INTERNET
The Votes and Proceedings for the House of Representatives are available at

Proof and Official Hansards for the House of Representatives,
the Senate and committee hearings are available at

For searching purposes use
http://parlinfo.aph.gov.au

SITTING DAYS—2012

<table>
<thead>
<tr>
<th>Month</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>February</td>
<td>7, 8, 9, 13, 14,15,16, 27, 28, 29</td>
</tr>
<tr>
<td>March</td>
<td>1, 13, 14, 15, 19, 20, 21, 22</td>
</tr>
<tr>
<td>May</td>
<td>8, 9, 10, 21, 22, 23, 24, 28, 29, 30, 31</td>
</tr>
<tr>
<td>June</td>
<td>18, 19, 20, 21, 25, 26, 27, 28</td>
</tr>
<tr>
<td>August</td>
<td>14, 15, 16, 20, 21, 22, 23</td>
</tr>
<tr>
<td>September</td>
<td>10, 11, 12, 13, 17, 18, 19, 20</td>
</tr>
<tr>
<td>October</td>
<td>9, 10, 11, 29, 30, 31,</td>
</tr>
<tr>
<td>November</td>
<td>1, 26, 27, 28, 29</td>
</tr>
</tbody>
</table>

RADIO BROADCASTS
Broadcasts of proceedings of the Parliament can be heard on ABC NewsRadio in the capital cities on:

- ADELAIDE 972AM
- BRISBANE 936AM
- CANBERRA 103.9FM
- DARWIN 102.5FM
- HOBART 747AM
- MELBOURNE 1026AM
- PERTH 585AM
- SYDNEY 630AM

For information regarding frequencies in other locations please visit
http://www.abc.net.au/newsradio/listen/frequencies.htm
FORTY-THIRD PARLIAMENT
FIRST SESSION—SIXTH PERIOD

Her Excellency Ms Quentin Bryce, Companion of the Order of Australia

House of Representatives Office holders

Speaker—Hon. Peter Neil Slipper MP
Deputy Speaker—Ms Anna Elizabeth Burke MP
Second Deputy Speaker—Hon. Bruce Craig Scott MP

Members of the Speaker’s Panel—Hon. Dick Godfrey Harry Adams MP, Mrs Yvette Maree D’Ath MP, Mr Steven Georganas MP, Ms Sharon Joy Grierson MP, Dr Andrew Keith Leigh MP, Ms Kirsten Fiona Livermore MP, Mr Geoffrey Raymond Lyons MP, Mr Robert George Mitchell MP, Mr John Paul Murphy MP, Mr Robert James Murray Oakeshott MP, Ms Deborah Mary O’Neill MP, Ms Amanda Louise Rishworth MP, Mr Michael Stuart Symon MP, Mr Kelvin John Thomson MP, Ms Maria Vamvakoinou MP, Mr Anthony Harold Curties Windsor 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 Ed Husic 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 Mclean Coulton MP
Whip—Mr Paul Christopher Neville MP

