in a car, and all that that involves, I encourage people to look at every possibility to take the option of being active in their travel. In our capital cities, 15.3 per cent of commuters travel less than five kilometres. In the rest of the nation that figure is around 28½ per cent. Seventy-one per cent of Australians who live within five kilometres of work drive to work, although there are often many different options for them to get there. These are distances that can easily be cycled or walked and often in the same or even less time than it takes to drive and then park the car—then there is the cost that involves.

The avoidable cost of congestion in capital cities alone is estimated to be over
$20 billion by 2020. Road transport is the main source of transport emissions, and emissions from road transport increased by over 27 per cent between 1990 and 2008. Private vehicles accounted for 60 per cent of that total. Offering people healthy, easy alternatives to short trips has the capacity to improve our quality of life, create a better environment, improve our communities and livability and make an enormous difference to where we live. There is clearly a need for more sustainable means of mobility for all Australians, and active transport has the means to do just that. The benefits are clear, and there is no question that everyone in this place is supportive of this congress and supports my comments.

The SPEAKER: Order! The question is that the House do now adjourn. I call the member for Wright, being the only person rising in his place.

Gillard Government

Mr BUCHHOLZ (Wright) (22:12): Irrespective of the tactics tonight, this government will not drown out the voice of the silent majority of my electorate. The increase in the luxury car tax has put a burden on my growers and graziers, whose only accessible way to town is by four-wheel drive. The impost of the flood levy announced on 27 January is expected to raise $1.8 billion, and all of that is coming out of the pockets of my mums and dads. The tax increase on company cars announced on Tuesday, 10 May is expected to raise over $970 million on the forward estimates. That will come out of Australia's pockets. The abolition of the entrepreneurs tax offset announced on Tuesday, 10 May is expected to raise $365 million over the forward estimates. (Quorum formed)

Increased tax on company cars— (Time expired)

Mr Adams: Where are all the Liberals? They are out. They should not be paid for not being here!

Mr Husic interjecting—

The SPEAKER: Order! The member for Chifley will resume his seat. Before I proceed on the adjournment debate, I would ask those who are responsible for the tactics within this chamber on both sides to reflect on today's activities. When I have people who are whips for their political parties coming in to indicate to me that the tactic of calling quorums by either side would continue for weeks of parliamentary sittings, I think things have gone a bit too far. I am told that people have forgotten where they are when quorums are being called and all sorts of things that have been said across the chamber that people should regret. At a time when we have in the gallery, as I understand, representatives of local government, a sphere of government that seeks full recognition, I would hope and expect that they think that our behaviour, as the national parliament, should be better. I am at a loss to understand why events of over 24 hours ago can be used for irritating, disorderly tactics of quorum calling, but that does not justify the events that have happened also during the adjournment.

The question is that the House do now adjourn. The member for Chifley has the call and he will be heard in silence.

Chifley Electorate: Tamil Community

Chifley Electorate: Fairtrade

Mr HUSIC (Chifley) (22:20): Last Sunday I had the pleasure of attending a special ceremony at Blacktown's Bowman Hall marking the 20th anniversary of the founding of the Catholic Association of Sydney Tamils. The association is headed up by President Ansalm Jehenthiran and Secretary Seles Guraratnam. I was invited to the evening by someone I have great regard
for within the community, Mr John Niven. The evening drew massive support from Tamil Australians. They were joined by a number of special guests including the Bishop of Parramatta the Most Reverend Anthony Fisher; Father Vincent Savarimuthu; the secretary of Sub Continent Friends of Labor, Harish Velji; New South Wales Opposition Leader and member for Blacktown, John Robertson; and someone who has been such a passionate and energetic supporter of Tamil Australians, the member for Toongabbie, Nathan Rees.

The Catholic Association of Sydney Tamils has quietly attended to the welfare and wellbeing of newly arrived Tamils. The work is hard, trying and emotionally challenging. To maintain that level of support and effort over 20 years is simply a triumph. By the accounts detailed on the night and judging by the support present, it is clear the association's work is held in deep regard. But I would also imagine the work is valued and welcomed by those families who have, in desperate circumstances, sought to start a new life in a more peaceful environment than the one they fled—something we should be mindful of in this special week, Refugee Week.

Many Tamil families have settled in Western Sydney, particularly in the electorate of Chifley and Greenway. I have had the opportunity to meet with a range of community groups who aim to enhance the welfare of Tamil Australians. The work done by the Australian Tamil Congress in bringing awareness about issues concerning the Tamil community in Australia, in particular the suffering and injustices faced by their loved ones in their homeland, is exceptionally important. I have appreciated working with their members and I especially thank Varuni Balachandar. I was grateful for Varuni’s invitation to attend photographer Shelley Morris’ exhibition ‘Sounds of Silence’ held here and organised by the Australian Tamil Congress. These unique initiatives help in opening the eyes of the wider community to issues close to the Tamil community.

I have also welcomed the considered and thoughtful insights provided to me by Mr Siva Sivasubramaniam and Dr Mano Mohan from the Australian Tamil Electoral Lobby. In meetings I have had with the group, I have recognised the studied and intelligent approach they apply to issues of concern to their community. They are such strong, tireless representatives and I would like to record my thanks for their assistance and advice.

While in this place we as representatives seek to advance and promote the interests of the electorates we serve, it is incumbent upon us to consider and alleviate the plight of those in terrible situations. While much is made of the fact that a fierce conflict within Sri Lanka has abated, there are still civilians—men, women and children—who continue to suffer. Many remain stuck in internment camps. If they emerge from the camps, the opportunities they have to rebuild their lives are sparse and constrained. There is a critical need to support Tamil resettlement within Sri Lanka. Through AusAID we should extend whatever assistance we can to ensure that peace in Sri Lanka is made more durable through a fair, equitable spread of resources to enable a smoother, faster resettlement process. But besides a desire to improve material conditions, there is another pressing need. We cannot expect people who have been mired in embittered conflict to reconcile without achieving justice for those who have suffered atrocities, who have been victims of war crimes. The United Nations has been hampered in its efforts to conduct a thorough investigation into this matter and I urge the Australian government to continue to support calls for those responsible to be brought to
justice and to ensure that those who have suffered can savour true peace.

On an unrelated note may I also take this time to commend the work of some other people within the Chifley electorate who are committed to seeing change and improvement in the lives of those less fortunate. The Blacktown Fairtrade Working Group was set up last year by some young, dynamic local residents who are passionate supporters of Fairtrade, the movement that is pushing to see companies maintain decent working conditions, promote local sustainability and fair terms of trade for farmers and workers in the developing world. I would particularly like to recognise Rooty Hill resident Patricia Kumar for her strong advocacy and tireless effort in encouraging other locals to support Fairtrade. As a result of her lobbying, I signed my office up to the Fairtrade pledge, to ensure we use products that meet the Fairtrade accreditation standards. Congratulations to Patricia for her considerate work.

**Gillard Government**

Mr BUCHHOLZ (Wright) (22:24): I can understand why the government does not want to hear how the increasing amount of taxes are a burden—

Mr Ripoll: We're all here. What are you complaining about?

Mr Sidebottom: What's your problem?

Mr Ripoll: We've come in to support you!

Mr BUCHHOLZ: I take those interjections, because the taxes that you guys have put on our mums and dads, our businesses, our people —

Government members interjecting—

Mr BUCHHOLZ: Let me just run through them: the tax increase on company cars, which is set to raise $970 million over the forward estimates; the abolishment of the entrepreneurs tax offset, announced on 10 May, which is expected to raise $365 million over the forward estimates; the phasing out of the dependent spouse tax offset, which is expected to raise $755 million over the forward estimates; the disallowing of deductions against government assistance payments, removing minors' eligibility for the low-income tax offset on unearned income; the deferral of tax breaks for green buildings, which will raise $295 million. It is 19 new taxes since you guys came to office. You have put your hands into the pockets or opened the purse strings of the mums and dads and the businesses of this nation—

Government members interjecting—

Mr BUCHHOLZ: Yell all you want from the other side of the House, but you will not drown out the voice of the Australian people! You are a joke when it comes to this. We have had a wave of taxes from this government. The death of fiscal responsibility is at your hands. For the first time in nine years, the people of Australia have not been given any type of tax relief or tax cuts. There is no relief. You guys make the point that you are a low-taxing government, but go through and calculate how much you guys are taxing. If you had put the carbon tax into your forward estimates or in your budget, you would have been the greatest-taxing government in the history of Australia. That would have superseded anything that we ever did.

Earlier this week, I sent out a note to the media saying that, as a nation, we were mourning because we have been dying economically since the Prime Minister knifed the member for Griffith and took over the purse strings of this nation. Not only are you guys struggling with reference to taxation; you are struggling with who is going to be your next leader. In the absence
of a standout candidate—I hear it in the corridors: 'Is it going to be Simon Crean?'—

Opposition members interjecting—

Mr BUCHHOLZ: Sorry, I can't hear you. Member for where? Anyway, I can't use their names. In the absence of strong leadership, you guys are actually stuck with the person you have got.

The SPEAKER: Order! The member for Wright will refer his remarks through the chair.

Mr BUCHHOLZ: Of course, Mr Speaker, but the room understands the point that I am trying to make. These guys need to celebrate the fact that their polling is still in double figures. I do not think we can expect to see those for too long.

On the 24th, I encourage all of my colleagues and the nation to dress in black to mourn the death of fiscal responsibility since this government came to office. Only a coalition government will stand for the principles of less tax, less government and no wasteful spending. This government is more about hypocrisy than democracy. How else do you explain why we will not have a plebiscite on the issue of a carbon tax—a people's vote which would cost about $80 million?

Government members interjecting—

Mr BUCHHOLZ: We would not have the expense of that $80 million if you guys had got it right the first time. You guys must just roll over in your beds each night regretting the fact that the Prime Minister, six days before the election, said, 'There will be no carbon tax under a government I lead.' That is your Achilles heel. Surely $80 million will be seen as an investment in our nature's future and democracy when Australia risks losing as much of its gross domestic product.

Honourable members interjecting—

Mr BUCHHOLZ: Mr Speaker, the activities of the parliament tonight are not something that I am proud of. I hope we shift away from this disgraceful behaviour, but I can assure you that, as I said earlier, irrespective of how loud and how hard the government try and drown out my voice, they will never drown out the voice of the silent majority of my nation. (Time expired)

Mr Fitzgibbon: Can I just join with you, Mr Speaker, in expressing disappointment with the activities of the House of not only the last hour but the last three hours. It might be time the opposition learnt we are all about the proper functioning of this place.

The SPEAKER: Order! It being 10:30 pm, the debate is interrupted.

House adjourned at 22:30

NOTICES

The following notices were given:

Mr GARRETT: to present a bill for an act to amend the law relating to education, and for related purposes.

Mr McCLELLAND: to present a bill for an act to implement the Council of Europe Convention on Cybercrime, and for other purposes.

Ms ROXON: to move:

That, in accordance with section 10B of the Health Insurance Act 1973, the House approve the:

2. Health Insurance (Extended Medicare Safety Net—Telehealth) Amendment Determination 2011 made on 23 May 2011; and
3. Health Insurance (Extended Medicare Safety Net) Amendment Determination 2011 (No. 2) made on 1 June 2011;

and presented to the House on 14 June 2011.

Ms O'NEILL: to move:

That this House notes:
(1) the release by the World Health Organisation's cancer research report by the International Agency for Research on Cancer (IARC) which says that radio frequency electromagnetic fields generated by mobile phones are 'possibly carcinogenic to humans' and asserts that heavy usage could lead to a possible increased risk of glioma, a malignant type of brain cancer;

(2) the warnings of Dr Charlie Teo, one of Australia's leading brain surgeons and former Australian of the Year finalist, that 'there is an increasing body of evidence that there is an association between brain tumours and mobile phones';

(3) that the Australian Government, through the Australian Radiation Protection and Nuclear Safety Agency (ARPANSA), welcomes the report and considers that the classification by IARC corresponds to the current ARPANSA advice, including its advice on practical ways in which people can reduce their exposure to the electromagnetic fields produced by wireless telephones;

(4) that the methods to reduce exposure include:
   (a) limiting call time;
   (b) preferring the use of land-line phones;
   (c) using hands-free or speaker options;
   (d) texting instead of making voice calls; and
   (e) using phones in good signal areas which reduce power levels for communication; and

(5) that ARPANSA has also recommended parents encourage their children to use these methods of reducing exposure.

Mr CRAIG KELLY: to move:

That this House:

(1) recognises that Coptic Christians in Egypt are suffering ongoing and increasing persecution;

(2) condemns the recent attacks on Coptic Christians in Egypt;

(3) expresses its sympathy for Coptic Christians who have been victims of recent attacks in Egypt; and

(4) calls on the Government to:
   (a) issue a public statement condemning the ongoing attacks against the Coptic Christian minority in Egypt;

(b) make immediate representations to the United Nations to end the persecution of Coptic Christians in Egypt; and

(c) strongly urge the Egyptian Government to provide equal rights and protection for all Egyptian citizens regardless of race or religion.

Mr ALEXANDER: to move:

That this House:

(1) recognises the:
   (a) unique contribution made by the Royal Australian Navy (RAN) to national defence since its inception 100 years ago; and
   (b) naming of the Royal Australian Navy by King George V on 10 July 1911 as a significant step towards Australia's post-Federation independence from colonial rule; and

(2) notes the significant role played by the electorate of Bennelong in the development of the RAN, particularly the construction of Halverson's ships in Ryde.

Mrs MOYLAN: to present a bill for an act to amend the Air Services Act 1995, and for related purposes.

Ms PARKE: to move:

That this House:

(1) notes that:
   (a) on 9 July 2011 two new nations will emerge, the nations of South and North Sudan, which follows an overwhelming vote for independence by voters in South Sudan's referendum for independence on 9 January 2011;
   (b) the future of these nations are interdependent and their stability has regional border security implications for North and East Africa;
   (c) the emerging picture confronting both new nations is dire and with significant political, humanitarian and developmental challenges;
   (d) the overall security situation in Sudan is deteriorating at an alarming rate, having severe humanitarian consequences with millions of civilians in both North and
South Sudan in need of protection and critical humanitarian assistance;

(e) Sudan, after Zimbabwe, is the second largest recipient of Australia's humanitarian and development assistance—since 2004, the Australian Government has provided $136 million to Sudan;

(f) the North/South Comprehensive Peace Agreement signed in 2005 that ended over two decades of civil war is at risk, due to recent violence, with outstanding issues such as border demarcation, oil revenue sharing, currency and citizenship status, unresolved;

(g) Sudan has the highest level overall of people remaining internally displaced according to the United Nations Office for the Coordination of Humanitarian Affairs, and the highest number of people newly displaced by conflict; and

(h) the plight of internally displaced people and Sudanese refugees will therefore continue to be a shared legacy of decades of conflict;

(2) condemns the most recent violence that has seen conflict spread across North and South Sudan and has recently escalated in the contested border region of Abyei and in two of the 'three protocol areas’—South Kordofan and the Nuba Mountains—causing mass displacement;

(3) recognises that the inter-ethnic conflict also affects South Sudan, and people in South Sudan's Western Equatorial region are still victims of attacks by the Lords Resistance Army along the border areas of Uganda, Democratic Republic of Congo and the Central African Republic;

(4) expresses deep concern at the:

(a) protracted nature of the conflict and displacement in Darfur, now in its eighth year;

(b) United Nations estimate that 300 000 people have been killed as a result of violence, malnutrition and starvation, and 4 million people are in desperate need of aid, representing nearly two thirds of the entire estimated Darfur population of 6.5 million; and

(c) estimated 2.5 million people that live in refugee camps in Darfur and neighbouring Chad, while others struggle to survive in remote villages;

(5) notes that:

(a) humanitarian relief efforts to provide assistance to vulnerable populations are being hampered by limited humanitarian access in some of the most affected conflict areas including in South Kordofan and Darfur; and

(b) insecurity and inaccessibility remain amongst the biggest challenges facing the delivery of assistance by humanitarian agencies to vulnerable populations;

(6) urges the Government of South Sudan and the Government of Sudan to reaffirm their commitment to peace, conflict prevention, the inclusion of the peripheral regions and ethnic minorities in political representation and decision making, and the recognition of cultural and ethnic diversity through durable political solutions; and

(7) encourages the Australian Government to provide ongoing and predictable diplomatic and funding resources to address humanitarian and development needs in North and South Sudan.
Tuesday, 21 June 2011

The DEPUTY SPEAKER (Ms AE Burke) took the chair at 16:00.

CONSTITUENCY STATEMENTS

Mental Health

Mr TUDGE (Aston) (16:00): As a member of parliament you sometimes have stories told to you by constituents which are utterly heartbreaking and literally have you in tears in your office. This was certainly the case when Mr Praveen Ranjan came to see me with his brother last Friday. He informed me that in mid-May he found his son dead in his bedroom. His son had committed suicide. His son apparently gave no indication to his parents that he was upset, sad or in any way depressed. From all accounts, he was a successful, bright and popular young 16-year-old boy. He was captain of the hockey team. He was one of the brightest in his school and potentially was going to be the school captain in the following year.

Mr Ranjan and his family are naturally devastated. They are dealing with something now that no parent should ever have to deal with. They have given me permission to raise their tragic story in the parliament in order to raise awareness about youth mental illness and its impacts. They are particularly keen to raise awareness amongst parents of youth with depression and the possible signs and how to interact and engage better with their children, particularly teenage ones. They also want to raise awareness amongst young people about the implications of their actions if they do take their own life, of the devastation of parents and loved ones left behind. Given his devastation and his wife’s devastation, I think they are being incredibly courageous in raising these issues publicly and I admire them greatly for it.

As you would be aware, youth depression and youth suicide are too common in our community. About one in three young people is estimated to suffer a mental illness at some stage before early adulthood. As a community we must do more to address youth mental illness. We need to raise awareness of its prevalence in our community and be more open in talking about it. In doing so, we must reduce the stigma associated with it so that all young people feel comfortable in talking about it and all older people can also feel comfortable in talking about it and not attach a stigma to it. We need to invest more in support services for our young people. I am particularly impressed by the headspace foundation and, as you might be aware, I am seeking a headspace centre in my electorate. Locally, I am also working with some of the other community leaders to promote the issue of youth mental health.

My heart goes out to Mr Ranjan and his family. As a parent, I can only imagine what they are going through. But hopefully through their loss they will make a difference to the lives of others. (Time expired)

Republic of Slovenia

Ms PLIBERSEK (Sydney—Minister for Social Inclusion and Minister for Human Services) (16:03): I am rising today to speak on the 20th anniversary of the independence of the Republic of Slovenia. When France Preseren wrote his poem Zdravljica in 1844, it was considered subversive. The third and fourth verses of his poem, which spoke of Slovenian nationalism and national identity, were considered so dangerous by the Austrians that the poem was banned from publication. The censors said that Preseren could publish his poem...
without the offending verses; Preseren said that the poem was mutilated without them. Now *Zdravljica* is the Slovenian national anthem. While mostly only the seventh verse is sung, the whole poem and its history are representative of Slovenia’s journey to freedom and independence.

This Saturday, 25 June 2011, the Republic of Slovenia will celebrate the 20th anniversary of its independence. Slovenians at home and abroad are preparing to commemorate this important event. Slovenia is a small country of two million people yet it has a rich history and a mighty heart. It is a land both fiercely independent and peaceful. Its people are spread across the globe, fully integrated into their new homes yet passionately attached to their motherland and mother tongue. Australia has a small but active Slovene community, many of whom migrated here in the 1950s and 1960s. The 2006 census recorded 16,085 people of Slovenian origin living in Australia, mostly in Melbourne and Sydney. Of course, Canberra and Wollongong also have large Slovenian communities. On 16 January 1992, Australia became one of the first nations in the world to acknowledge Slovene independence. Slovene Australians should be proud of the role they played in this official acknowledgment. We have strong representation now of Slovenians from Slovenia—for instance, the charge d'affaires, Dr Zvone Zigon, and the incoming ambassador designate, Dr Milan Balazic. But for a very long time we have had Slovenian Australians like Mr Alfred Breznik AM, the honorary consul-general, former Liberal senator Misha Lajovic and religious leaders such as Father Valerijan and a series of very involved priests and nuns who led the Slovenian-Australian community in supporting independence for Slovenia. I think their work should be acknowledged as critical to Australia being one of the early recognisers of Slovenian independence.

The contributions made by the Slovenian-Australian community to their adopted homeland allowed the Australian government the confidence to support Slovenian independence. I was in Slovenia on that first evening of independence, 25 June 1991, sitting near Tromostovje, listening to speeches over a public-address system and watching the fireworks in the warm evening sky. I remember the following day the way in which the borders were closed and Slovenians drove their cars and trucks onto the roads to block the onslaught of the Yugoslav army. It was a very anxious time for Slovenians around the world. It is wonderful to see that we can now live peacefully as neighbours. *(Time expired)*

**Boothby Electorate: Oaklands Railway Crossing**

Dr SOUTHCOTT (Boothby) (16:06): I would like to raise an important issue which residents and commuters in my electorate have complained about for more than two decades—that is, the Oaklands railway crossing. They raise the issue of traffic delays at this major intersection. It is the intersection of two major arterial roads, Diagonal Road and Oaklands Road, combined with the Oaklands Park railway station and crossing. It is an issue that the Rann state Labor government continues to ignore. The Diagonal Road-Morphett Road intersection is regularly raised by constituents when consulting with my electorate, whether that be through my regular surveys, my listening posts or my street corner meetings.

This intersection is already the cause of unbearable delays, but these will only increase with the recent opening of the new South Australian State Aquatic Centre and the proposed expansion of the Westfield shopping centre at Marion. The only real solution to the massive delays and gridlocks during peak hour traffic is a grade separation, either a road underpass or
a train overpass. This grade separation would need to take into account a complete redesign to ensure there is a continuous, uninterrupted traffic flow to this area.

This issue has recently come to the fore again because, in only the last two weeks, the state government in their state budget have shelved a $12.6 million upgrade of this intersection. Whilst many measures in the South Australian state budget were re-profiled—which is the word now used by the state Public Service for deferrals of expenditure—this one has been deferred, with no date given as to when it will be reintroduced. All they have done is announce a $2 million traffic study on the intersection. It is just another example of the state Labor government announcing things and then putting the spending on the infrastructure on the never-never. It is a stunt they have a proven track record of using.

In 2006, the South Australian state government were going to fix another area of traffic congestion in my electorate—the intersection of South Road and Sturt Road. Five years later nothing has been done on this intersection, and there is no money set aside to fix it. It means that the residents in my electorate will again miss out because of the Rann state Labor government. I urge the Premier, Mike Rann, Minister Patrick Conlon and the state government to listen to residents of Warradale and Oaklands Park and show this by making the Diagonal Road-Morphett Road intersection a priority on their infrastructure agenda.

Calwell Electorate: Victorian Arabic Social Services

Ms VAMVAKINOU (Calwell) (16:09): Today I rise to express my very deep concern regarding the Victorian state government's failure to renew $150,000 of funding for an intake and referral service run by Victorian Arabic Social Services, VASS, in my electorate. VASS is an organisation that services a considerable proportion of our local and diverse Arabic-speaking community. Not only is Arabic the fastest growing language spoken at home, but if we take into account the Chaldean and Assyrian community, which makes up 60 per cent of VASS's client base, Arabic is the most widely spoken language in my community after English.

The funding relates to VASS's Arabic families intake and referral service program, a program that serves to bridge the gap between mainstream services and the Arabic-speaking community without duplication. Family services are a core service to the community and VASS has received a wide range of referrals to this program from organisations across the public, private and community sectors as well as across agencies. The Baillieu state government, which likes to proclaim its support for multiculturalism, appears to have a selective understanding of what multiculturalism means for communities across Victoria, in particular for the Arabic-speaking community in my electorate.

I am the chair of the Joint Standing Committee on Migration and we are currently conducting an inquiry into multiculturalism in Australia. One of the things that has arisen very early in the hearings is that multiculturalism is very much about inclusion, about including migrants and enabling them, especially new migrants, to integrate and belong to Australian society. This means that government cannot promote the benefits of migration and multiculturalism without also recognising the challenges and the grassroots mechanisms by which to tackle them. Issues of language and culture cannot be ignored. English language skills and cultural sensitivity have a direct impact on access to education, employment and the community services that all other Australians enjoy. Unless policies on multiculturalism and
social inclusion are brought together, we will miss a vital part of the jigsaw puzzle when it comes to allowing communities to integrate and participate fully in Australian society.

It is extraordinary that we have a state government in Victoria that stands on a platform claiming to be a champion of multiculturalism, yet behind the glory and the lights that they are very keen to take centre stage in they aim to cut funding to a vital service to a very important and sizable community in an area where the language used by this community features very strongly. This is a state government that is meant to meet the needs of all Victorians. So I want to join with my community and with the local member for Broadmeadows, Frank McGuire, in calling on the Victorian state government to reinstate the funding before the end of this month. (Time expired)

Bradfield Electorate: Order of Australia Recipients

Mr FLETCHER (Bradfield) (16:12): It was a great pleasure on seeing the Queen's birthday honours list to observe that there were eight constituents from Bradfield named in that list. I want to use this occasion to briefly pay tribute to them. First of all I would like to acknowledge Mr Douglas Spencer OAM for service to the community through a range of social welfare and service organisations and to the law. I would like to acknowledge Ms Helen Preston OAM of Wahroonga for service to conservation and the environment. I would like to acknowledge Mr Andrew Locke OAM of Gordon for his services to mountaineering. I would like to acknowledge Mr Ian De Mellow OAM of Wahroonga for service to aged welfare. I would like to acknowledge Mrs Margaret Catterall OAM of North Turramurra for services to the community through a range of Jewish organisations and to the Gemmological Association of Australia. I note in passing, with some pride, that my wife is a member of the Gemmological Association of Australia. I would like to pay tribute to Mr David Barns dall OAM of Killara for services to the community through the Hamlin Fistula Australia organisation. I would also like to pay tribute to Mr Geoffrey Ainsworth AM of St Ives. He was made a member of the Order of Australia for service to the visual and performing arts through the promotion and support of contemporary art and to the community. I would also like to acknowledge Mr Mark Scott AO, the Managing Director of the Australian Broadcasting Corporation and a constituent of mine in the suburb of Roseville. His citation reads:

For distinguished service to media and communications, and to the community through advisory and governance roles with a range of social justice and educational bodies.

I do note with pride the fact that all of these constituents were honoured in the Queen's Birthday Honours List. I particularly note the rich diversity of the nature of the service that they have provided to our community. One of the great features of the honours system in Australia is that it offers a chance for the community to note the contribution of people in so many diverse areas. As I move around the electorate of Bradfield, I am constantly struck at the range and diversity of people and of their voluntary or other contributions to the community. I think that the presence of eight constituents in the Queen's Birthday Honours List is testament to the degree of community services going on.

Lyons Electorate: Young People

Mr ADAMS (Lyons) (16:15): All the members in this place would agree that young people need interests and activities in their lives. There are the normal sporting activities of
football, cricket, hockey and netball, and Little Athletics, which is big in my electorate. And
there is a lot of country football at this time of year and a lot of young people are involved in
junior football. In my electorate the showing of poultry is coming back—not just chooks but
ducks, geese, bantams, full breeds and a whole range of birds; full feather, soft feather and a
lot other terms that I am not that familiar with. It is certainly receiving great support. I am
patron of the local club which has just spent a considerable amount of money and done a lot
of work locally to upgrade their shed, their showing area and their meeting rooms, which they
share with the local fishing club. They have obtained good sponsors and they get large
numbers to their shows, which is terrific. I have been encouraging them to engage young
people, which they are doing and a lot of young people are now involved in showing birds.

The local fishing club is also very active in involving young people and families. It is a
family oriented club. They have many members and are probably the largest of any fishing
club in Australia. They teach kids the skills of fishing as well as how to look after the banks
of rivers and how to look after their local area. One of the big events in the local area is the
Tasmanian Trout Expo, which is held at the Cressy District High School, just up the road
from Longford, and also at Brumby's Creek. Once a year they have a lot of activities for
young people. There is a fashion parade where young people can show off outdoor clothing
and get confidence from modelling. They can catch 'Trevor' or 'Tracey' in
Brumby's Creek, the
tagged fish worth $10,000 which have never been caught. These programs involve young
people and it is great to see them being involved in a lot of different pursuits.

Solomon Electorate: Kakadu National Park

Mrs GRIGGS (Solomon) (16:18): I rise today to highlight and bring to the attention of
this House an issue which goes beyond the boundaries of my electorate in Solomon. Before
this sitting of parliament, I was fortunate enough to visit Kakadu National Park with Gagudju
Association executive officer, Rob Trenerry. I wish to inform this House that what I saw was
a blatant example of federal Labor's mismanagement and buck-passing. During my time at
Kakadu, I visited some of the local Indigenous communities, including Mudjinberry, which
is near Jabiru. At this community, I was informed by the traditional land owner and member of
the Murumburr clan, Jessie Alderson, that many of the local dirt roads leading to the
Indigenous communities have deteriorated to such an extent that the school bus would no
longer drive down the roads to pick up the children for school. This has meant that many
children in these Indigenous communities located within Kakadu cannot attend school. As a
result, attendance at the local school has dropped, a situation which is expected to become
worse in the coming wet season. I spoke with Judy, a local Indigenous mother, whose
daughter Babylon has suffered as a result of these roads. She told me how her daughter loved
to attend school and how upset she was when she had to stay home. Judy is on dialysis and
depends on these buses to pick up her daughter and to drop her home.

What is incredible about this situation are the flow-on effects that it has had. Due to the
roads not being drivable, the buses will not pick up the children, the children do not go to
school, the parents are punished for not taking their children to school and the children lose
interest in their education—and, finally, the Labor government has failed. What saddens me
about this situation is that, because no-one is willing to help these people, Jessie, the
traditional land owner, a woman in her 60s, has been dragging a tractor tyre attached with a
steel chain behind her car in an attempt to try to smooth the roads. She has been driving up
and down these roads dragging the tyre so that her great-grandchildren can attend school and get an education. She tells me she has written to the member for Lingiari and her local council but no-one will listen to her or give her help.

We have a Labor government which claims they care about Indigenous communities, yet her local federal member, the member for Lingiari, who also happens to be a minister in this government, does not have the courtesy to respond to her request. Unlike this government, the coalition does care about Indigenous communities and their children's education. That is why I have brought this very important matter to the attention of this House. Hopefully now this Labor minister will respond to the people—his people—that he has been ignoring previously.

With the last of my remaining time I would like to congratulate the Greek Orthodox Community of Northern Australia for this year's Glenti. The annual cultural festival was a brilliant success and I enjoyed being part of this event. (Time expired)

**Fairhaven Surf Life Saving Club**

Mr CHEESEMAN (Corangamite) (16:21): On Saturday morning I went with my son Isaac down to the beach at Fairhaven along the Great Ocean Road. We went down there because from two days before my office had been receiving reports from the Fairhaven community that their very fine surf life saving club was in some trouble. So I went down there and inspected for myself the state of the Fairhaven Surf Life Saving Club. What I witnessed was truly remarkable. Through the course of this winter there has been a number of very severe storm events and storm surges. As you would expect, surf life saving clubs are built on top of dunes very close to the beach that they serve. Of course, with these very substantial storm surges at Fairhaven there has been an enormous amount of erosion taking place which has eroded away access for the surf life saving club to the beach. More importantly, the surf life saving club is now placed literally right on the edge of a cliff and if we continue to see storm surges then we can expect the club to be washed away.

This surf life saving club has been there for many years. In fact, they have been working really hard to secure fundraising dollars and money from the state government to rebuild their facility to support the Fairhaven community. The state government department responsible, the Department of Sustainability and Environment, had given them coastal consent to rebuild their facility. I am now told that the Department of Sustainability and Environment are considering withdrawing that coastal consent because of the state of erosion that is taking place along the Fairhaven foreshore. It reminds me of the importance of tackling climate change. Whilst this particular event is clearly not climate change related, it is true to say that with sea level rise we are going to see an enormous number of public assets along Australia's coastline eroded away, placing many billions of dollars under threat.

**Live Animal Exports**

Mr TEHAN (Wannon) (16:25): I rise today to speak on two issues of relevance to the Australian beef industry. The first is on live exports to Indonesia, and I would like to take this opportunity to call on the government to resume the trade. The industry has been to government and presented a case for getting the trade up and running again, and the minister has now been over to Indonesia and has held discussions with the Indonesian government, so the time is right for us to commence the trade. We should do so, initially, by starting with those exporters who were exporting to abattoirs already meeting OIE guidelines. As a matter
of fact, Elders have a first-class abattoir in Indonesia and a supply chain from the paddock to
the plate which is the equivalent of what we have here in Australia. The trade for that
company alone should never have been banned. As a matter of fact, the government made a
towel reaction in stopping all the trade rather than just doing so for those abattoirs that
were not practising standards. Those abattoirs' practices, I think we would all agree, were
abhorrent and we do need to change them. But for those practising in the correct way, on
behalf of the beef farmers of Australia, of the Indigenous communities who not only own beef
properties but work in that industry and of everyone employed in this $400 million trade, we
need to get on with that trade. It is a point worth making for those people who think we can
just send manufactured meat over to Indonesia that our live cattle exports are the way we have
led manufacturing meat into that market and in other markets as well. So, if we are moving to
get more boxed meat into Indonesia, the best way to do it is to open the trade, and then the
boxed meat will follow as a result of that.

At the same time that we have banned live exports to Indonesia, the government is
proceeding with its $6 per head tax on those Australian producers sending their livestock to
our own domestic abattoirs. They have done that without honouring the agreement that was
made when these changes were brought into place. AMIC has put out a fact sheet about the
Gillard government's imposition of a new $6 per head tax on the Australian producer. I would
ask all members of this House to read it. I would ask the minister to read it, because not only
are we harming our live exporters at the moment but we are about to put a new tax on our
abattoirs which is going to make them less competitive. So, on those two issues, I would ask
the government to seriously look at whether its actions are in the long-term interests of our
beef producers, who have produced beef successfully in Australia since Federation.

Australian Institute for Innovative Materials
Ms Bird (Cunningham) (16:28): I visited the Australian Institute for Innovative
Materials facility on 9 June with Parliamentary Secretary Justine Elliot and member for
Throsby Stephen Jones. The University of Wollongong, which is the facility that runs AIIM,
is a recognised world leader in multifunctional materials research, and I had the opportunity
to find out more about the groundbreaking research being led by Professor Gordon Wallace
and Professor Dou. The research groups housed at the AIIM—the ARC Centre for Excellence
for Electromaterials Science and the Institute for Superconducting and Electronic Materials—
 altogether have more than 200 researchers and postgraduate students working to tackle some of
the biggest global challenges. This includes energy technology that is developing new
methods of energy generation, transportation and storage, including battery technologies that
will be of considerable importance to the future of electric vehicles, and building on the
breakthrough research they have done. Secondly, there is health and medical bionics to
advance muscle and nerve regeneration and cochlear implants and to develop wearable
bionics to assist with injury prevention and rehabilitation, as well as advances in medical
devices such as improved MRI systems. Thirdly, there are innovative materials and
manufacturing. There is some amazing 3-D printing technology and rapid prototyping
systems and there is the development of materials to help lower costs and prove the efficiency
of mechanical and electrical equipment. This facility continues to grow with the support from
the Gillard government. We have invested $43 million in the future of the facility to create the
first materials research facility to bridge the gap between lab based research and commercial

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applications. The expanded facility will now be able to undertake groundbreaking research and help turn those research breakthroughs into reality. It is a state-of-the-art facility, housing internationally recognised researchers who, from their Wollongong base, have established strong collaborative research and industry partnerships that give them a global reach. It is once again an example of the Wollongong area leading the nation and the world in important research and in new technology development for the future of the nation.

The DEPUTY SPEAKER (Ms AE Burke): Order! In accordance with standing order 193 the time for constituency statements has concluded.

BILLS

Appropriation Bill (No. 1) 2011-2012
Consideration in Detail
Finance and Deregulation Portfolio

Proposed expenditure, $601,056,000.

Mr ROBB (Goldstein) (16:30): I had the misfortune of being here at about the same time last week. I had the responsibility of exploring with the Assistant Treasurer the various matters to do with the appropriation bills. Unfortunately, last week it was a total waste of time—an absolute and categorical waste of time. I just wanted to put it on the record because I am still very cross about what happened. The Assistant Treasurer turned up with half a dozen goons, most of whom did not speak except to intervene and interject in an attempt to disrupt proceedings for the whole hour with inane and mainly quite offensive comments. They were not even comical. Every attempt was made to not cover the substance of any of the questions. The questions were asked in good faith. As always, there is politics on either side of this chamber. Points are made, and I am not oblivious to that. I am pleased to see the Special Minister of State because we have had some healthy debates. We will make our political points. If he does not know the answer, because the Minister for Finance and Deregulation is in another chamber, it would be appreciated if we get the answer in due course. I just felt that last week's session was the worst experience I have had. The previous Minister for Finance and Deregulation made a serious attempt to canvass answers in this chamber, to make political points where appropriate and not waste the time of everyone involved.

Firstly, I would like to explore some of the issues to do with the government's proposal to increase the debt ceiling from $200 billion to $250 billion, which was included in Appropriation Bill (No. 2) 2011-2012. This is a cognate budget debate and this session is our only opportunity to explore any of these issues. While this is incorporated, we do feel that this is an opportunity to get some understanding of a very important matter which has never been put in an appropriation bill in the past. It has always been properly debated separately, but it was snuck into this bill with no explanation on the evening of the budget. The opposition are very interested to know which minister made the decision to incorporate the debt raising proposal in the second appropriation bill. Firstly, is the minister aware that this is without precedent, and could he explain why the government has gone down this path and not put the proposal in a stand-alone piece of legislation?

Secondly, I would be grateful to know why the government is so averse to having this item debated in detail before the House? We sought to move an amendment to allow us to debate
this in detail. I wrote separately to the Leader of the House and asked, again, if he would give consideration to this being debated in some detail and separated out from the other appropriation bills, and I got back what was a fairly nondescript response. Basically, it was trying to take the mickey out of me at every opportunity on this issue, but there were no substantive reasons at all as to why it could not be done. Certainly, it was a very perfunctory 'no' to the question of whether it could be considered in some detail.