Printed by authority of the House of Representatives
<table>
<thead>
<tr>
<th>Members</th>
<th>Division</th>
<th>Party</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abbott, Hon. Anthony John</td>
<td>Warringah, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Adams, Hon. Dick Godfrey Harry</td>
<td>Lyons, TAS</td>
<td>ALP</td>
</tr>
<tr>
<td>Albanese, Hon. Anthony Norman</td>
<td>Grayndler, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Alexander, John Gilbert</td>
<td>Bennelong, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Andrews, Hon. Kevin James</td>
<td>Menzies, VIC</td>
<td>LP</td>
</tr>
<tr>
<td>Andrews, Karen Lesley</td>
<td>McPherson, QLD</td>
<td>LP</td>
</tr>
<tr>
<td>Baldwin, Hon. Robert Charles</td>
<td>Paterson, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Bandt, Adam Paul</td>
<td>Melbourne, VIC</td>
<td>AG</td>
</tr>
<tr>
<td>Billson, Hon. Bruce Fredrick</td>
<td>Dunkley, VIC</td>
<td>LP</td>
</tr>
<tr>
<td>Bird, Sharon Leah</td>
<td>Cunningham, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Bishop, Hon. Bronwyn Kathleen</td>
<td>Mackellar, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Bishop, Hon. Julie Isabel</td>
<td>Curtin, WA</td>
<td>LP</td>
</tr>
<tr>
<td>Bowen, Hon. Christopher Eyles</td>
<td>McMahon, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Bradbury, Hon. David John</td>
<td>Lindsay, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Briggs, Jamie Edward</td>
<td>Mayo, SA</td>
<td>LP</td>
</tr>
<tr>
<td>Broadbent, Russell Evan</td>
<td>McMillan, VIC</td>
<td>LP</td>
</tr>
<tr>
<td>Brodtmann, Gai Marie</td>
<td>Canberra, ACT</td>
<td>ALP</td>
</tr>
<tr>
<td>Buchholz, Scott Andrew</td>
<td>Wright, QLD</td>
<td>LP</td>
</tr>
<tr>
<td>Burke, Anna Elizabeth</td>
<td>Chisholm, VIC</td>
<td>ALP</td>
</tr>
<tr>
<td>Burke, Hon. Anthony Stephen</td>
<td>Watson, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Butler, Hon. Mark Christopher</td>
<td>Port Adelaide, SA</td>
<td>ALP</td>
</tr>
<tr>
<td>Byrne, Hon. Anthony Michael</td>
<td>Holt, VIC</td>
<td>ALP</td>
</tr>
<tr>
<td>Champion, Nicholas David</td>
<td>Wakefield, SA</td>
<td>ALP</td>
</tr>
<tr>
<td>Cheeseman, Darren Leicester</td>
<td>Corangamite, VIC</td>
<td>ALP</td>
</tr>
<tr>
<td>Chester, Darren</td>
<td>Gippsland, VIC</td>
<td>Nats</td>
</tr>
<tr>
<td>Christensen, George Robert</td>
<td>Dawson, QLD</td>
<td>Nats</td>
</tr>
<tr>
<td>Ciobo, Steven Michele</td>
<td>Moncrieff, QLD</td>
<td>LP</td>
</tr>
<tr>
<td>Clare, Hon. Jason Dean</td>
<td>Blaxland, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Cobb, Hon. John Kenneth</td>
<td>Calare, NSW</td>
<td>Nats</td>
</tr>
<tr>
<td>Collins, Hon. Julie Maree</td>
<td>Franklin, TAS</td>
<td>ALP</td>
</tr>
<tr>
<td>Combet, Hon. Greg Ivan, AM</td>
<td>Charlton, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Coulton, Mark Maclean</td>
<td>Parkes, NSW</td>
<td>Nats</td>
</tr>
<tr>
<td>Crean, Hon. Simon Findlay</td>
<td>Hotham, VIC</td>
<td>ALP</td>
</tr>
<tr>
<td>Crook, Anthony John</td>
<td>O'Connor, WA</td>
<td>NWA</td>
</tr>
<tr>
<td>Danby, Michael David</td>
<td>Melbourne Ports, VIC</td>
<td>ALP</td>
</tr>
<tr>
<td>D'Ath, Yvette Maree</td>
<td>Petrie, QLD</td>
<td>ALP</td>
</tr>
<tr>
<td>Dreyfus, Hon. Mark Alfred, QC</td>
<td>Isaacs, VIC</td>
<td>ALP</td>
</tr>
<tr>
<td>Dutton, Hon. Peter Craig</td>
<td>Dickson, QLD</td>
<td>LP</td>
</tr>
<tr>
<td>Elliot, Hon. Maria Justine</td>