Thirdly, is the minister aware of the stark contrast in how the debt issue is being handled compared to the United States, where there is a very public and robust debate in Congress with the Congress being given the opportunity to vote on the fund-raising proposal? (Time expired)

Mr Gray (Brand—Special Minister of State for the Public Service and Integrity and Special Minister of State) (16:36): The member for Goldstein says that being here last week with the Assistant Treasurer was the worst experience he has had, but I think that you and I have both shared much worse experiences than that in our lives. He asks three questions, most of which do not fall into my direct portfolio responsibility—but, yes, I will get back to him with an answer to those questions in the way in which he has put them. I cannot promise that the answers I give will be more than the broad outline of why the government is doing what it is doing and how the parliamentary arrangements came about, but I will do that.

In 2011-2012 the Finance and Deregulation portfolio will be appropriated $601.1 million from Appropriation Bill (No. 1) for the ordinary annual services of the government. This will include departmental capital budget funding of $23.8 million, about $400,000 million in departmental supplementation, and administered capital funding of $3.3 million. The Finance and Deregulation portfolio will also be appropriated $210.2 million from Appropriation Bill (No. 2) for non-operating purposes.

A number of new measures were announced in the 2011-12 budget for the Finance portfolio. I will enumerate some of those. The government will provide $7.2 million over five years to increase the number of parliamentarians’ personal employees by a total of 10 positions. The additional staff will allow members and senators to better manage their workload and provide them with greater capacity for consultation, understanding and decision making. The unique circumstances of the 43rd parliament have required this, both in the House of Representatives and in the Senate. Members who hold critical positions have required additional resourcing and additional support, and as part of the normal process of ensuring that members of parliament can function properly we have provided additional staff in order to allow just for that. Other measures include appropriations of $2.3 million in 2011-12 to investigate and test ways to improve individuals’ ease and use of access to Australian government services. This funding will be used for a scoping study, a technical pilot and business case, improvements to be explored including allowing individuals to communicate updated details to multiple agencies simultaneously, and improve filling in forms using information previously submitted to a government agency. There will also be the ability for individuals to view all of the government communications in one place.

I will say more about the idea of what the government wants later in this session, but the initiative is designed to create both a better digital environment for our citizens and better information management for government, and it is consistent with a drive over time from governments of Australia to ensure that the benefits of the digital revolution are felt by our
citizens and can also be used to the advantage of government, reducing both the cost of service delivery from government and increasing the efficiency. The capacity to do this is important to our citizens and I will speak about it in detail as we progress through the session.

Mrs BRONWYN BISHOP (Mackellar) (16:41): I refer the minister's reference to the $7.2 million over five years to increase the number of government and non-government personnel employees to a total of 10. Would the minister, firstly, tell me what the meaning of 'non-government' is—whom does it include—and what is the breakup of those 10 positions? In addressing those answers, could he tell me whether or not those positions were designed or went—even if they were not designed to—to Independents? I am particularly interested in the question of the national broadband network committee established to which Mr Oakeshott was appointed chairman. Presumably, he got more staff. Does that come in that entitlement or does that come in the entitlement of more money being given to the parliament? In looking at that instance, I note that that was created on 3 April by resolution of the Senate, which of course was after the New South Wales election when Mr Besseling, who was the Independent member for Port Macquarie, was voted out dramatically, that being a seat within Mr Oakeshott's own seat and the one he used to hold in the state parliament. Could you tell me whether or not part of that extra funding for additional employees was given to Mr Oakeshott so that he could employ Mr Besseling when he lost his seat of Port Macquarie?

And while I have still got three minutes to go, I will then move on to questions about the appointment of Mr Ken Henry to a position which is described as being 'supported' by the Prime Minister and Cabinet's Office, but would be financed, I guess, out of the Finance budget, because he said he is neither a consultant nor an employee but he is appointed under section 67 of the Constitution. So I would ask the minister if you could tell me: who prepared the brief for the Governor-General to make that appointment? What was the nature of the appointment? When will the appointment be gazetted? Did Mr Henry actually retire from the Public Service prior to his being appointed to this nebulous position? Was he a member of the Public Service Superannuation Fund that required him to retire at the age of no greater than 54 and 11 months to maximise his superannuation payout? Was he in fact in receipt of any superannuation payout? What is the basis upon which he is being paid his old salary of $535,000 a year, which is pro-rated according to the number of days he does, the details of which we do not need? When will the appointment be gazetted?

Mr GRAY (Brand—Special Minister of State for the Public Service and Integrity and Special Minister of State) (16:44): I thank the shadow minister for the questions. I will get back to you on those as is appropriate. Ken Henry is a distinguished Australian public servant. He is a public servant who has served the interests of our country well under all governments in the course of the last 20 years. He is a public servant whose high regard is such that the accolades that he has received have been extended by all sides of politics. I think all of us took great pride in the work that Ken has done throughout his years as a senior public servant. It is pleasing to see that he will continue to serve the interests of our nation in providing advice to the Prime Minister, and it is extremely important in the context of ensuring that our public servants are able to carry out their work both at the time and into the future rather than, as many do, see their knowledge and their considerable skill in serving both sides of parliament lost to this place, to the Public Service and to public administration. If we are to be successful at building a Public Service and a public administration environment—
Mrs Bronwyn Bishop interjecting—

The DEPUTY SPEAKER (Ms AE Burke): The minister will take his seat. The member for Mackellar on a point of order—and she had better have a good reason, because this is a pretty free-flowing debate in the Main Committee.

Mrs Bronwyn Bishop: Madam Deputy Speaker, on a point of order: we do have a new paradigm even in the Main Committee. We are still governed by the standing orders, and the standing orders do require direct answers. That applies—

The DEPUTY SPEAKER: No, the standing orders do not. The member for Mackellar can resume her seat. This is not question time.

Mrs Bronwyn Bishop: I am sorry; the standing orders apply to more than just question time.

The DEPUTY SPEAKER: The standing order you are referring to refers to question time.

Mrs BRONWYN BISHOP: I did not make clear which one, did I?

The DEPUTY SPEAKER: The minister has the call and will be heard.

Mr GRAY: I then move to the questions that were asked about staffing resources for Independent members of parliament. It is the case that members of parliament whose status in the parliament is as Independents have been provided with additional resources from the government. That has certainly been the case in my own state for the member for O'Connor, who found himself in a position where he sought to independently represent the people of that electorate in this place but also found himself in the position of needing support to understand the complex issues of public policy and also, being a new member of parliament, of servicing a massive constituency and dealing with the complex issues. Yes, we did think it was important to provide additional support for people in that environment. We have also provided additional staff support for other Independent members of parliament. We do this in order to create the best possible environment for such members to properly, conscientiously and purposefully serve the interests of the 43rd Parliament.

We have been explicit and transparent as a government both in making those appointments and in reporting publicly that we have done that. We think it is proper, we think it is appropriate and we think it is in the interests of the best parliamentary practice, of good governance and of good government. We do not resile from that. At the same time, when such decisions are made it is critically important to ensure that they are reported publicly and transparently and can be questioned.

I return to the point of Dr Henry, the former Secretary of the Department of the Treasury, with a couple of concluding comments. A lifetime of dedication to good public policy and good public administration should be celebrated in this country and should be applauded, especially in the context of a willingness to continue to serve the nation and to serve the good governance of the country. Dr Henry's willingness to do that has again been completely transparently and publicly reported, acknowledged and understood, so there is no great matter of discovery in the questions that refer to Dr Henry. There is, however, the important principle that I think we all would live with in this place, and that is the principle that our Public Service is a great institution that serves our country well. The people who are at the head of our Public Service are people whose years of service have built an experience base
that can continue to serve us well, and we wish as a government to ensure that that can take place in whatever form and whatever way is optimal both for former public servants and for the government of the day. In summary, the questions that I have been asked go to matters that have been transparent and publicly reported by the government, behind which we see underpinned a pattern of behaviour, the hallmark of which is transparency and clarity. (Time expired)

Mrs BRONWYN BISHOP (Mackellar) (16:50): From the minister's answer I take it that, when you referred to Mr Henry as being a public servant, you are stating that he has, in fact, not resigned from the Public Service but remains a public servant and has been reappointed. He has been on some sort of 'swinger' list. Would that be correct?

The DEPUTY SPEAKER: If the member wishes the minister to answer she needs to resume her seat, I will give him the call and she will not get the time. This is not question time. It is consideration in detail. The member for Mackellar has the call.

Mrs BRONWYN BISHOP: Thank you very much. That is question No. 1. Question No. 2 is: was Mr Oakeshott given an extra staff position after 24 March, which was the date of the state election? Let's take it from the end of that month. Was Mr Oakeshott given an extra position after the state election in New South Wales?

I also note that the Department of the Prime Minister and Cabinet is going to increase by another 200 people. Is Ms Lampe, who was the previous chief of staff to the Prime Minister and who was farewelled with great parties in February of this year, yet allegedly remained on the payroll until 3 June this year, counted as one of those 200 people? Indeed, why was she kept on? The reason given was that the Prime Minister's new chief of staff, who had worked for her when she was deputy leader, needed a four-month handover period. Was it, in fact, because she was supposed to end up with the national secretary's job—your old job, I think—but was vetoed and therefore without an income and the poor old taxpayer had to pick up the leeway? Perhaps we could understand whether she is one of those desperately needed 200 people, particularly when I notice that the Department of Human Services is going to lose 1,200 people while we will have 1,100 people on the Prime Minister's staff. It does not seem to be helping her out much, but it is a valiant effort, I suppose.

In that 200 people that she has now got on her staff, could you tell me whether or not the executive service appointment of Mr Henry has any precedent and whether precedent was relied upon? Perhaps in your answer this time you might be able to tell me who prepared the brief for the Governor-General and when we might expect it to be gazetted.

Mr GRAY (Brand—Special Minister of State for the Public Service and Integrity and Special Minister of State) (16:53): There are a couple of points there. The first is whether Mr Henry on a 'swinger' list—I do not know. You would need to ask other people if he is on such a list. I doubt it. The Oakeshott staffing matter I have addressed. As for DPMC and Amanda Lampe, we made clear that Ms Lampe's continued presence on the staffing arrangements of the government was because it was part of her handover in that critical role as chief of staff for the Prime Minister.

I mentioned in my earlier comments the importance of the work which the government is doing on service delivery reforms, particularly those aimed at improving the delivery of Australian government services. The government's preliminary work on possible service
delivery reforms is aimed at providing more personalised, convenient and quicker services to people. Advances in IT mean that we are able to provide innovative ways to improve service delivery to citizens and better meet the public's expectations of personalised services that are convenient and quick. It is the case that today our citizens are used to rapid services delivered from banking systems, airline booking systems and they expect the same sort of speed and quality of service from government departments. Worldwide, governments are looking at ways of delivering services that better meet the needs of individuals and that make it easier for individuals to interact with government. Today, Australians expect government services to be as intuitively easy to use, to understand and to access as they can be.

As a government we are constantly looking to see what we can do better and how we can effectively harness technological advances to improve what we are doing. Important reforms currently underway include the merging of Medicare, Centrelink and the Department of Human Services to provide a more connected and seamless service to people in the community. We are at the first step of a process of investigating the capacity for people to provide their personal information such as name and contact details, but potentially more complex information such as income and employment, to one government agency and to consent to it being used by other nominated agencies—a kind of 'tell us once' capability.

The early work is focused on testing concepts and scoping the environment for possible options. We have asked the Department of Finance and Deregulation to explore options that would allow people to communicate updated details to multiple agencies simultaneously, to prefll in forms using information previously submitted to other government agencies and to view all government communications in one place. The aim is to do away with some cumbersome processes such as those which require individuals to resubmit the same details multiple times to gain access to services. This could provide great benefits, for example, for people in crisis and emergency situations such as those affected by the recent floods and cyclones and for all Australians who may need to change their address details when moving house.

In exploring these capabilities, individual privacy is at the forefront of our minds. This exploratory work will focus on only frameworks that operate on the basis of individual consent so that any flow of the information will be controlled by the individual and not by the agencies involved. Individuals will be able to opt in and out of the facility at any time. People could choose not to opt in and could be selective about how much they make use of such a facility.

There will be no central database of people's personal information. Agencies would not be able to swap or match client information; rather, such an account would enable people to share their own information with each individual agency, should they choose to do so. We will not be merging agency databases. We are not looking to create a centralised national identity database and there is no hidden agenda.

We are exploring frameworks that will put greater control in the hands of individuals. The reason for this is to create greater efficiency and intuition in government information management systems to make more efficient for our citizens the information distribution that they provide, to create a more current and up-to-date information set about key metrics available for good public policy making and to ensure that our citizens obtain those benefits and rights that they are due to receive under our various rules for such entitlements. It is also
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the case that we will be doing this over time and in a way that is as effective as possible.  

(Time expired)

Mrs BRONWYN BISHOP (Mackellar) (16:58): As I understand it, we are now in the consideration in detail stage and we are supposed to be talking about the appropriations. The minister’s speech was very nicely read, but I hardly think it was relevant to anything we have been addressing. The minister said at the beginning that he had answered my questions about Mr Oakeshott’s personal staffing arrangements, and I disagree. We do not know whether or not Mr Oakeshott was given extra staff as a result of these budget allocations, which enabled him to put on extra staff after the last election in New South Wales. I specifically request an answer to that and, if he does not have it—or if any of those people sitting at the back cannot give it to him—then I would like to place that question formally on notice. I think we deserve an answer to that. With regard to the question about Ms Lampe, clearly the answer must be that the poor old Prime Minister is so incompetent that she needs two chiefs of staff, whereas when poor old Mr Rudd was bundled out the door, his chief of staff was sacked that same night. Maybe Mr Rudd was more competent than Ms Gillard and you knew it right from the beginning.

Mr Robb: No handover.

Mrs BRONWYN BISHOP: No handover at all for him. Four months to handover to a bloke who had worked for her before—that is extraordinarily incompetent.

I want to ask a question about solar panels and this building. I note that $187,870 is to be paid to Silex Solar Pty Ltd for solar panels for a rooftop trial for work between April and June. Solar panels will be installed on the roof of the Senate wing and the gardeners' compound. Was a thorough cost-benefit analysis done on the project to install these solar panels? On average, how much electricity will they generate? Will the electricity generated be fed back into the grid or will it be solely used for Parliament House? Will an outrageous payment be made for it if it is fed into the grid? If this trial proves unviable and there are negligible savings or no savings in electricity costs, will there be a further installation of solar panels at Parliament House—in other words, will the plan be abandoned? In the meantime, I note that the electricity costs for this building have gone up from $290,000 a month in September last year to $320,000 a month. Have any low-carbon solutions been put in place in the interim that may have caused this increase or is there some other reason?

Mr GRAY (Brand—Special Minister of State for the Public Service and Integrity and Special Minister of State) (17:01): I thank the shadow minister for her questions. I will get back to her on the staffing arrangements for Mr Oakeshott. She asked questions about solar panels. I will have to get back to her on the details of the solar panel questions because it is important and do accept the good intentions behind the questioning. She has asked about a range of detailed matters around the operation of such panels and whether there are interconnections with the ACT grid and whether there is reselling into that grid. I am not able to provide answers to those questions at the moment but, yes, Shadow Minister, and I will come back to you as soon as I possibly can with the detail of answers to that.

I would like to continue the discussion around the new policy measures in place from the Department of Finance and Deregulation to do with information technology and embracing the new digital environment. In that context, it is important to understand the importance of cybersecurity and the investments which the government is making in cybersecurity.
Cybersecurity is one of Australia's national security priorities and our approach to this issue is clearly outlined in the government's Cyber security strategy. The same principles, key actions and measures will apply in our work on service delivery reform and underpin our evaluations of options in this area.

It is extremely important to ensure that those who do not have a computer will not be disadvantaged in this new digital age. Such a capability would not exclude people who do not have access to a computer. People who choose not to opt into the system which I have described would access services as they do currently—that is, by approaching the relevant agency and providing sufficient information to establish eligibility. Members will be aware that in the context of the need to provide the Australian government with that information, there may well be people who are not digitally enabled or not able to get access to a computer in order to take advantage of such a streamlined and capable system. We still need to ensure that such people do not have the disadvantage of needing to inform the government several times before that information is held in a common way by the government. We will be taking steps to ensure that those who are not digitally enabled are able to take advantage of the technology changes. The reforms in this area are likely to be very complex and they will evolve over time. They will need to be considered as long-term projects, subject to the government deciding to invest in competing frameworks. We will work closely consult widely with all relevant stakeholders, users of Australian Government services, privacy interest groups, Australian Government departments et cetera in developing the future reform options in this area. However, at this stage what is happening is that the government is trying to scope the nature of a possible framework that it might want to go into. The government is not, at this point, considering whether to introduce the new service delivery arrangements. What the government is doing is considering the possibility of the service of informing the government once of a range of personal details that our citizens hold and that they may require to provide to multiple government agencies.

These reforms are an extremely important part of what we call, in general, the digital democracy and enabling our community to better contact, access and obtain information from governments. As the NBN rollout across the nation continues, the capacity to do this becomes more and more important. The current budget includes funding for the Department of Finance and Deregulation to assist in the oversight of a new entity to ensure—

Mrs Bronwyn Bishop: Mr Deputy Speaker, consideration in detail is designed for information to be sought by members who wish to have more information about the appropriations bills dealing with particular areas. The way in which this is occurring right now does seem to be contrary to the intent and to the way in which the standing orders are framed, in that questions have been asked, the minister is unable to answer the questions and then he merely reads out material about issues that have not been dealt with at all in the questions.

The DEPUTY SPEAKER (Mr S Georganas): I am listening to the minister and I feel that he is within the parameters of the portfolio. I did not hear the question that was framed earlier because I was not here, so I am not going to make a ruling on this particular issue, but he is within his portfolio area, from what I understand. There is no point of order.

Mrs Bronwyn Bishop: The point of order is this: this is a part under the standing orders designed for members to ask questions about the appropriations. There were no questions
asked relating to the material that the minister is merely reading out and taking up time with, thereby denying people their proper function.

The DEPUTY SPEAKER: The minister will continue.

Mr GRAY: The ability through this session to provide detail of the government's initiatives in the budget is extremely important and, Mr Deputy Speaker, I thank you for allowing me to conclude some areas of discussion around the initiatives in the digital economy. When I speak next I will come back to broader issues in the budget to do with the NBN. *(Time expired)*

Mr ROBB (Goldstein) (17:08): As my colleague the member for Mackellar has raised it would be beneficial, Mr Deputy Speaker, if we were to receive some detailed responses. We have lots of issues that we would like to go through. Whilst the minister has been giving us lots of wonderful detail about the budget papers, most of it I have read already. Perhaps we can take some of that material as read.

Much was made ahead of the budget—especially by the Treasurer and by the Prime Minister—about the toughness of this budget. In that regard I would like to refer the minister to the table on page 10-6 of Budget Paper No. 1. I would be grateful if the minister could explain why government spending, as a percentage of GDP, has been higher in every year of office of this government. The forward estimates in the budget papers show spending in the last year of the Howard government at 22.9 per cent of GDP and since that time, and all the way through to 2014-15, the best that happens is 23.5 per cent. There is a consistent pattern of a government that is claiming to bring down an extraordinarily tough budget, that is going to take pressure off small and medium businesses who are seeking finance, continuing to borrow $135 million every day and putting enormous pressure on others looking for finance. They are adding to interest rates, which is adding to exchange rate pressures and adding to the cost of taking out mortgages and getting finance.

On all fronts the spending of this government is critical to economic outcomes and the cost of living pressures faced by households and the pressures faced by businesses, and yet the government, whilst talking about a tough budget, has laid out a four-year program which is still a country mile from spending levels, as a percentage of GDP, under the previous government. I would like to know why there has not been any effort to keep spending as a percentage of GDP below 2007-08 levels, as is the case with taxation receipts. The government has made a particular point about not going higher with taxation receipts than the previous government but, when it comes to spending, it sees no reason to make the same provision. This seems to be a significant inconsistency and I would appreciate an explanation for that.

From the point of view of a tough budget and the difficulty being faced by many in the economy and the uncertainty that currently exists, the reason for that uncertainty is that people have gone from minus one per cent savings to 11½ per cent, so something close to $70 billion has not been spent this year that would have been spent in a typical year. It is no wonder the retail sector is on its knees. That is a function of uncertainty. People are anxious about what might lie ahead. Do we have some sort of satisfactory protection or resilience against future economic shocks? The structural deficit within the budget is a critical factor. Why has the government not featured the structural deficit estimates over future years? If any of the assumptions for receipts or expenditure are out, the structural deficit could cause
enormous problems and increase anxiety in the community. Why, as distinct from 2009-10 when they were featured strongly, has the government not this year featured the structural deficit figures? (Time expired)

Mr GRAY (Brand—Special Minister of State for the Public Service and Integrity and Special Minister of State) (17:13): I thank the shadow minister for his question but it is almost as though he missed the fact that there was a global financial crisis. It is almost as though, in his commentary, he ignores the reality of government measures to support employment across the economy. Employment was under threat in every single sector, from retailing through to construction, through to the agricultural sector and in vehicle building—in every way our economy was threatened and so the government put in place measures in the third quarter of 2008 and throughout 2009. All were opposed by those opposite, and opposed for reasons entirely of basic politics. That means that the successful defence of jobs and the support of economic activity is due entirely to the quick action of the Australian government. It has been action roundly applauded both internationally and, most importantly, in local communities where jobs have been preserved, businesses have been kept intact and families have not been ripped apart by the devastating impact of high unemployment. I think it is also important that the shadow minister concedes that the current federal government has a lower, smaller taxation footprint than did its predecessor. Indeed, it is a proud tradition of the Australian Labor Party that we are not a high-taxing government, in comparison to the government that we replaced in 2007. The taxation of our community of course is the removal of funds from our community for use by government, and it is important that that footprint be proportionate and appropriate. It is revealed in the budget figures, as I am sure the shadow minister has fully understood and his reflections here demonstrate, that the low-taxing Australian government is able to do that because of both the efficiency of the way in which the Australian government spends money and the effectiveness of the way in which the Australian government raises its revenue. It is inevitably the case that because of that the massive measures that had to be undertaken to protect employment, to ensure that industries and commerce continued to operate throughout the tough and dark years and the very tough and dark weeks and months of the global financial crisis, could be supported by the rapid action of the Australian government.

We also made clear that, as a consequence of the measures that we undertook, the government does see the budget moving into surplus. The government does see the importance of those measures. And the government, through its fiscal discipline, is moving to ensure that the budget returns to surplus as quickly as it possibly can. Why do we do that? We spend money when we have to and we do not spend money when we do not have to. We spend money in order to protect employment and to protect our community. As the honourable member well knows, we spent large amounts of that money building enduring community infrastructure: enduring infrastructure that will be used to educate future generations of Australians; enduring infrastructure that will provide hospitals and roads; enduring infrastructure—ports, rail infrastructure—to support economic activity. It was about providing infrastructure that will survive generations, but a decision which was taken in order to support employment, to support our economy and to support our community.

You asked the question, quite reasonably: how is the government able to maintain its extremely low taxation footprint? The answer to that, very clearly, is through tough fiscal
discipline, through insight and thoughtfulness in the way in which the government structures its own spending programs and through ensuring that our taxation footprint remains smaller, that the tax paid by our community remains proportionately less, than it did in any year under the Howard government. It is an astonishing performance, a remarkable performance, but one that we will continue. (Time expired)

Ms RISHWORTH (Kingston) (17:18): I am aware that one of the big government initiatives is the National Broadband Network. It touches many portfolios. It touches the health portfolio, with the introduction of e-health. It touches the education portfolio, with some of the opportunities that will be happening there. It touches the small business portfolio, and in my own electorate I have seen various initiatives which will be enhanced greatly, including cyber wine-tasting across continents, across seas—tasting wine from McLaren Vale over in New York. My question to the minister is: could the minister outline some of the NBN related initiatives in his portfolio and some of the developments that are happening there?

Mr GRAY (Brand—Special Minister of State for the Public Service and Integrity and Special Minister of State) (17:19): I thank the member for Kingston for her question. I am not really sure how you do cyber wine-tasting.

Ms RISHWORTH: It is pretty exciting.

Mr GRAY: And I have to say that, I think like all of us present, especially when contemplating McLaren Vale shiraz, we would all prefer not to be doing it in a cyber way; we would prefer to be doing it in a real and genuine way. It is an important question to go to current initiatives in the budget that deal with the National Broadband Network. In particular there is funding provided for in the current budget through the Department of Finance and Deregulation to assist in the oversight of the new entity to manage the universal service obligation that comes with the National Broadband Network. On 20 June 2010 NBN Co. Ltd and Telstra announced an agreement and the rollout of the National Broadband Network. In support of that agreement the government announced policy reforms to support the transition to the National Broadband Network environment including the implementation of an institutional regulatory and funding regime for the delivery of the universal service obligation and other public interest services and that is what we dealt with in this budget.

Earlier, on 10 February 2011, the government announced that it had reached an in-principle agreement with Telstra for the package of measures announced by the government in June 2010 to facilitate the transition to the National Broadband Network. These reforms included establishing the new entity which will function from July 2012 and to provide funding that will ensure that all Australians have reasonable access to a standard telephone service—the universal service obligation for voice telephony services—and ensure that pay phones are reasonably accessible to all Australians—the universal service obligation for pay phones. It will also include emergency call handling, the triple 0 and 112 numbers, and the national relay service. There will be migration of voice only customers to a fibre based service as Telstra's copper exchanges are decommissioned and the development of technological solutions for continuity of public interest services such as public alarm systems and traffic lights. There will be $1.2 million over five years provided to the Department of Finance and Deregulation to assist in managing the government oversight of the new entity that will be established to manage this universal service obligation.

MAIN COMMITTEE
Given the government's significant financial investment in maintaining the continuity of voice services to Australians, appropriate oversight of this entity is required. Currently, no resources are provided for that function. The Department of Finance and Deregulation will provide advice to government on the governance structure of the new entity and monitoring of the ongoing strategy and performance of the entity including in relation to complex financial matters including the government's financial investment, the USO regulatory environment and related legislation, appointments and performance, stakeholder management between NBN Co. Ltd during the rollout of the National Broadband Network and with the broader telecommunications industry and other related matters.

Those initiatives are part of the all-of-government response that embraces both the reality and the possibilities that are presented by NBN. We know the language and we are commonly understanding the language of government 2.0—it has been around for five or six years—and it denotes a kind of government that has as its hallmark the ability to reach out, the ability to listen to, the ability to insightfully interpret the communities that engage with it and importantly the ability to provide information to our citizens in a timely and efficient manner. That was never more poignantly demonstrated than during the emergencies that our country faced in January and February of this year. The developments in government 2.0 and in cloud computing simply allow the government to be more embracing of the communities that we represent and allow us to deliver in an effective and efficient way. With the development of the capacity represented by the NBN Co. and the requirement to attend to the universal service obligation facilities that we are commonly understanding are part of large and complex utilities then we can see that the all-of-government approach to supporting the activities of NBN Co. is underpinned by the work that is done in the department of the digital economy and also in the department of finance. (Time expired)

**Mr ROBB** (Goldstein) (17:24): The last opportunity I had I asked about the government's spending performance. The minister spent most of his time debating previous budgets. I would be very happy to do that but the session is designed to debate, discuss and seek detail about the current budget. The current budget is struck in a climate where the terms of trade are at 140-year highs—not a bad climate in which to manage an economy. The current budget is struck at a time when we have a labour shortage with the changing demographics in the economy and the skills required for the mining sector, and an unemployment level just under five per cent. The point was made by the minister that they have had a very rigorous fiscal program, notwithstanding the global financial crisis. Given the fact that we are seeing terms of trade at 140-year highs and that those levels are expected to continue during the course of the next four years, how is it that the government appear incapable at the end of that four years to be within a bull's roar of the level of expenditure as a proportion of GDP that was brought down by the last government? That is question No. 1.

Secondly, the minister said that the government is able to maintain its low-taxation footprint because of the extraordinary capabilities of the Treasurer and his colleagues. The fact is that the reason the government has been able to maintain taxation levels lower than the previous government is that it did not include major items in its budget. For instance, it did not include the carbon tax. Minister, why did the government not include the carbon tax as it did two years ago in its expenditure items? If it had done that, it would have grossly exceeded the taxation formula and percentage of GDP of the last government.
The other point I would like to make is that the minister made absolutely no reference to the $107 billion debt. The fact of the matter is if you borrow like a wounded bull, you do not have to tax as much. Notwithstanding that, this government have brought in a carbon tax, a mining tax, a flood tax, a luxury car tax, a cigarette tax—taxes ad nauseam. They are a high-taxing government, but they have deferred taxation. When there is $107 billion debt that is deferred taxation—it will have to be paid off by taxation in the future. They are shifting the burden onto us, so that whenever we get the opportunity and privilege of government we will have to clean-up the mess they leave. Minister, why is this government not exercising the sort of restraint that would be considered in the middle of a 140-year high in terms of trade and in the middle of a world which is potentially likely to move into a double-dip recession? Why is the government not trying to protect and restore the resilience that this government inherited in terms of the economic conditions?

Mr GRAY (Brand—Special Minister of State for the Public Service and Integrity and Special Minister of State) (17:28): Today, Australia enjoys a taxation arrangement whereby the proportion of taxation paid by Australians is less than it was in the last year of the Howard government. It is a simple undeniable fact. It is something that the current government takes great pride in and something that the Australian community takes great relief from. All I hear from members opposite is the preference to tax and to spend, which is something that Australians have never supported. Australians support governments that are capable of keeping their house in financial order and we have said and stated clearly that the budget will be in surplus in the time frame that we have described. We have stated clearly that our taxation footprint is smaller than at any year under the previous government and continues to be the case. Furthermore, we are able to do that because of the extraordinary measures which the government have been prepared to take to better frame our budget and our spending priorities.

Mr Robb interjecting—

Mr GRAY: The shadow minister interjects, making reference to a carbon tax that is not yet in place. I hear the member opposite lamenting that the tighter fiscal discipline executed by the current government ensured a capacity for our nation to better weather the global financial crisis, to be better positioned and better prepared for the recovery in Australia and to be better prepared and better able to deal with the terms of trade that we currently see. I thank the members for their questions and I take on notice those questions which I have indicated I will. I will come back to them in a timely fashion with answers to those matters.

Proposed expenditure agreed to.

Prime Minister and Cabinet Portfolio

Proposed expenditure, $1,808,280,000.

Mr DREYFUS (Isaacs—Cabinet Secretary and Parliamentary Secretary for Climate Change and Energy Efficiency) (17:30): As members are aware, this year's budget was framed at a defining moment for our economy against a backdrop of natural disasters at home and overseas, softer economic conditions in the near term and a return to boom conditions that will stretch our economy's capacity over the coming years. In this context, the government's focus with this budget has been clear: to bring the budget back to surplus, to invest in skills and training and to get more Australians into work.
This budget responds to Australia's workforce needs through better and more targeted skills and training and new measures to boost participation. The budget expands our healthcare system, invests in infrastructure, makes regional Australia a better place to live and continues to assist families. In line with these strategies, the Department of the Prime Minister and Cabinet has 11 new measures in this budget, including the impact of the temporary increase in the efficiency dividend.

Furthering our commitment to mental health, the government will provide $24.4 million over four years to establish Australia's first National Mental Health Commission. This is part of very large new funding for mental health services. The Gillard government is strongly committed to planning more effectively for the future mental health needs of our country, creating greater accountability and transparency in the mental health system and giving mental health prominence at a national level. The National Mental Health Commission will be established within the Prime Minister's portfolio and, through the Prime Minister, will report back to parliament, bringing a truly whole-of-government focus to the task of mental health reform.

In addition to this significant new investment in mental health, this budget provides $6.5 million over four years to maintain support for the delivery of the Council of Australian Government's reform agenda—an important agenda which is aimed at improving the wellbeing of Australians now and into the future. This budget provides for a $5 million donation in 2010-11 to the New Zealand Red Cross earthquake appeal to help with the earthquake recovery effort. These funds are helping in the immediate recovery and in getting Christchurch back on its feet after one of New Zealand's darkest days. Indeed, we have had the opportunity this week, with the visit of New Zealand Prime Minister John Key and his address to a joint sitting of both houses, to convey our direct sympathies to the people of New Zealand for the events of this year, which regrettably are continuing.

This budget provides $2 million over three years to the United States Studies Centre at the University of Sydney to further inform policy discussions on Australia's alliance with the United States. The budget also provides for a departmental contribution of $168,000 over two years to fund the Commonwealth's involvement in the commission of inquiry into the Queensland floods.

In the arts, this budget provides $1.6 million across the forward estimates for the Contemporary Music Touring Program to provide grants for professional artists to perform original contemporary Australian music in regional and remote Australia where this otherwise would be commercially unviable. In order to support this new investment, this budget will deliver savings of $1.6 million over four years from the GetReading! program by promoting books and reading in a more cost-effective way, including utilising digital technology and e-publishing. This budget delivers on our election commitment to provide $10 million over five years in additional support for Australian artwork. In a significant contribution to Australian sport the government will provide up to $38 million to the organisation and staging of the 2015 Asian Football Confederation Asian Cup and to ensure the sustainability of football in the lead-up to the event. In addition, this budget provides some $4.6 million over five years to establish a task force to coordinate the Commonwealth's role in supporting the cup.

The government will achieve further savings of $5.6 million over four years from 2010-11 from the testing and research components of the Illicit Drugs in Sport Program and the
research component of the Sport Anti-Doping Program. These savings will be redirected to support other government priorities such as the extension to the Active After-school Communities program. I commend the appropriation to the House.

**Mrs BRONWYN BISHOP** (Mackellar) (17:35): Before I ask specific questions, I would like to have some indication as to whether the parliamentary secretary is going to adopt the practice of the minister previously, which is: if he cannot give an answer to a question he continues to read out blurb from the budget papers, which in no way responds to the question asked and just takes up five minutes of time, or whether we can go to the practice that used to pertain in this consideration in detail—which, if you like, is more of an estimates hearing for the lower house—whereby we can ask a question, have it responded to and have a to-and-fro of information without someone from the government getting up and speaking for five minutes and then the minister taking another five minutes and wasting the entire period.

**The DEPUTY SPEAKER (Mr S Georganas):** Order! The member for Mackellar will resume her seat. I ask the member for Mackellar whether her question is to the chair or whether it is part of her five-minute consideration in detail to the parliamentary secretary? I think you are asking the question of me. Is that correct?

**Mrs BRONWYN BISHOP:** No. It is a question to the parliamentary secretary. I do not think you would know what is in the mind of the parliamentary secretary. I am making the point that this whole process has really become something of a farce, which it never used to be before. It used to be used to elicit useful information and specific answers to questions. I might be kind to the parliamentary secretary and say that this was the practice that existed before he came to this place. It is a new and novel development that we are seeing here. With that prefix to my questions I will be interested to hear his response.

The questions that I specifically would like answers to relate to the funding of a review of illegal boat arrivals and the Ombudsman. I notice in budget paper No. 2 in the Prime Minister and Cabinet section that $900,000 has been earmarked over two years to continue the Ombudsman's scrutiny of processing refugee claims for irregular maritime arrivals by the Department of Immigration and Citizenship. The budget paper claims that the funding will be used out of the Ombudsman's current resources. My first question that I would like a response to is: what duties will that mean that the Ombudsman cannot do that he would otherwise have done with those resources, because $900,000 of his money has been earmarked for this specific purpose? My second question is: in 2007-08 there were 25 unauthorised arrivals. That was the result of our effective Pacific Solution policy, which of course was ended by the government in 2008 and the boat arrivals started to arrive. In 2009-10 there were 5,614 arrivals. If we start to see an increase, or the increase as we have seen continues, will the Ombudsman need more than $900,000 to fund these claims, and if he does will he be able to get that from an advance from the minister for finance or some other mechanism?

My third question is: by giving this responsibility, to the Ombudsman, does this effectively amount to a vote of no confidence in the department of immigration which I note has had its numbers increased to carry out its tasks? My fourth question is: does the scrutiny process entail reviewing every single refugee application, or doing a random sample of applications? Is there an anticipated individual assessment cost for each inquiry it makes? A further question is, has the scrutiny which the Ombudsman has already carried out revealed an
increased number of refugee claims from irregular maritime arrivals in the past three years, and can we have precise details of that?

Mr DREYFUS (Isaacs—Cabinet Secretary and Parliamentary Secretary for Climate Change and Energy Efficiency) (17:40): If I could first start with the procedural inquiry that was raised by the member for Mackellar. It was apparently some kind of expression of concern about the way in which the government here in the consideration in detail of appropriations is answering the questions. I listened intently to the previous consideration in detail over the hour that the Special Minister of State was answering questions posed by members of the opposition.

Mrs Bronwyn Bishop interjecting—

Mr DREYFUS: What I heard very directly was the Special Minister of State indicating very clearly to opposition members in response to their questions that he would take on notice a range of the questions in respect of which—

Mrs Bronwyn Bishop interjecting—

Mr DREYFUS: I listened in silence to the member for Mackellar and I think she should do me the same favour. I listened to the Special Minister of State taking on notice in saying he would get back honourable members in a timely fashion. That is how he ended his session here in consideration in detail. So I can assure the member for Mackellar that certainly we will be answering questions, and indeed if the member for Mackellar had looked at Hansard, because she was not here yesterday, she would have seen that I was here in the consideration in detail of the appropriations for the Department of Climate Change and Energy Efficiency attending with the Minister for Climate Change and Energy Efficiency. Both of us answered questions and I think that were she to consult Hansard she would see that I indeed answered the opposition's questions from yesterday. Going to the question about the Ombudsman's $900,000 indicated for scrutiny of processing refugee claims, and the indication that he is—

Mrs Bronwyn Bishop: No, asylum seeker claims.

Mr DREYFUS: Sorry, I am sure that you had said refugee claims, but we will take it as asylum seeker claims, which he is going to fund from current resources. With respect to the other questions that were directed to apparently additional unauthorised arrivals. Can I say that it is an excellent measure that the Ombudsman is now undertaking additional scrutiny for processing asylum seeker claims. Implied in the member for Mackellar's question is the suggestion that perhaps this scrutiny is not warranted. I can assure the House that this scrutiny is absolutely warranted, and it is reflective of much greater care in the way in which these asylum seeker claims are being handled, and indeed much greater care in the way in which the entire system is being run.