<td>Richmond, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Ellis, Hon. Katherine Margaret</td>
<td>Adelaide, SA</td>
<td>ALP</td>
</tr>
<tr>
<td>Emerson, Hon. Craig Anthony</td>
<td>Rankin, QLD</td>
<td>ALP</td>
</tr>
<tr>
<td>Entsch, Warren George</td>
<td>Leichhardt, QLD</td>
<td>LP</td>
</tr>
<tr>
<td>Ferguson, Hon. Laurie Donald Thomas</td>
<td>Werriwa, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Ferguson, Hon. Martin John, AM</td>
<td>Batman, VIC</td>
<td>ALP</td>
</tr>
<tr>
<td>Fitzgibbon, Hon. Joel Andrew</td>
<td>Hunter, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Fletcher, Paul William</td>
<td>Bradfield, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Forrest, John Alexander</td>
<td>Mallee, VIC</td>
<td>Nats</td>
</tr>
<tr>
<td>Frydenberg, Joshua Anthony</td>
<td>Kooyong, VIC</td>
<td>LP</td>
</tr>
<tr>
<td>Members</td>
<td>Division</td>
<td>Party</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>-----------------------</td>
<td>-------</td>
</tr>
<tr>
<td>Gambaro, Hon. Teresa</td>
<td>Brisbane, QLD</td>
<td>LP</td>
</tr>
<tr>
<td>Garrett, Hon. Peter Robert, AM</td>
<td>Kingsford Smith, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Gash, Joanna</td>
<td>Gilmore, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Georganas, Steve</td>
<td>Hindmarsh, SA</td>
<td>ALP</td>
</tr>
<tr>
<td>Gibbons, Stephen William</td>
<td>Bendigo, VIC</td>
<td>ALP</td>
</tr>
<tr>
<td>Gillard, Hon. Julia Eileen</td>
<td>Lalor, VIC</td>
<td>ALP</td>
</tr>
<tr>
<td>Gray, Hon. Gary, AO</td>
<td>Brand, WA</td>
<td>ALP</td>
</tr>
<tr>
<td>Grierson, Sharon Joy</td>
<td>Newcastle, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Griffin, Hon. Alan Peter</td>
<td>Bruce, VIC</td>
<td>ALP</td>
</tr>
<tr>
<td>Griggs, Natasha Louise</td>
<td>Solomon, NT</td>
<td>CLP</td>
</tr>
<tr>
<td>Haase, Barry Wayne</td>
<td>Durack, WA</td>
<td>LP</td>
</tr>
<tr>
<td>Hall, Jill</td>
<td>Shortland, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Hartsuyker, Luke</td>
<td>Cowper, NSW</td>
<td>Nats</td>
</tr>
<tr>
<td>Hawke, Alexander George</td>
<td>Mitchell, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Hayes, Christopher Patrick</td>
<td>Fowler, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Hockey, Hon. Joseph Benedict</td>
<td>North Sydney, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Hunt, Hon. Gregory Andrew</td>
<td>Flinders, VIC</td>
<td>LP</td>
</tr>
<tr>
<td>Husic, Edham Nurreddin</td>
<td>Chifley, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Irons, Stephen James</td>
<td>Swan, WA</td>
<td>LP</td>
</tr>
<tr>
<td>Jenkins, Harry Alfred</td>
<td>Scullin, VIC</td>
<td>ALP</td>
</tr>
<tr>
<td>Jensen, Dennis Geoffrey</td>
<td>Tangney, WA</td>
<td>LP</td>
</tr>
<tr>
<td>Jones, Stephen Patrick</td>
<td>Throsby, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Jones, Ewen Thomas</td>
<td>Herbert, QLD</td>
<td>LP</td>
</tr>
<tr>
<td>Katter, Hon. Robert Carl</td>
<td>Kennedy, QLD</td>
<td>Ind</td>
</tr>
<tr>
<td>Keenan, Michael Fayat</td>
<td>Stirling, WA</td>
<td>LP</td>
</tr>
<tr>
<td>Kelly, Hon. Michael Joseph, AM</td>
<td>Eden-Monaro, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Kelly, Craig</td>
<td>Hughes, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>King, Hon. Catherine Fiona</td>
<td>Ballarat, VIC</td>
<td>ALP</td>
</tr>
<tr>
<td>Laming, Andrew Charles</td>
<td>Bowman, QLD</td>
<td>LP</td>
</tr>
<tr>
<td>Leigh, Andrew Keith</td>
<td>Fraser, ACT</td>