I need only refer in that regard to the appalling compensation bill that the Commonwealth is still facing, arising from people, some of them Australian citizens, detained in the immigration detention system by the Howard government before August 2007. There is a budget item that relates to the compensation bill. It is now over $16 million and these cases, and the compensation provision that is having to be made, almost all relate to the 247 cases that were referred by the department to the Ombudsman following the Palmer inquiry and the Comrie report with such notorious cases as the case of Vivian Solon, falsely deported from Australia by the former government, or Cornelia Rau, improperly and illegally detained over
an extended period by the former government as a result of the appalling mismanagement of the immigration detention system by the former government and the lack of scrutiny, scrutiny which is now to be provided by the Ombudsman as indicated in the budget papers. The member for Mackellar was referring to the claim that in 2007 there were some 25 unauthorised arrivals, which of course is held out by the opposition as some claim to the success of their policies. It was no such thing. As I have just indicated, arising from the mismanagement of the immigration detention system, under the Howard government there were much larger numbers of people in immigration detention, an indication why we need to have scrutiny. We need the Ombudsman looking at these things. (Time expired)

Mrs BRONWYN BISHOP (Mackellar) (17:46): Thank you for those non-answers, Parliamentary Secretary Dreyfus. I see that we are going to continue in this vein. I would ask you then the specific questions that I asked to be taken on notice and that you let me have them as soon as possible. I will try one more specific question. Considering the deal that your government is proposing with Malaysia, with the disgraceful trade in human flesh, whereby Australia sends one person to Malaysia to be either tagged or subject to Malaysian law and birchings, and we in return will receive five refugees who have been approved by the Malaysian government, does the $900 cover the costs of the Ombudsman scrutinising each one of those exchanges, those vile exchanges? If so, when will he be reporting upon them? Is that part of the government's overall plan? That is question No.1.

Question No. 2 for this section. I want to now turn to the Australian National Audit Office where there is outlined an expenditure of nearly $2 million to be spent on conducting a financial statement audit of the National Broadband Network and the NBN Tasmania between 1 April 2011 and 30 October 2013. I note that there is no confidentiality clause in the contract despite the government repeatedly making the excuse that much of the NBN's activities are commercial-in-confidence and that any scrutiny of this $50 billion project is impossible. In light of those things, is the audit which is to be conducted by PricewaterhouseCoopers a comprehensive audit and will its cover all income and expenditure aspects of the NBN and NBN Tasmania? That is question 2(a).

Question 2(b) is: will the audited financial statement be published? 2(c), if so, how often will the audited financial statements be published and, if they are not to be published, why not? 2(d), how regularly will financial statements be audited and how often will the government receive audited financial statements from the auditors, PricewaterhouseCoopers? Are you aware of any other companies who have been asked to conduct an audit of the NBN? And what audits of financial statements of the NBN had been conducted to date? At what cost would these audits have been done? Will the cost of the audit be included in the overall cost of the NBN, which, the best we can guess is likely to be $50 billion? They are very specific questions and if the parliamentary secretary is unable to answer those specific questions, I would simply ask him to take them on notice and reply in that way or, if he has specific information, I would very pleased to receive it.

Mr DREYFUS (Isaacs—Cabinet Secretary and Parliamentary Secretary for Climate Change and Energy Efficiency) (17:49): They are very specific questions that have just been asked by the member for Mackellar. Before going to them, I had not quite completed my answer in relation to the Ombudsman, in respect of whom I need to point out that he is a statutory office holder. I certainly will take the more detailed questions that the member for
Mackellar asked about the Ombudsman on notice and will endeavour to get a response to the
member for Mackellar in a timely fashion.

At the moment the portfolio budget statement indicates, as the member for Mackellar
said—and I have checked this—that there is a $900,000 measure to be funded from internal
sources, so I will take those on notice. In respect of the detailed questions about the Australian
National Audit Office, the Auditor-General is also a statutory office holder. Insofar as those
questions relate to that statutory office holder, I will take them on notice as well. But the
detailed questions that were asked about the NBN are misdirected and really need to be
directed to the communications portfolio. I am sure that the member for Mackellar has means
available in which she can so direct.

The Department of the Prime Minister and Cabinet does provide the Prime Minister with
policy advice on matters that relate to the National Broadband Network, but the
implementation of the National Broadband Network is the responsibility of NBN Co., its
shareholder ministers and their respective departments, which are Senator Conroy and his
Department of Broadband, Communications and the Digital Economy, and Senator Wong and
her Department of Finance and Deregulation. It is the case that senior officials from the
Department of the Prime Minister and Cabinet attend the National Broadband Network
implementation steering committee, which covers a range of departments. But the kind of
detailed financial questions relating to the NBN really should be directed to the department of
communications.

To conclude—insofar as there is some information being sought in relation to the
Department of the Prime Minister and Cabinet appropriation—the government, through the
Department of the Prime Minister and Cabinet, engaged the investment bank Greenhill
Caliburn in November 2010 to review the NBN Co. corporate plan. The cost of that
engagement was $1.1 million including GST, plus about $8,000 in expenses.

The other question the member for Mackellar asked, as best as I understood it, was about
the current status of the negotiations with Malaysia—with some quite pejorative and
needlessly, but typically, inflammatory statements made about this area of policy which I do
not accept for a moment. I need to make it clear that, in answering this question, I reject
entirely the way in which it was framed and put and the language used by the member for
Mackellar, including her use of the word 'disgraceful'. The only thing which is disgraceful
about the discussion of the negotiations with Malaysia is the way in which the opposition is
approaching this question. There are advanced negotiations with Malaysia and with the
United Nations High Commissioner for Refugees. Those discussions are progressing well.
The talks are being conducted in a spirit of great goodwill. It is a very detailed arrangement. It
is very important that we get it right. As the Minister for Immigration and Citizenship has
said, further details will be announced in the coming weeks. Our government is committed to
breaking the people smugglers business model and to deterring people from making
dangerous sea journeys so that we will not have a repetition of the tragic event that occurred
on Christmas Island late last year.

While we are talking about 'disgraceful', what is actually disgraceful is that the member for
Cook is now saying that he is going to visit Malaysia. It is apparent that the Leader of the
Opposition is so worried that the arrangement with Malaysia is going to work and work well
that he is sending the member for Cook for another stunt—another dumb stunt, I might say—
to Kuala Lumpur in a deliberate attempt to wreck the current negotiations, and, indeed, while they are about it, to wreck our relations with Malaysia. It is a disgraceful act. It is an incredibly destructive stunt by the opposition and it amazes me that anyone who is contending for national leadership in this country, as is the Leader of the Opposition, would authorise one of his spokespeople to go to one of our regional neighbours for this purpose. (Time expired)

*Mrs BRONWYN BISHOP* (Mackellar) (17:54): The minister failed to answer my specific question relating to the disgraceful and despicable deal that his government is doing with Malaysia to trade in human flesh. I find the so-called solution absolutely reprehensible. I am astounded the parliamentary secretary can stand there and attempt to defend it. The very specific question I asked him was: can you tell me whether the Ombudsman, out of his $900,000, will be reviewing each of those transfers should the deal be completed so that we will know whether people have been tagged like cattle to be immune from birching or whether they will be subject to Malaysian law and subject to the birching that is part of that law? That was my specific question, and I note he failed to answer it.

I now want to go to appointments to the Prime Minister's staff. I did ask some of these questions of the Special Minister of State, but he was unable to provide any information. We might get some from you. First of all, Amanda Lampe, who was the chief of staff to the Prime Minister, was farewelled with great parties in February but remained on the public payroll until, I understand, 3 June. Could the parliamentary secretary tell me, the rest of the parliament and the public generally why it was deemed necessary for there to be a four-month handover from Ms Lampe to Mr Hubbard, who had previously worked for the Prime Minister. Was it due to the incompetence of the Prime Minister that she needed two private secretaries? Was it the fact that Ms Lampe needed an income because she did not get the national secretary's job? You might then be able to confirm for me that she left the Public Service on 3 June and confirm for me that she has not been offered another position.

My second set of questions relates to Mr Ken Henry. I did ask the minister whether Mr Henry had left the Public Service. I ask that as a very specific question. If he has left the Public Service, is there any policy in place that says someone who has left the Public Service may not be re-engaged on what used to be referred to as a Friday-to-Monday appointment, which was used by people who were under the old Commonwealth Superannuation Scheme? To maximise their return they must leave no later than being 54 years and 11 months of age. I notice that Mr Henry is about to turn 54.

If Mr Henry is still a public servant, what is the nature of the leave that has been referred to in the newspaper? Is it leave without pay? Is he still being paid at the rate of $535,000 a year? If not, could you give me the details? What is the specific nature of the appointment by the Governor-General under section 67 of the Constitution that requires this appointment to be made in this way? If you examine precedent, the sorts of people who are appointed by the Governor-General usually have not included former heads of departments onto the staff of the Prime Minister.

I note in the press that it has been said that he is neither a consultant nor an employee—it is a mystical appointment—but he will be supported by Prime Minister and Cabinet. I would be grateful for details of what that support entails and precisely what the nature of his duties will be. I also asked the minister when the appointment will be gazetted and why it has not already been gazetted.
Perhaps I could have some specific answers to those questions. If I cannot have specific answers today, would the parliamentary secretary please take those questions on notice and give me specific answers as soon as possible.

Mr DREYFUS (Isaacs—Cabinet Secretary and Parliamentary Secretary for Climate Change and Energy Efficiency) (17:59): I will start with Dr Ken Henry's appointment. The questions that I have just been asked seem to have been drawn from various instances of misreporting in the media. It has been made very clear that Dr Ken Henry AC has been appointed by the Governor-General as a special adviser and his senior appointment was announced on 1 June 2011. The result of this appointment is that Dr Henry's extensive knowledge and experience are going to continue to be a valuable resource, and I am pleased that those skills are going to continue to be available to the Australian government.

Dr Henry has had a very distinguished Public Service career which spanned more than 25 years, 10 of which were spent as the secretary to the Treasury. In that time Dr Henry has made major contributions to the wellbeing of Australians and to the prosperity of the nation, not least of which was the extraordinary, timely and invaluable advice he provided to the government with the onset of the global financial crisis. His appointment does not require a gazettal—there seems to be a misapprehension on the part of the member for Mackellar in that part of her question. He is appointed by the Governor-General. He is presently being remunerated at secretary level, but he is expected to work part time and will be paid on a pro rata basis.

I can point out that the most recent appointment under section 67 was that of Mr Fergus Ryan as strategic investment coordinator, and this expired in 2002. Other examples include Dr Paul Twomey as chief executive officer of the National Office for the Information Economy, Ms Gwényth Andrews as chief executive of the Australian Greenhouse Office and Mr Michael Hutchinson as chief executive of the Office of Asset Sales and Information Technology, all in 1998—these appointments were made by the Howard government. It is a process recognised under the Constitution and it should be a surprise to anyone here that the opposition were expressing concern about it. We have a distinguished Australian who has provided distinguished service to the nation. It is an excellent thing that Dr Henry is going to continue to be able to provide service to the people of Australia.

Another question asked by the member for Mackellar related to the Prime Minister's former chief of staff Amanda Lampe. Again, as I indicated to the member for Mackellar in relation to some of her earlier questions, that question needs to be addressed to the finance portfolio, since prime ministerial staff are not paid out of the appropriation under consideration here for the Department of the Prime Minister and Cabinet. It is the responsibility of the department of finance to operate the MOPS ministerial and parliamentary staff system.

The other matter is one that the member for Mackellar pursued, using inappropriate language and the word 'disgraceful' in relation to present negotiations with Malaysia, and asserting that I had not answered her earlier question about whether the Ombudsman would be reviewing each possible transfer under the yet-to-be-concluded arrangements with Malaysia. The question that she actually asked when she first stood up to ask about the Malaysia arrangement was in relation to whether or not the government would be making public details of the arrangement, not the question that the member for Mackellar now asserts that I have not answered. Again, it is a question that is better directed to— *(Time expired)*
Mrs BRONWYN BISHOP (Mackellar) (18:04): We can check Hansard to see the context of my question. My intent was clear to me; I am sorry it was not clear to you. But thank you for those answers. I will go again to the question of Dr Henry. You did not tell me whether or not he has left the Public Service or, if he has left, when he left. You said that he has been appointed as a special adviser, without saying to whom he is special adviser. You have said that he has been appointed to the Department of the Prime Minister and Cabinet, and that is useful, but I would like to know the terms and conditions of his appointment.

The parliamentary secretary has been at great pains to say that Dr Henry was a great public servant. In the eyes of many that may well have been true during much of his career, but at the end he certainly became very partisan. I am not at all surprised that he has been given this rather political appointment to take up advising the Prime Minister—

Mr Dreyfus: He was appointed by the Howard government.

Mrs BRONWYN BISHOP: Yes; that was a mistake, I think. I am not surprised at this appointment, particularly since you have a Treasurer who is seen by the electorate as ineffectual and not across his portfolio at all. I can understand why you would want someone with more expertise around to give better advice. Nonetheless, I would like to know the terms and conditions of the appointment and why it was done under section 67 of the Constitution. There is no adequate reason. You made some comparisons and I can find you many other appointments made under section 67 of the Constitution, but I find it very difficult to find any precedent where a political appointment has been made, to assist the Prime Minister via the Department of the Prime Minister and Cabinet, under section 67. All the other appointments are ones where there is a provision in legislation that the appointment be made under section 67.

I saw an official shake his head, but if he can find an example and convey it to the parliamentary secretary of anyone who has been appointed under that section by the Governor-General, as a political appointee, to assist the Prime Minister and advise the Prime Minister via the department, I would be very pleased to hear about it. Perhaps, when he is advising the parliamentary secretary on that issue, he could help him give the answer to what the terms and conditions are and what the job specification is for the position to which Mr Henry has been appointed. But I would particularly like to know whether he left the Public Service and is coming back as a contractor.

Mr DREYFUS (Isaacs—Cabinet Secretary and Parliamentary Secretary for Climate Change and Energy Efficiency) (18:08): Dr Henry ended his appointment as Secretary to the Treasury on 26 April 2011 and he commenced in his new role as special adviser upon being appointed by the Governor-General. His duties are to be determined in discussions with the Prime Minister. I need to make it as clear as I possibly can to the member for Mackellar that this is not a political appointment, that the government does not accept her characterisation of the appointment of Dr Henry under section 67 as a political appointment and, further, that the comments that the member for Mackellar has just made to this House—that Dr Henry, when he ended his distinguished career or apparently at some unspecified point towards the end of his distinguished career, became partisan—are a disgrace. That is a disgraceful comment to make. We have here, in Dr Henry, someone who has served our nation for 25 years, 10 of them spent as Secretary to the Treasury. He was of course appointed as Secretary to the Treasury by the Howard government. After taking a well-earned period of leave, he will
return to part-time government service, the terms of which will be determined in consultation with the Prime Minister later in the year. I want to take further issue with the whole way in which the member for Mackellar has sought to characterise this appointment. A legion of appointments have been made by successive Australian governments, not only under section 67 but in a range of other ways, sometimes not even under statutory authority or specifically under a particular provision of the Constitution but under the executive power of the Commonwealth. It is open to a Commonwealth government to appoint anyone in any capacity to serve the government, and it would be a sorry day if it were otherwise.

The government is entitled to engage the services of anyone to serve this nation if it is for the better government of the Commonwealth. It is not necessary to point to precedent. It is not necessary to point to anything other than the constitutional authority conferred on the government. Nor do we need to look for particular statutory authority because there is a whole range of conventions and institutions that serve the Commonwealth that nobody queries, other than those opposite, who wish to query governmental arrangements that they themselves have used on numerous occasions in government. They wish to challenge them because they are now in opposition and they wish to simply nit-pick or raise problems where none exist.

It is entirely appropriate that Dr Ken Henry, a distinguished Australian appointed to his former post by the former government and having served Australia well over many years, should continue to provide service to the people of Australia. Insofar as there is anything left of the question by the member for Mackellar I will take it on notice and provide anything more that might be needed to answer her questions in a timely fashion.

I would take issue also with her proposition that the examples that I gave of other appointments during the term of the former government, being Mr Fergus Ryan, Dr Paul Twomey, Ms Gwneth Andrews, Mr Michael Hutchison, were not legislatively required to be made under section 67 of the Constitution. It is a facility put there when the Constitution was drafted in order to make it very clear that the Commonwealth will have at its disposal appropriate services of people with expertise, who could be employed in the manner envisaged by section 67 of the Constitution, as appointments of the Governor-General.

I reject on behalf of the government in the strongest possible terms the connotations which the member for Mackellar has sought to put on the engagement of Dr Henry or indeed the characterisation of his appointment by the member for Mackellar as a partisan or political appointment, which it is certainly not.

Mrs BRONWYN BISHOP (Mackellar) (18:12): Thank you for the rhetoric. I stand by the comments I made earlier and I would simply ask you again: is Mr Henry still a member of the public service? If not, when did he retire, what is his position and what are the terms and conditions of his appointment? How is it possible that the government can legitimately ask the Governor-General to appoint Mr Henry at a salary of $535,000 a year without knowing what the job is?

He is no longer a person employed as the head of a department where the salary of $535,000 is established by the Remuneration Tribunal. He is now someone who is merely being appointed to assist the Prime Minister with advice of a political nature and he is being paid at the same level as the head of Treasury. I think the Australian people are entitled to know why the appointment is being made with no terms and conditions, no understanding of what the contract is or what his responsibilities are. And how you can possibly justify him...
being paid at the rate of the head of Treasury? I think it is an absolute disgrace but typical of the attitude of this government that thinks it can do anything in a panic to try and get some advice, which it thinks might help it out of a hole. If Mr Henry is still a member of the Public Service then I would like to know why he was not appointed in the ordinary way as a member of the executive service. Why was the decision taken to use section 67? Was it because this was the only way in which he could be paid this extraordinary amount of money, and otherwise he would be captured by a determination of the tribunal?

The parliamentary secretary can sit there and smirk all he likes. The bottom line is that this is taxpayers' money. We heard from the shadow minister for finance today that we are in debt wholly and solely due to the incompetence of this government—and, I might add, under the watch of the same Mr Henry as the head of Treasury, who backed up the extraordinary expenditure. We have only to look at your track record. We have only to look at pink batts, the waste of money in the BER or the $900 that went out to dead people or to people who lived overseas, only for us to be told, 'Oh, this is all perfectly ordinary.'

I asked you to give me one—just one—example of where anybody else had appointed a political appointee—that is, someone who was not part of a determination and was not someone like the sorts of people that you identified as being appointed quite properly under section 67. I asked you to give me one name of somebody who was appointed to a golden job with no job specification at $535,000 a year while still on leave, and you do not expect me to be outraged by that. Of course I am outraged by it. So I ask you again: is he still a member of the Public Service? If not, when did he leave? What are the terms and conditions? When will we know the terms and conditions of this supposed job? How can you possibly justify that salary when there is no job for him to go to? And what are the terms and conditions of his leave?

I simply sum up by saying that this epitomises the attitude that this government has to the people of Australia: you are totally unaccountable and totally without consideration of the way things should be done properly, whether it is sending people in a trade of human flesh to Malaysia to be subject to birching or to have a label attached to them like an animal, or the incompetence in putting any program in place. This appointment epitomises all the things that are wrong with this government and why, on the question of the carbon tax, we need to have that plebiscite to let the Australian people speak.

Mr DREYFUS (Isaacs—Cabinet Secretary and Parliamentary Secretary for Climate Change and Energy Efficiency) (18:17): It should come as no surprise that the member for Mackellar has ended with the reference to the dumb stunt that the Leader of the Opposition staged yesterday, referring in the news media to a plebiscite proposal that he was supposedly going to put to the parliament at 10 am yesterday, knowing that the parliament was not even sitting at 10 am—indeed, knowing what a piece of wrecking it was likely to be, but presumably guessing that it might just attract some news coverage. But it did not, of course, contribute in the slightest way to the government of this country. It did not contribute in the slightest way to the development of the carbon price that we need and that this government is working on.

To go back to the questions about Dr Henry—and I am glad the member for Mackellar is not actually leaving; it looked like she was for a moment there—

Mrs Bronwyn Bishop: I'm getting a glass of water to put out the fire.
Mr DREYFUS: Yes, she has got very excited in asking those questions before. I would invite the member for Mackellar to examine the history of section 67, what was said about it in the convention debates and why it appears in the Constitution. Section 67 has traditionally been used because there is no coverage in existing legislation for the manner of appointment of a whole range of people who provide service to the Commonwealth.

Mrs Bronwyn Bishop: Just give me one political example.

Mr DREYFUS: I reject, as I did before, the characterisation of Dr Henry's appointment under section 67 of the constitution as in any way political. He is a distinguished Australian with immense expertise in Treasury matters, in fiscal matters and in economic matters who I am very pleased is going to continue to provide his services to our country. The member for Mackellar said that the Australian people are entitled to know. I think that the Australian people are entitled to know why it is that members of the opposition are in any way challenging the appointment of Dr Henry to the service of the Commonwealth, because the appointment of Dr Henry to the continuing service of the Commonwealth ensures that his abilities and his vast experience, recognised by the former government, are going to continue to be of service to our people. Section 67 is being used for Dr Henry because of the whole-of-government nature of the policy advice that he is going to be able to give the Commonwealth. It goes well beyond anything that a conventional appointment under the Australian Public Service Act might encompass. Dr Henry will be advising the government on issues that are of a whole-of-government nature, and details of that, as I have indicated in my previous answer to the member for Mackellar, will be determined with the Prime Minister. It is bizarre that the member for Mackellar should suggest that there has been even the slightest lack of accountability in relation to the appointment of Dr Henry. If it was so unaccountable, why was it that there was an announcement of Dr Henry's appointment, along with a number of senior appointments that the Prime Minister announced on 1 June 2011? It is hardly an act of unaccountability to make an announcement of the appointment of someone under section 67 of the Constitution. I would ask again, and I think the Australian people are entitled to know, why it is that the opposition are so set on criticising absolutely every feature of the administration of the Commonwealth in talking down this country and the government that they cannot conceive that someone with as distinguished a career as Dr Henry could and indeed will provide continuing service to our country.

Finally we had a reference from the member for Mackellar, who just cannot seem to leave it alone, to the negotiations that are ongoing with our neighbour Malaysia. For weeks now we have seen an attempt to destroy our relations with Malaysia and our government's work with our regional neighbours, something which the former government never did, in order to reach appropriate arrangements in relation to asylum seekers. Coming up now—and no doubt we will hear more about it—we have further destruction being planned by the member for Cook, who has been sent by the Leader of the Opposition to Kuala Lumpur. (Time expired)

Mrs BRONWYN BISHOP (Mackellar) (18:22): The reason I raised the question of Malaysia was to specifically ask you whether or not the Ombudsman would be using part of his $900,000 earmarked money—which is not extra money but money taken away from other duties he might be doing—to make reports on each and every one of the disgraceful trades in human flesh of one asylum seeker going from Australia and our receiving five here in Australia. I ask whether the ones being sent to Malaysia are to be tagged like animals or
subject to the birch. If you find that acceptable behaviour then that is a big difference between you and me, because I sure do not.

The DEPUTY SPEAKER (Ms S Bird): I would just remind the member for Mackellar that she is not directing those questions to me as the chair. If you could direct them through the chair, that would be good.

Mrs BRONWYN BISHOP: The parliamentary secretary, of course, has failed to answer that question. The second question he has failed to answer—and I have asked it, I think, three times now—is whether Mr Henry is still a member of the Public Service. I would like an answer to that question. If he is not, when did he leave the Public Service, and is his re-engagement as a contractor, even though the appointment is via section 67? I ask the parliamentary secretary to give me one name—just one—of any other political appointment or any appointment of a person to assist the Prime Minister out of a hole, which is exactly what this is. I can understand why the Prime Minister thinks she needs some additional advice, because she certainly cannot rely on the person who parades around as the Treasurer. She needs something to dig her out of the hole, so I can understand why they might seize on Mr Henry as being the answer. He served the government very well in the latter stages of his appointment, particularly when it came to assessing the budget savings that were put forward by the opposition prior to the last election.

The DEPUTY SPEAKER: We have lost a quorum in this chamber, so we will suspend until a quorum is returned to the chamber.

Proceedings suspended from 18:24 to 18:33

The DEPUTY SPEAKER (Ms S Bird): The chamber will resume. We have gone over time, but I am going to allow the member for Mackellar to finish her question and then the parliamentary secretary can either respond or take it on notice.

Mr Ripoll: Deputy Speaker, a point of clarification: I understand that at 6.30 it changes and the time allocated has actually expired. I would like clarification just so we stick to the rules.

The DEPUTY SPEAKER: To clarify: 5.30 to 6.30 is a guide time and there is not another time frame that will come into play on that. In the interests of progressing the debate I am going to allow the member for Mackellar to finish and then the parliamentary secretary can handle it as he sees fit. The member for Mackellar.

Mrs BRONWYN BISHOP: Thank you very much, Madam Deputy Speaker. When the parliamentary secretary scrabbled off for the quorum and took the only remaining government member with him, of course this place had to close down because we no longer had a quorum.

Mr Dreyfus: It was called by the opposition in the chamber.

Mrs BRONWYN BISHOP: Of course.

Mr Dreyfus: Shutting down debate in both places.

Mrs BRONWYN BISHOP: Not at all. It is because of your behaviour previously. The long and the short of it is you might remember next time that, if you do not want to close down this place, you must leave one government member behind.

To go back to my question and to reiterate, it concerned Mr Ken Henry. I still do not have an answer and I specifically ask for one. Is he a member of the Public Service? If not, when
did he leave the Public Service and what is the nature of his contract with the government via section 67? Who wrote the brief for the Governor-General? Who put together the information for her to make that appointment? I think that is a very important point to have on the public record. I repeat: how is it possible that you can ask the Governor-General to appoint someone to a position of $535,000 a year with no job specification, no description of the duties they will have to carry out and no notification to the general public as to why it was necessary to have this very special method of appointment? I make the point that it is special. I asked you for one name of anybody who had been appointed to a political position like this and you cannot supply me with one. All the other people that you have given me the names of are perfectly ordinary appointments under section 67 and I am perfectly familiar with the operation of that. This is an exceptional appointment. You, Parliamentary Secretary, have admitted here today that there are no terms and conditions that have been established. It is all going to be a nice chat when he comes back from leave and we do not even know the date on which he is to return. Would you also supply me with the date on which he will return?

Mr DREYFUS (Isaacs—Cabinet Secretary and Parliamentary Secretary for Climate Change and Energy Efficiency) (18:36): We have gone over time, but I will respond as quickly as I can. I would say to the member for Mackellar that I will take on notice her questions, although I do feel I have answered quite a number of them now more than once. I will take on notice those of her questions that have not yet been answered and respond in a timely fashion.

I just want to make a point about the Ombudsman because, while attending the quorum call in the chamber, I have had occasion to reflect on the Ombudsman's position. It is a very curious thing that the member for Mackellar should be addressing questions to me about an independent statutory office holder. I know that those opposite do not have the same proper view of the independence of statutory office holders. It appears that the member for Mackellar has not read the Ombudsman's legislation, does not understand that the way in which the Ombudsman functions is to act on complaints and further that, insofar as there is any other jurisdiction available to him, it is a jurisdiction that he determines solely in his own absolute discretion as to how that discretion is to be exercised. The suggestion that I, appearing here in consideration in detail of the appropriations for the Department of the Prime Minister and Cabinet, should be able to say or indeed that it would even be proper for me to say how the Ombudsman is going to carry out his statutory functions is frankly ridiculous.

As to the continued appalling calling into question the excellent appointment of Dr Ken Henry, it is a sorry day that the opposition is seeking to deny to the Australian people the services of someone of the immense eminence and expertise of Dr Ken Henry, who I have no doubt could be commanding remuneration many times that which he is being provided from the public purse if he were to go into the private sector. We are all very well aware of the immense salaries that are being paid in the finance sector in Australia at the moment and indeed overseas, and the Australian people are being well served by obtaining the services of Dr Henry.

Lastly—and I say again, I will take on notice the questions that have been addressed to me, insofar as they are proper questions, by the member for Mackellar. Some of them were not—I need to put this on the record: I reject absolutely any statements of fact that were made here by the member for Mackellar and I completely reject the suggestion that I have admitted
anything, which is the way in which she sought to characterise something that I said on the last question here. Proposed expenditure agreed to.

Remainder of bill—by leave—taken as a whole and agreed to.

Ordered that this bill be reported to the House without amendment.

**Appropriation Bill (No. 2) 2011-2012**

Second Reading

Debate resumed on the motion:
That this bill be now read a second time.
Question agreed to.
Bill read a second time.

Ordered that this bill be reported to the House without amendment.

**Appropriation (Parliamentary Departments) Bill (No. 1) 2011-2012**

Second Reading

Debate resumed on the motion:
That this bill be now read a second time.
Question agreed to.
Bill read a second time.

Ordered that this bill be reported to the House without amendment.

**CONDOLENCES**

**Jones, Lance Corporal Andrew Gordon**

**Case, Lieutenant Marcus Sean**

Debate resumed on the motion:
That the House record its deep regret at the deaths of Lance Corporal Andrew Gordon Jones and Lieutenant Marcus Sean Case on 30 May 2011, while on operations in Afghanistan, and place on record its appreciation of their service to the country and tender its profound sympathy to their families in their bereavement.

Mr CRAIG KELLY (Hughes) (18:42): I rise tonight to speak in condolence of the loss of two brave young Australian men: Lieutenant Marcus Case and Lance Corporal Andrew Jones. The tragedy of 30 May was deeply felt across my electorate of Hughes. Indeed, this sense of loss was felt across our entire country as we joined together in deep sympathy for their friends, family and colleagues, who without a doubt carry the greatest share of the nation's collective sorrow. My local community particularly mourned the loss of the second soldier based out of our local Holsworthy Barracks to fall in Afghanistan in recent weeks following the death of Sergeant Brett Wood, who was then followed by the tragic loss of Sapper Rowan Robinson.

Lieutenant Marcus Case was born in Melbourne in 1984. Marcus grew up in a large and very close family as the youngest of six children. He was a popular young man with many close friends who admired his bravery, loyalty and sense of adventure. Marcus' self-described No. 1 fans—his parents, Lee and Bernard—say their son was born to fly. His all too short life reflects this goal, which he worked towards and successfully achieved. Lieutenant Case first
entered the Army Reserve in June 2002 as a student at the University of Melbourne before
deferring his studies in 2003 to undertake the commando selection training process with the
1st Commando Regiment. Never forgetting his desire to fly, he commenced flying lessons
and then transferred the Regular Army to undertake pilot training. In December 2009 he was
posted to the 6th Aviation Regiment based out of Holsworthy.

Lieutenant Case served his country with honour. His schoolmate at Xavier College said of
his friend, 'There was no better person you could have wanting to represent this country.'
Lieutenant Case served in a number of overseas deployments, including in Malaysia and East
Timor, before his final deployment in Afghanistan. But perhaps he will be forever
remembered as an angel in the sky, plucking victims to safety during Queensland's flood
crisis earlier this year. I echo the words of the Queensland Premier, who said Lieutenant Case
was someone who came and gave his all when we needed him. I also wish to express my
sincere condolences to the family, friends and girlfriend of Lance Corporal Andrew Jones.
Lance Corporal Jones has been described as a loyal, reliable and trustworthy bloke, someone
who loved his job and was dedicated to serving his country and who also enjoyed a joke with
his mates. His family remember him as a dependable yet cheeky character 'whom we will
miss with all our hearts'. He served our nation with great distinction, also, with Lieutenant
Case, having served in East Timor and Afghanistan. The noble efforts of these two young
men and their lives will not be forgotten.

Before I close my contribution in this solemn debate, I want to reflect for a moment on one
of the reasons we are in Afghanistan. I spoke earlier of Lieutenant Case's close family and the
important role they played in his positive and happy upbringing, and note that he leaves
behind two sisters, Jackie and Liz. Before the intervention in Afghanistan, it should be
remembered that, under the Taliban regime, girls were not allowed to go to school. Women
spent most of their time indoors and all women were forced to wear burkas, covering their
heads, faces and bodies. But today, over 2.5 million Afghan women are receiving an
education. Afghan women now serve in the country's parliament, they own their own small
businesses and they work as teachers, lawyers, community health workers and even
prosecutors. These advances in the lives of millions of Afghan women are thanks to the
efforts of brave men like Lieutenant Marcus Case and Lance Corporal Andrew Jones. Our
nation will never forget their sacrifices.

Mr CLARE (Blaxland—Minister for Defence Materiel) (18:46): I rise to express my
condolences to the family and friends of Lieutenant Marcus Sean Case and Lance Corporal
Andrew Jones. I also wish to offer my condolences to the family and friends of Sergeant Brett
Wood and Sapper Rohan Robinson. The Australian War Memorial is less than 4,000 metres
from here. Etched on its walls are the names of 102,734 men and women who have laid down
their lives in the service of our nation. Four more men now join this list and, like the names
they join, each of these men has their own story, their own family and their own legacy that
they leave behind.

Sergeant Brett Wood lived an extraordinary life. He served across the world, in
Bougainville, East Timor, Iraq and on three tours to Afghanistan. His many decorations speak
of his courage, among them the Medal for Gallantry and a posthumously awarded United
States Meritorious Service Medal. Brett was a commando, one of the Australian Army's most
highly trained and important roles. He did that job since 1998. His 13 years in the special
forces involved some of the most difficult and dangerous work that Australian forces have been asked to do. According to those who knew him well, he was not one to boast about it. At his funeral his wife, Elvie, said:

To say Brett was humble is an understatement. He did not want to be defined by his achievements and introduced himself as just an ordinary guy. His most frequent expression was 'no big deal'.

He was not an ordinary guy. He will be remembered as a decorated soldier, dedicated to the service of his country, and his death is a big deal for all Australians, as is the death of Lance Corporal Andrew Jones.

The photograph on our television sets and in our newspapers of Lance Corporal Jones, butcher's knife in hand and sharpening steel across his chest, tells us something very important. The work of our troops is not done just in the fields and in the mountains of Afghanistan; it is also done in the kitchens, the garages, the hospitals and the hangars, as well as at remote forward operating bases like FOB Mashal in the Chorah Valley where Lance Corporal Jones was killed. That he was taken from us by the actions of a rogue Afghan soldier makes his loss all the more painful and all the more difficult to accept. It is made no easier by the news yesterday of the death of that Afghan soldier who did this terrible act. The commander of Australian forces in the Middle East, Major General Angus Campbell, said:

'Lance Corporal Jones chose...to take the challenge of working in a patrol base and underwent additional weapons and other training to be part of the small, tight-knit teams that support our troops'. He said: 'the efforts of people like Lance Corporal Jones often go unrecognised, but they are much loved and respected for their contribution'. His efforts certainly do not go unrecognised in this place. They are appreciated. His sacrifice is remembered and his service is honoured by us all. In the words of Brigadier Mulhall, 'He was a bloody good soldier and bloody great cook,' and he will be remembered as such.

Our thoughts are also with the family, the five brothers and sisters and the parents of Lieutenant Marcus Case, who was killed when the Chinook he was in crashed in Afghanistan last month. He was a young man who packed a lot of living into a very short life. Many soldiers aspire to be a special forces commando, some to be an army aviator. Lieutenant Case was both. He served as a commando on his first deployment to East Timor in 2007 and as an aviator on his deployment to Afghanistan. Between those two deployments he was involved in another very important mission; he was part of Operation Queensland Flood Assist in January this year, flying reconnaissance missions across affected areas in a Kiowa helicopter. No wonder his family was so proud of him. At his funeral his brother Chris said, 'We are thankful he was born into our family.' They said he had a heart of gold. He will be remembered as a soldier, a pilot, a mate and a son. We are all grateful for his service and our thoughts remain with his family.

Finally, I take this opportunity to remember Sapper Rowan Robinson. As a sapper, he did one of the toughest jobs in Afghanistan, not only in combat construction, demolition and explosive work, but in all the other work of a soldier. Two weeks ago his unit uncovered one of the largest weapons caches found by the Australian Special Forces in Afghanistan this year. As they moved to the second part of the mission, Sapper Robinson was shot. He was providing covering fire for his mates. At his funeral, his father said, 'He was someone that others looked to when things got tough,' and you can understand why. His unit commander said this about Sapper Robinson:
He epitomised everything it means to be a special operations engineer … everything that one could be, he personified: bravery, mateship and a willingness to risk one's life so that others may live on. … These were his qualities.

He was a brave Australian soldier. He was also a son. I am told that, even while deployed in Afghanistan, Sapper Robinson organised to send his mum flowers on Mother's Day. We remember his commitment to his family alongside his commitment to his country. His father made this promise at his funeral:

We will be there every Remembrance Day and Anzac Day to honour you and your fallen mates, 'til the day we die.

Sapper Robinson's family will not be alone. As a nation we will pause to remember Sapper Rowan Robinson every Remembrance Day and every Anzac Day, just as we will remember Lieutenant Marcus Sean Case, Lance Corporal Andrew Jones, Sergeant Brett Wood and the other 23 who have fallen in Afghanistan whose names are inscribed on our hallowed Wall of Remembrance.

In the space of four weeks, the loss of four young Australians forever lost has had an impact. Understandably it has caused some to question why we are in Afghanistan and how long we will remain. In these dark moments it is important to remember why we are in Afghanistan. We are there because it is in our national interest to be there. It is in our national interest to be there because the threat posed by an unstable Afghanistan reaches far beyond its own borders. It affects its neighbours; it affect us. We all remember where we were on September 11. We remember where we were when we heard about the Bali bombings. We also have to remember where these terrible acts were planned and who the men were that planned them. We are one of 48 countries contributing to the same effort under a mandate of the United Nations, and we are all there for the same reason—the threat posed to all countries by an Afghanistan where malign forces can take root again. As I said in the debate about our involvement in Afghanistan last year, we cannot pretend that what happens in Afghanistan does not affect us here in Australia; it does, and because it does it is right that we are there. That is why our troops are there today. That is why their work requires our support in good times and in bad. That is what these men whom we honour today would expect of us. Our responsibility is to be worthy of them and of their sacrifice and to honour their memories with deeds, not just words. Lest we forget.

Mr EWEN JONES (Herbert) (18:56): I rise to speak to the condolence motion for Lance Corporal Andrew Gordon Jones and Lieutenant Marcus Sean Case. In paying my respects following their deaths, I acknowledge that their loss is supreme. The loss of any soldier is a tragedy, and to have lost two on a single day makes it all the more difficult. I offer my condolences to the families and friends of Lance Corporal Jones and Lieutenant Case.

Lance Corporal Jones shares my son's name. His middle name, Gordon, was probably the name I wanted for my son's first name anyway. We are of course not related, but the name Jones is popular; Smith is common. Lance Corporal Jones was described by his family and those in the Defence Force as 'dependable, loyal, with a sense of humour that all who knew him enjoyed'. He took his role as a cook very seriously. He even used family recipes in his quest to provide only the best for his mates. He spent time in Townsville at the mighty 1RAR, and his time there makes his passing all the more personal for me and those in my electorate.
Lieutenant Marcus Case was a motivated and talented 27-year-old pilot, known for his ability on the rugby field and especially for his love of flying. Those who worked with him spoke admirably of his ambition as an Army pilot, having embraced his new challenge of operating a remotely piloted aircraft with the RAAF. The men and women of the 5th Aviation Regiment, C Squadron, in Townsville have spoken to me about the dangers our Army pilots face and the skills they display in Afghanistan. Lieutenant Case's training was not in vain.

Both soldiers were widely respected by their superiors and their peers, and they will be missed by their close family and friends. To lose a member of our Defence Force in the circumstances in which we lost Lance Corporal Jones is a travesty and an act of cowardice in the extreme. But we must not forget the important work that was being done by Lance Corporal Jones and others in the Mentoring Task Force in training Afghan soldiers. This role is crucial in creating an Afghanistan that is free of terrorism and for ensuring that Afghanistan does not again become the threat that it is today.

Further, I would like to take this opportunity to reaffirm my support for our role in Afghanistan. Fighting terrorism at its source remains a vital mission in being a responsible player in the international community and, as we continue to make progress, the bravery of our fallen soldiers will not have been in vain. In offering my support to the troops in Afghanistan, I would like to make a special mention of the soldiers deployed there from Lavarack Barracks in Townsville. I recently had the honour of attending the farewell parade for 2RAR as they prepared for their deployment throughout Afghanistan to undertake their role in training Afghan soldiers and nationals in order to make that country a better place. I know that they have the support of the Townsville community and all Australians. When I say that we are behind our troops, the role that they are playing in helping Afghanistan towards being a better democratic country that values all its citizens equally, regardless of sex, religion or ethnicity, cannot be underestimated. To the family and friends of these brave soldiers: this tragic loss will not be forgotten and it will not be in vain as we continue in our fight against the threat of terrorism. It is cold comfort to any parent that they died bravely. No parent should ever have to bury a child. My heart and the hearts of all the ADF men and women, veterans and the people of Townsville extend to the families of Lance Corporal Jones and Lieutenant Case our deepest and most sincere sympathies. May they rest in peace. Lest we forget.

Mr SNOWDON (Lingiari—Minister for Veterans' Affairs, Minister for Defence Science and Personnel and Minister for Indigenous Health) (19:00): Today I rise in this place to express my sympathy at the deaths of two fine Australian soldiers. Firstly, I would like to extend my sympathy at the death of Lance Corporal Andrew Jones and express my condolences to his family. I was privileged to attend the funeral service for Corporal Jones as the acting Minister for Defence in Melbourne just recently. He was described as a dependable yet cheeky character by his family. He was a much loved son, brother and boyfriend who enjoyed his role in the Army and was an excellent soldier.

Lance Corporal Andrew Jones was serving with the Force Support Unit when he was tragically killed on Monday, 30 May 2011 Afghanistan time. He was, sadly, shot by an Afghan National Army soldier while undertaking guard duty at the patrol base MASHAL in the Chora Valley. The rogue Afghan National Army soldier suspected of killing Lance
Corporal Jones has been shot and killed in a coalition special forces operation in Khowst province.

Lance Corporal Jones was born in Melbourne, Victoria in 1986. He was a young man. He joined the Army in 2004. He completed his initial employment training as a cook and was posted to the catering platoon of the 1st Battalion, Royal Australian Regiment. His was the first operational death in the Australian Army catering corps since Vietnam. In 2008 Lance Corporal Jones was posted to the 9th Force Support Battalion and deployed on his first operational deployment, Operation Astute, to East Timor in July 2008. He deployed on Operation Slipper in Afghanistan in November 2010.

Lance Corporal Jones was admired by his mates within his unit not just for his great cooking but for the great soldier and man he was. His dedication to his role as a cook was second to none. I am told that he would always call on all his resources to provide the very best meals for his mates, including using his favourite family recipes. He was 25 at the time of his death—too early for such a vibrant, fun-loving man with so much to live for.

Lance Corporal Jones was awarded the Australian Service Medal with clasp Timor-Leste and the Australian Defence Medal. At his ramp ceremony on Monday, 6 June in Melbourne, Lance Corporal Jones was posthumously presented with the Australian Active Service Medal with ICAT clasp, the Afghanistan Campaign Medal and the NATO ISAF medal.

As I said, as acting defence minister I was privileged to pay my respects to Lance Corporal Jones at his funeral service. At that service Brigadier David Mulhall, commander of the 17th Combat Services Support Brigade, described Lance Corporal Jones as a true gentleman, kind hearted and decent. Brigadier Mulhall also described the courage of Lance Corporal Jones. He said:

Real courage is when you look at your family that you love, which is central to your being, and the girl you have fallen in love with and know that what you do is dangerous and there's a chance you won't come home. That is real courage.

On behalf of the Australian government, I offer my support to Lance Corporal Jones's family and friends through this difficult time. I hope they are able to draw some comfort from the knowledge that they are in the thoughts and prayers of so many Australians who are grateful for their loved one's service to our nation. We humbly thank Lance Corporal Jones for his courage, his selflessness and the ultimate sacrifice he has made on our behalf. At this difficult time I also remember the family and friends of Lieutenant Marcus Case, who was killed on the same day as Lance Corporal Jones when an Australian Chinook helicopter crashed in Zabul Province, around 90 kilometres east of the Australian base at Tarin Kowt. I would like to offer my sympathy at the death of Lieutenant Marcus Case and express my deepest condolences to his parents and brothers and sisters, Robert, Michael, Jackie, Liz and Chris. His loss will be felt by his loved ones the most, but he will also be sorely missed by his friends and colleagues.

Lieutenant Marcus Case was born in Melbourne, Victoria, in 1984. He enlisted in the Active Army Reserves in June 2002 and was posted to 5th/6th Royal Victorian Regiment. In 2003 Lieutenant Case commenced the commando selection and training process with 1st Commando Regiment, before being posted to 1st Commando Regiment and an operational tour to East Timor. In March 2008, Lieutenant Case transferred to the Australian Regular Army, undertaking pilot training at the Army Aviation Training Centre at Oakey. In
December 2009 he was posted to the 6th Aviation Regiment in Sydney. Lieutenant Case first
deployed as an infantryman to Malaysia with Rifle Company Butterworth in 2005 and in
January 2011 played a pivotal part as the Aviation Battle Group deployed to Queensland to
provide assistance as part of the Australian Defence Force flood relief operation.

Lieutenant Case's deployment to Afghanistan commenced in May of this year. He was
taking part in a routine Task Force Thunder mission with the Rotary Wing Group when the
aircrew of the Australian CH-47D Chinook were forced to make an uncontrolled landing.
Lieutenant Case was killed in the incident and five other ADF personnel were wounded. My
thoughts, as I am sure yours, Madam Deputy Speaker Burke, also remain with the wounded
and I wish them a speedy recovery.

Over a period of eight years service in the Army, Lieutenant Case has been awarded the
Australian Service Medal with Clasp Timor-Leste and the Australian Defence Medal. At his
ramp ceremony in Melbourne on 6 June Lieutenant Case was posthumously presented with
the Australian Active Service Medal with ICAT Clasp, the Afghanistan Campaign Medal and
the NATO ISAF Medal.

Lieutenant Case was an accomplished Kiowa pilot and was taking on a new challenge of a
different kind of flying, operating a remotely piloted aircraft with the Royal Australian Air
Force. He was a loyal, reliable and very trusted member of his unit. Though he was quiet and
reserved, he enjoyed a joke with his mates and was always the first among them to volunteer
when work was required to be done.

I also had the opportunity to pay my respects to Lieutenant Case at his funeral service, at
which his brother Chris described him as 'a person of many colours and many layers', and one
with a heart of gold. His brothers and sisters said that after the first five children their mother
and father would keep trying for more until they got it right. They stopped with Marcus. He
was described as a larrikin and as a ranga, as a kid who had thought he was born on a pirate
ship, and as someone who was destined to become a pilot. As a close-knit family they were
comforted to know that in death he was never alone, being accompanied all the way home to
his family by a mate in Lieutenant Adrian Wilson.

Brigadier Gregory Lawler, Commander of 16th Aviation Brigade, said Lieutenant Case
was 'a man with a strong desire to fly, who would get himself into the cockpit no matter what'.
The desire and his generosity of spirit was no more evident during Operation Queensland
Flood Assist this year. Lieutenant Case was described as 'coming in to work off leave asking
what he could do to assist and, as he had no flying clothing, squeezing into a mate's borrowed
flying suit'.

Lieutenant Case has brought honour to our nation, the Australian Defence Force, the
Australian Army and, most especially, his family. He will be honoured by his colleagues. On
behalf of the Australian government, I offer my prayers and support for Lieutenant Case's
family and friends. I offer them my assurance that the sacrifice of this astounding young man,
this outstanding young soldier, and all others serving their nation will be forever remembered.
We will not forget him or Lance Corporal Jones. Lest we forget.

Mr FRYDENBERG (Kooyong) (19:10): It is with great sadness that I rise to speak on the
condolence motion for Lance Corporal Andrew Gordon Jones and Lieutenant Marcus Sean
Case. Their deaths on 30 May, Lance Corporal Jones at the hands of an Afghan National
Army soldier and Lieutenant Case in a Chinook helicopter crash, brought to 26 the number of Australian soldiers to tragically lose their lives on the battlefields of Afghanistan. These brave and committed men died defending Australia's security in this distant but critically important conflict. Afghanistan is at the front line in the war on terrorism, and the active service of our men and women in uniform has made and continues to make the lives of millions of Australians that much more safe. It is a sacrifice that a grateful nation will never forget.

Lieutenant Case was only 27 years of age. He was based in Sydney with the 6th Aviation Regiment. He was born in Melbourne and went to school at Xavier in my electorate of Kooyong. Lieutenant Case enlisted in the active Army Reserve in 2002 and was posted to the 5th/6th Battalion, Royal Victoria Regiment. In 2003, he commenced commando selection and training, which included an operational tour to East Timor in 2007. He had also been deployed to Malaysia with Rifle Company Butterworth in 2005. Most recently, in January 2011, he was part of the ADF's flood relief operation in Queensland. Lieutenant Case, who was tragically killed on his first tour of Afghanistan, had been deployed there as a Heron unmanned aerial vehicle operator. I attended the funeral of Lieutenant Case, with both the Prime Minister and the Leader of the Opposition, at St Bede's Church only a few weeks ago. It was a very moving ceremony, with hundreds of Lieutenant Case's friends and colleagues coming to pay their respects to this very special young man and brilliant aviator.

He was clearly much loved by his parents and five siblings. The speeches of his brothers and sisters gave us all an insight into this young man, who drew pictures of helicopters as a young schoolboy and wanted to do his bit to make the world a better place. In the words of his brother Chris: 'He knew his greatest weapon and shield was his mind. We are thankful he was born into our family.' He was also a brilliant sportsman, playing rugby abroad, and was a cherished and close friend to many. He will be sorely missed but will never be forgotten.

Lance Corporal Andrew Jones, who was 25 years of age, was also from Melbourne and also on his first deployment to Afghanistan. He leaves behind his partner and his loving parents and two younger siblings. After joining the Army in 2004 and training as a cook, he was posted to the 1st Battalion, Royal Australian Regiment, later moving to the 9th Force Support Battalion and then deploying to East Timor in 2008. He was deployed to Afghanistan in November 2010. Lance Corporal Jones was a skilled cook and a respected soldier. In the words of Brigadier David Mulhall, 'He was a bloody good soldier and a bloody great cook.' He was known for his selflessness and his commitment to others.

Australia's military involvement in Afghanistan makes for a difficult time for our country, but having recently visited our soldiers in Oruzgan and Kandahar as part of a bipartisan parliamentary delegation I saw first-hand the important work they are doing in bringing security and stability to this war-torn country. It is a difficult mission, but they are making a real difference. More significantly yesterday, today and tomorrow are difficult times for the Jones and Case families. Their pain is felt by all Australians. We stand ready to support them in every way we can. They need to know that their sacrifice and that of their families is not in vain and will never be forgotten by a grateful nation. Lest we forget.

Mr FITZGIBBON (Hunter—Chief Government Whip) (19:15): I join with the Prime Minister, the Leader of the Opposition and all members who either have or will make a contribution to this very, very important condolence motion for Lance Corporal Andrew
Gordon Jones and Lieutenant Marcus Sean Case. Both died in separate incidents on 30 May this year while on operations in Afghanistan.

Lance Corporal Andrew Gordon Jones was from the 9th Force Support Battalion and was serving with the Force Support Unit in the Chora Valley, an area I know well. It is a shockingly rugged part of the world. He was an Army cook by trade and an Australian soldier by profession, on duty in uniform the day he died. Sadly, he was only 25 years old.

Lieutenant Marcus Sean Case was a member of the Sydney based 6th Aviation Regiment. He began his training as a reservist and deferred his university studies to serve in the Army full-time. He trained as a commando, which is a great achievement, and was deployed to East Timor. Marcus then trained as a pilot and had deployed to Afghanistan as a Heron unmanned aerial vehicle operator. He was taking part in a resupply sortie in southern Afghanistan when the helicopter in which he was being carried crashed. Again, very sadly, he was only 27 years of age.

I did not know either of these very fine Australians but, like all those who have gone before them, it is easy for us to almost feel that we have known them. We know what they were and what they were doing, and we certainly know that they believed in what they were doing. It is a great constant in this conflict, and I am sure in conflicts before it, that while we mourn their lives very deeply we take some comfort, as do their families and their friends, because I have spoken with many of them on previous occasions. We know that they believed in what they were doing, they were committed to what they were doing and they knew all of the risks. Just as importantly, having very sadly attended a number of ramp ceremonies and military funerals, I know their families and loved ones supported them in what they were doing. Generally speaking, although I do not know the families on this occasion, soldiers have the support of their loved ones and their loved ones support what they are doing because they know that that is what they want to be doing. Soldiers who spend so much time training want to put that training into effect, and there is no better way to do so than in defence of their nation's interest.

We are in Afghanistan for important reasons even though there seems to be some doubt in the public mind from time to time. The reality is that failed states pose a risk to countries like Australia and of course we know that many Australians who were killed in places like Bali and Jakarta were killed at the hands of people who had their training in Afghanistan. We have been there too long and we have lost too many young lives, but our mission remains an important one. Like the Prime Minister, I am very, very strongly of the view—as is the Chief of the Defence Force, who spoke quite strongly very recently at a press conference on the occasion of a death—that we need to stay and finish the task we have at hand. That immediate task of course, in addition to the disruption operations of our special forces is to train the Afghan National Army and the Afghan National Police to the point at which they are able to take care of their own security. When we have done so we should be in a position to bring our people home with our heads held high.

There has been some speculation in recent days, and I suppose effectively confirmed by Secretary Gates of the United States that we are now going through a round of negotiations with the insurgents. I used to say when I was minister that there is a very big difference between negotiating with extremists and talking with moderates. The reality is that success in Afghanistan will not come by military means alone. It will only come when we have a
Political settlement, and of course when we have sufficiently built the systems of governance and effectively built the economic infrastructure that will be required to make Afghanistan what I might describe as a normal country. But finish the job we must. We cannot allow 27 Australians who have given their lives in Afghanistan to have given their lives in vain. Again, when I have spoken with families in the past they have asked that of me and us collectively—that is, do not let them down by not finishing the good work they began.

I take this opportunity to thank families, friends and loved ones of these two very, very brave Australians for giving us their sons and for the sacrifices their sons made. And, of course, I take this opportunity to extend my own very, very deep sympathy to all those who have been affected by these two very great tragedies.

Mr SIMPKINS (Cowan) (19:21): I would like to join with previous speakers, former defence minister, and other speakers that have made a contribution on the condolence motions for Lance Corporal Andrew Jones and Lieutenant Marcus Case. When you look at photographs of these two soldiers, there is a temptation that you could view them with the detachment of not having personally known those two men. But as a former member of the Australian Regular Army, I can quite easily imagine the moment when these photographs were taken, and how proud they were of the recent medal presentation I suspect in the case of Lance Corporal Jones, and of recently having received his wings in the case of Lieutenant Case. You can also imagine how proud their families were for the achievements that these two fine young soldiers and for what they had done.

When you look at the circumstances again, we think of Afghanistan and we think of the circumstances where most of our soldiers have died, under tragic circumstance of course, of improvised explosive devices, or the fire fights that are all part and parcel of armed conflict. When you think of that it is then hard to reconcile the fates of these two soldiers. I know that it was not that long ago, certainly in terms of the SAS's collective memory, that we have lost so many in the tragic Black Hawk crash. When we look at the case of Lieutenant Case losing his life in the crash of a Chinook helicopter, and the Afghan National Army soldier that killed Lance Corporal Jones, these are different circumstances then when you are not actually faced with that two-way fire fight, the improvised explosive device threat. To have lost two soldiers in these circumstances seems even more tragic than in the normal cases. But what I would say is that what we learn from this is that the profession of arms, the wearing of the uniform of the Australian Army, and in the case of the Air Force and Navy as well, it is a life of risk. It is a life where you open yourself to the possibilities of death and serious injury, and not just through the fire fights. The training, the activities that are undertaken and the way in which combat and military service is prosecuted open people to the risk of the worst case, the supreme sacrifice. So it is the case here. The death of Lance Corporal Jones, brutally and clearly without remorse, being shot down by a person that he thought he could trust, makes that betrayal even worse. And, whilst there might be some comfort for family that it would appear his killer has been brought to ultimate justice with his recent shooting, it is nevertheless a reminder to us of the threats that will always face our people.

The Taliban are a brutal opposition. They are a people that have never added any value to the world. They have only ever been a negative influence for the people of Afghanistan—for the children, for the women and for the girls of Afghanistan. They have only ever been negative. As I have said, they have never added value. I suspect that, in the case of the
insurgent that killed Lance Corporal Andrew Jones, he was dealt with in the only way that he could have been dealt with in the end, so I certainly thank the Special Forces soldiers that were able to deal with him in the appropriate manner.

As for Lieutenant Case, Australia is no stranger to our soldiers losing their lives in aviation accidents. We have had the Black Hawk crash in the past that killed so many of our finest SAS soldiers, and we have had other military aviation accidents as well. It is an unfortunate part of operations, and in operating these sorts of aircraft there is a greater level of risk.

I guess in many ways it is cold comfort to the families that their loved ones were taken in these circumstances. But we must never forget that they were there in Afghanistan doing what had to be done, and that is what we should be concentrating on. That is what the families should be concentrating on. Regardless of the circumstances, these guys, these soldiers believed in the mission they were a part of and they believed that there will be a better world and a better Afghanistan for the fact that they were there. Despite what happened and despite the way in which they lost their lives, they have done great service for the people of Afghanistan and of course for the national interest of our great country.

So I pay tribute to Lance Corporal Andrew Jones and I have paid tribute to Lieutenant Marcus Case. Their lives were not in vain. There will be a better future for the sacrifice they have provided, and I hope that their families have some comfort in the fact that they lost their lives and paid the ultimate sacrifice for a very good cause. I wish their families all the best in the future and I express my condolences.

The DEPUTY SPEAKER (Ms Vamvakinou): I understand it is the wish of honourable members to signify at this stage their respect and sympathy by rising in their places.

 Honourable members having stood in their places—

The DEPUTY SPEAKER: I thank the Committee.
Mr PERRETT: I move:
That further proceedings be conducted in the House.
Question agreed to.

BUSINESS
Rearrangement

Mr PERRETT: I move:
That order of the day No. 5, government business, be postponed until the next sitting.
Question agreed to.

BILLS
Inspector-General of Intelligence and Security Amendment Bill 2011
Second Reading

Debate resumed on the motion:
That this bill be now read a second time.

Mr GRAY (Brand—Special Minister of State for the Public Service and Integrity and Special Minister of State) (19:30): The Australian government is committed to fulfilling its responsibility to protect Australia, its people and its interests, while instilling confidence that

MAIN COMMITTEE
our intelligence and security agencies conduct themselves and exercise their powers in a just and reasonable way. The Inspector-General of Intelligence and Security Amendment Bill 2011 will ensure the IGIS is able to undertake the work of the Office of the IGIS more effectively and efficiently. It will strengthen the accountability and oversight framework governing the activities of the agencies that make up the Australian intelligence community in order to provide greater assurance regarding the legality and propriety of their activities. I commend the bill to the House and I thank honourable members for their contribution to the debate.

The DEPUTY SPEAKER (Ms Vamvakinou): Is the member for Cowan seeking leave to speak on the bill?

Mr Simpkins: I look forward to my shadow minister coming up fairly soon.

The DEPUTY SPEAKER: If it suits the convenience of the Main Committee, the chair will resume in five minutes.

Proceedings suspended from 19:32 to 19:35

Mr KEENAN (Stirling) (19:35): by leave—I rise to speak on the Inspector-General of Intelligence and Security Amendment Bill 2011. We on this side of the House understand that high-quality intelligence is arguably more important to government now than at any time since World War II. Global terrorism has transformed Australia's perceptions of its security, and intelligence is a key facet in Australia's response to this changed environment. Since September 2001 the coalition government provided over $10.4 billion of funding to 2010-11 to enhance Australia's national security and counterterrorism by increasing the capacity of our intelligence agencies and also by boosting Australia's aviation, maritime and border security.

I want to say at the outset that I am a supporter of our Australian intelligence services. They need tools in place so they can conduct their business efficiently and properly, and we need to provide them with these tools. Unfortunately, the Gillard Labor government's most recent budget was a blow for our intelligence and national security community. Labor's latest budget revealed that Labor is going to waste $1.75 billion in taxpayers' money on the blow-out in the immigration detention program, but in the meantime the Gillard Labor government has slashed Australia's national security and border protection budgets to pay for its costly immigration and border protection disaster.

Labor cut $6.9 million in funding to ASIO for its security checks for protection visa applicants. They have made this funding cut at a time when ASIO is under increasing pressure to pump through vast numbers of those security checks for those who have come to Australia illegally via boat. ASIO has also had funding cut for training overseas liaisons, to the tune of $8.8 million in slashed funds. ASIO was not the only national security agency that was targeted by this Labor government for cuts to help their budget bottom line. The Australian Federal Police were also badly affected by Labor's mismanagement of our national security. Labor cut funds to the AFP and also cut 72 of their staff. Considering the work the AFP do with counterterrorism and cybersecurity, in conjunction with our intelligence agencies, it raises grave concerns about how Labor is managing Australia's national security.

I now turn to the specifics of the bill. As outlined in the bill's explanatory memorandum, the purpose of this bill is to amend the Inspector-General of Intelligence and Security Act 1986 to provide the inspector-general with capacity to undertake own-motion preliminary
inquiries and extend the capacity for own-motion full inquiries; to permit the delegation of the powers of the office of the inspector-general subject to ministerial approval; and to permit the inspector-general to release material to royal commissions at the discretion of the government of the day. The bill will also make a small number of technical amendments.

As a background to the amendments in this bill, it is important to note that the Office of the Inspector-General of Intelligence and Security was created in response to the 1983 Royal Commission on Intelligence and Security, known as the Hope royal commission, to provide for oversight and review of the intelligence and security agencies, of which there are now six. The six are the Australian Security Intelligence Organisation, the Australian Secret Intelligence Service, the Defence Imagery and Geospatial Organisation, the Defence Intelligence Organisation, the Defence Signals Directorate and the Office of National Assessments.

As the act now stands, it allows the inspector-general to undertake preliminary inquiries, but only when a complaint is made to the office. Where an allegation is made but there has been no complaint to the office, the only formal option for examination of the matter is to commence a full inquiry. There is also an apparent anomaly in the act. The inspector-general can conduct an inquiry on his or her own motion into the activities of the Office of National Assessments, ASIO and DIO but has no such capacity in regard to the Defence Imagery and Geospatial Organisation.

Presently, the act also permits the inspector-general to provide to the Prime Minister a copy of any report covering the ONA but not the other five agencies within the inspector-general's jurisdiction. As the act presently stands, it does not provide for any power of delegation. All the powers of the office must be exercised personally. This limits the number of inquiries that can be conducted at any one time on top of the inspection and complaint handling functions. The provisions of the act relating to secrecy are intended to prevent court proceedings becoming an indirect channel for the disclosure of information and documents gathered as a result of the complete access to which the inspector-general is entitled. However, there are likely to be instances where the inspector-general could assist the work of a royal commission. The bill will make provision for regulations for a commission to seek such evidence. The inspector-general will not, however, be obligated to give evidence at the request of any royal commission.

In concluding, I would like to draw attention to the matter that the honourable member for Berowra brought up in the House yesterday when reporting on the Parliamentary Joint Committee on Intelligence and Security. Following on from the comments I made earlier, I would also like to endorse the comments made by the member for Berowra about the serious impact of Labor's efficiency dividends and budget cuts to our national security and intelligence agencies. The need for intelligence agencies has in no way been diminished and we live in an increasingly uncertain world. Their workload is growing, especially in relation to counter-espionage and cyberterrorism with increasing worldwide threats to our national interest. The impact of efficiency dividends is likely to weaken the ongoing effectiveness and the capacity of these intelligence organisations which we on this side of the House have been trying to develop. The coalition believe the intelligence community should be adequately resourced at a time when it is facing increasing challenges. The coalition support the passage of this legislation through the House. However, it reserves the right to move amendments in

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the Senate, pending the report from the Senate Legal and Constitutional Affairs Committee, which is due to report on 7 July.

I will end as I began: we live in an increasingly uncertain world and the roles of our intelligence agencies remain very important in keeping Australia safe from myriad threats that we face in the national security environment. It is very important that the legislative basis for the actions of that intelligence community keeps pace with these changes and the opposition therefore support the passage of this bill, although with the caveat that we will be interested in the report from the relevant Senate committee and we reserve our right to make amendments on that basis.

Ms BRODTMANN (Canberra) (19:43): by leave—Much has happened in the world in the more than 20 years since the creation of the inspector-general, which I understand was originally set up in response to the 1983 royal commission on intelligence and security. The world of 1983 is very different from the world that we see ourselves in today. In 1983, the Soviet Union was still in existence and our security and intelligence services continued to view the world through the prism of the Cold War. However, much has changed since that time. The Berlin Wall has fallen and the Soviet Union has broken apart. The security concerns of a generation ago seem now a distant memory and the security and intelligence concerns of today are more dynamic and complicated than the world of the Cold War. We have seen the rise of asymmetrical warfare. We have seen the rise of non-state players. We have seen the rise of Asia and in particular China. We have seen instability in our region. But perhaps, most importantly, we have been witness to the tragic events of September 11 2001 and the rise of Islamist terrorist organisations. The events of that day brought into stark reality the presence of not only a new threat to Australia's interests overseas but also a very real threat to the physical safety of Australians domestically and abroad. We have seen this with the Bali bombings and the attacks on hotels and our embassy in Jakarta. At home we have seen our security and intelligence services foil plans to attack military and civilian facilities. These events, both tragic and alarming, underscore the very real impacts of these new world threats on our way of life.

Apart from the change in the types of threats facing Australia, the world has also seen great technological change. In 1983 when the royal commission took place, who could have imagined the changes that we have now seen in technology, especially with the internet and social media. I was in India in 1996, and the internet had just actually hit the streets. I think that I was one of about 120 people in New Delhi, which is a city of some 20 million, using the internet. So we look at the changes that have taken place in just that time.

The use of the internet has been of particular use to al-Qaeda in its recruitment and propaganda. As the Director-General of Security noted in his statement to the Legal and Constitutional Affairs Legislation Committee:

The internet helps al-Qaeda in its task. It is both a propaganda and a recruitment tool. It provides terrorists with both a platform to support operational activity and the means through which to project their ideology onto the international stage. The dissemination of violent extremist ideology through the internet poses the very real danger of drawing individuals down the path of radicalisation.

The new threats and the new technologies serve to highlight the importance of having a well-resourced and supported intelligence apparatus. The potential danger and tragedy that could result from not having one is too great. I believe very firmly that the only reason we have
been spared the experience of a London bombing or a September 11 is because of the great work of ASIO and its sister agencies. However, it is a constant battle and one with the consequence of failure being very high. That is why this government has invested in increasing the capabilities and capacity of our security service.

In addition, I think these organisations do great work. I have had some dealings—both as a member of parliament and in my former life as someone who was with the Department of Foreign Affairs and Trade and who consulted with the Department of Defence for 10 years—with those people who work in the intelligence community. The work of the staff in our intelligence agencies, by its nature, goes largely unsung. Unlike other public servants who can at least see or speak about the fruits of their work in the world, the members of these agencies must be silent and largely unseen.

It has often been said that the success of the intelligence agencies is usually measured by the things that do not happen—the terrorist attacks prevented and the assassinations that never took place. Thus, it is very easy for us to take their work for granted and possibly, in extreme cases, even claim that they serve no purpose. But we should avoid such simplistic analysis.

However, that is not to say that the intelligence services should be given an entirely free hand in what they do. There are obvious and at times well-founded concerns about the accountability and probity of intelligence services. The concerns are perhaps more relevant given that this parliament has in the past consented to the passage of new laws and regulations which, in the case of security related offences, provide the justice authorities and intelligence services with greater powers and flexibility than would apply in the usual criminal cases.

Our intelligence services are today armed and empowered to a much greater degree than ever before. Their capacity to gather information, and therefore their implied capacity to infringe on civil liberties, has never been greater. While this expansion in capacity is to the credit of the government—for it would be shirking its duty to defend the country if it did not do what it thought was necessary—we must consider the protection of the individual's liberty as well as their safety. I believe it is critical that whenever the state takes on new powers over the individual there must be built-in processes and protocols that ensure these new powers cannot be abused. It is in this light that we should consider this bill, for this bill is about oversight and scrutiny of the intelligence services. It is a true mark of a mature, liberal democracy that it can maintain and support effective covert intelligence services while at the same time ensure that the powers held by these services cannot be abused or used to infringe upon the liberties of its citizens. In this light, I would also like to recognise the work done by the Inspector-General of Intelligence and Security and her staff in ensuring that our intelligence community are true servants of the Australian community and not their own.

The inspector-general of intelligence has oversight of ASIO and ASIS as well as the Defence Imagery and Geo-spatial Organisation, the Defence Signals Directorate, the Office of National Assessments and the Defence Intelligence Organisation. The inspector-general of intelligence has the responsibility to review and, where necessary, investigate the intelligence services to ensure their activities comply with ministerial direction and legislative requirements and with respect for human rights. The IGIS does so independently, with a capacity to generate their own investigations as well as in response to ministers and the public.
The amendments before this House today are designed to update and modernise this legislation to address issues that have become evident over time. This bill will ensure that the essential work of the inspector-general is carried out efficiently and effectively and will strengthen the accountability and oversight of the Australian intelligence community. The amendments in this bill expressly recognise the role of the inspector-general in assisting the government in providing the parliament and the public with assurances that the intelligence community is subject to scrutiny and is using its powers in accordance with law. It also strengthens the capacity of the IGIS to undertake its own-motion preliminary and full inquiries, provides for the ability to delegate the power of the office with ministerial approval and, as well, provides the IGIS with the capacity to release material to assist royal commissions.

It is a cliche, but true, that the price of democracy is eternal vigilance. I firmly believe that this includes appropriate and robust oversight of our intelligence community. This robust oversight is the reason the Australian public has such support for our intelligence services. This very oversight is the difference between a police state and a modern, liberal democracy. I commend the government for its commitment to national security as well as for its commitment to ensuring that our intelligence services are acting with integrity and propriety. I commend the bill to the House.

Mr HAWKE (Mitchell) (19:53): by leave—I thank the House for the opportunity to speak on the Inspector-General of Intelligence and Security Amendment Bill 2011. I rise simply to record a series of what I regard as concerns merely with what could be seen as some of the acts that this bill is seeking to change. The member for Canberra referred to modernising, and I do not think anybody has a problem with modernising, but my concerns are with some of the powers within this bill that we are discussing today. It is important to note at this juncture that we have referred the matter to a Senate committee, and I think that is probably a wise decision in relation to the power to delegate. The office of the IGIS was created in 1983 and there are now six intelligence agencies in Australia. The IGIS was set up to provide an oversight and review, and I think the member for Canberra makes an important point about having sufficient oversight and review functions of such important agencies in a liberal democracy. I want to record my support of those six agencies and the work that they do on behalf of our nation. Intelligence and the gathering of it is, by necessity, a secret business; nonetheless, I regard it as fundamental for our nation's security and its future. The act currently allows IGIS to undertake preliminary inquiries, but only when a complaint is made to its office. Where an allegation is made but there has been no complaint to the office, the only formal option for examination of the matter is to commence a full inquiry. There is also an apparent anomaly in this act in that IGIS can only conduct an inquiry on its own into the activities of agencies such as the ONA, ASIO and DIO but has no capacity in regard to DIGO, the Defence Signals Directorate or ASIS. That is an anomaly that does need to be corrected. I think that is a valid and important modernisation of this act. The act also permits IGIS to provide the Prime Minister a copy of any report covering ONA but not the other five agencies. There are plenty of discrepancies within this current act that certainly do need modernising and these amendments from the government are to be welcomed and bring us into line with what you would regard as a common-sense approach for this particularly important agency.
At present the act does not provide for any power of delegation. I think this is where as an opposition we have a concern. If you are proposing a power of delegation, that should be the subject of sufficient scrutiny and review to ensure that we are not giving extra power or additional ability that we may not ordinarily grant as a parliament to such agencies. There is very sensitive information that IGIS is able to gather and that needs to be closely held. The ability to delegate is probably something that should have a very rigorous examination by Senate committee.

The act also confers strong coercive powers on IGIS, which should not be allowed to proliferate. Those coercive powers in relation to calling witnesses and bringing people to provide evidence or information are very serious. It is the role of government to hold an exclusive monopoly on the right to use force and we allow agencies, particularly police and intelligence services, to use it on our behalf. They have to be subject to the appropriate protection and scrutiny for all citizens. This is a valid consideration that the opposition has in terms of ensuring that this is given broad scrutiny. That is why we have foreshadowed that we do not oppose this bill as it is currently drafted, but there could be potential amendments following an examination by the Senate committee. I think it is important that that consideration is given, particularly in regard to these powers of delegation.

I do not really have a lot of other objections or things I would like to comment on in relation to this bill. I note the submissions and concerns that will be provided to the Senate committee will deal with many of these provisions. There are some concerns from the Law Council of Australia. While I may not always agree with the Law Council of Australia, I think it is proper that they have the opportunity, as do other concerned stakeholders, to put their concerns to a properly comprised Senate committee where we can consider the scope for any further amendments to this act and to the provisions of the amendment bill before us today. While not opposing anything in particular, in fact there are some worthwhile provisions in this bill, it is important that it have rigorous scrutiny and that people be given the opportunity to make submissions on potential further amendments to this legislation.

Mr GRAY (Brand—Special Minister of State for the Public Service and Integrity and Special Minister of State) (19:58): I rise to close the debate on this important bill. These are the first amendments to this act since 1983. I commend the bill to the House and thank the honourable members for their contribution in this debate.

Question agreed to.

Bill read a second time.

Ordered that the bill be reported to the House without amendment.

Main Committee adjourned at 19:59
QUESTIONS IN WRITING
Foreign Affairs and Trade: Officials for Emergencies
(Question No. 337)

Ms Julie Bishop asked the Minister for Foreign Affairs, in writing, on 24 March 2011:
How many departmental officials were reassigned to other duties to assist with managing the emergency in (a) Egypt, (b) Libya, (c) Christchurch, and (d) Japan, and what is the usual position of each of these officials.

Mr Rudd: The answer to the honourable member’s question is as follows:
(a) A total of 298 officers were reassigned duties at various times during the period of the crisis to assist with the department’s response to the events in Egypt. Officers in Canberra who assisted with managing the emergency response to the events in Egypt were re-assigned from geographic, multilateral, trade and corporate divisions in the department. Officers who undertook short-term missions to Egypt deployed from Canberra or from posts in the Middle East, Africa or Europe.

(b) and (c) The emergencies in New Zealand and Libya occurred at approximately the same time. A total of 323 officers were reassigned duties at various times during the period of the crises to assist with managing these emergencies. Officers in Canberra who assisted with managing the emergency responses to the events in Libya and New Zealand were re-assigned from geographic, multilateral, trade and corporate divisions in the department. Officers who undertook short-term missions to New Zealand deployed from Canberra, and the officers who deployed to Libya deployed from regional posts in the Middle East.

(d) A total of 410 departmental officers were reassigned duties at various times during the period of the crisis to assist with the department’s response to the earthquake and tsunami in Japan. Officers in Canberra who assisted with managing the emergency response to the events in Japan were re-assigned from geographic, multilateral, trade and corporate divisions in the department. Officers who undertook short-term missions to Japan deployed from Canberra or from posts in the Asia-Pacific region.

Agricultural and Horticultural Apprenticeships
(Question No. 375)

Mr John Cobb asked the Minister representing the Minister for Tertiary Education, Skills, Jobs and Workplace Relations, in writing, on 23 May 2011:
Why are agricultural and horticultural apprenticeships excluded from the government’s commitment to increase support for trade apprentices in critical trades, despite the severe skills shortage in agriculture caused by the drain of skills workers to the mining sector.

Mr Crean: The Minister for Tertiary Education, Skills, Jobs and Workplace Relations has provided the following answer to the honourable member’s question:
The Gillard Government is committed to building Australia’s future workforce. As part of this commitment, the tax exempt Tools for Your Trade payments available to eligible apprentices were increased from 1 January 2011 to provide up to $5,500 per apprentice over the duration of their apprenticeship.
The Tools for Your Trade payments are available to eligible Australian Apprentices in critical or skills shortage occupations, including shearing, tree surgery and landscape gardening. These payments have also been extended to other Certificate II, III and IV Australian Apprenticeships in an agricultural occupation, and if in rural and regional Australia, a horticultural occupation.
In addition to commencement and completion incentives totalling up to $4,000, employers of agricultural and horticultural Australian Apprentices in skills shortage occupations may be eligible to receive a special rural and regional commencement incentive of $1,000. Employers of eligible Certificate II Australian Apprentices in declared drought areas may also receive special drought area incentives totalling up to $3,000.