<td>ALP</td>
</tr>
<tr>
<td>Ley, Hon. Sussan Penelope</td>
<td>Farrer, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Livermore, Kirsten Fiona</td>
<td>Capricornia, QLD</td>
<td>ALP</td>
</tr>
<tr>
<td>Lyons, Geoffrey Raymond</td>
<td>Bass, TAS</td>
<td>ALP</td>
</tr>
<tr>
<td>McClelland, Hon. Robert Bruce</td>
<td>Barton, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Macfarlane, Hon. Ian Elgin</td>
<td>Groom, QLD</td>
<td>LP</td>
</tr>
<tr>
<td>Macklin, Hon. Jennifer Louise</td>
<td>Jagajaga, VIC</td>
<td>ALP</td>
</tr>
<tr>
<td>Marino, Nola Bethwyn</td>
<td>Forrest, WA</td>
<td>LP</td>
</tr>
<tr>
<td>Markus, Louise Elizabeth</td>
<td>Macquarie, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Marles, Hon. Richard Donald</td>
<td>Corio, VIC</td>
<td>ALP</td>
</tr>
<tr>
<td>Matheson, Russell Glenn</td>
<td>Macarthur, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>McCormack, Michael</td>
<td>Riverina, NSW</td>
<td>Nats</td>
</tr>
<tr>
<td>Melham, Daryl</td>
<td>Banks, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Mirabella, Sophie</td>
<td>Indi, VIC</td>
<td>LP</td>
</tr>
<tr>
<td>Mitchell, Robert George</td>
<td>McEwen, VIC</td>
<td>ALP</td>
</tr>
<tr>
<td>Morrison, Scott John</td>
<td>Cook, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Moylan, Hon. Judith Eleanor</td>
<td>Pearce, WA</td>
<td>LP</td>
</tr>
<tr>
<td>Murphy, Hon. John Paul</td>
<td>Reid, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Neumann, Shayne Kenneth</td>
<td>Blair, QLD</td>
<td>ALP</td>
</tr>
<tr>
<td>Members</td>
<td>Division</td>
<td>Party</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>----------------</td>
<td>-------</td>
</tr>
<tr>
<td>Neville, Paul Christopher</td>
<td>Hinkler, QLD</td>
<td>Nats</td>
</tr>
<tr>
<td>Oakshott, Robert James Murray</td>
<td>Lyne, NSW</td>
<td>Ind</td>
</tr>
<tr>
<td>O'Connor, Hon. Brendan Patrick</td>
<td>Gorton, VIC</td>
<td>ALP</td>
</tr>
<tr>
<td>O'Dowd, Kenneth Desmond</td>
<td>Flynn, QLD</td>
<td>Nats</td>
</tr>
<tr>
<td>O'Dwyer, Kelly Megan</td>
<td>Higgins, VIC</td>
<td>LP</td>
</tr>
<tr>
<td>O'Neill, Deborah Mary</td>
<td>Robertson, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Owens, Julie Ann</td>
<td>Parramatta, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Parke, Melissa</td>
<td>Fremantle, WA</td>
<td>ALP</td>
</tr>
<tr>
<td>Perrett, Graham Douglas</td>
<td>Moreton, QLD</td>
<td>ALP</td>
</tr>
<tr>
<td>Plibersek, Hon. Tanya Joan</td>
<td>Sydney, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Prentice, Jane</td>
<td>Ryan, QLD</td>
<td>LP</td>
</tr>
<tr>
<td>Pyne, Hon. Christopher Maurice</td>
<td>Sturt, SA</td>
<td>LP</td>
</tr>
<tr>
<td>Ramsey, Rowan Eric</td>
<td>Grey, SA</td>
<td>LP</td>
</tr>
<tr>
<td>Randall, Don James</td>
<td>Canning, WA</td>
<td>LP</td>
</tr>
<tr>
<td>Ripoll, Bernard Fernand</td>
<td>Oxley, QLD</td>
<td>ALP</td>
</tr>
<tr>
<td>Rishworth, Amanda Louise</td>
<td>Kingston, SA</td>
<td>ALP</td>
</tr>
<tr>
<td>Robb, Hon. Andrew John, AO</td>
<td>Goldstein, VIC</td>
<td>LP</td>
</tr>
<tr>
<td>Robert, Stuart Rowland</td>
<td>Fadden, QLD</td>
<td>LP</td>
</tr>
<tr>
<td>Rowland, Michelle</td>
<td>Greenway, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Roxon, Hon. Nicola Louise</td>
<td>Gellibrand, VIC</td>
<td>ALP</td>
</tr>
<tr>
<td>Roy, Wyatt Beau</td>
<td>Longman, QLD</td>
<td>LP</td>
</tr>
<tr>
<td>Rudd, Hon. Kevin Michael</td>
<td>Griffith, QLD</td>
<td>ALP</td>
</tr>
<tr>
<td>Ruddock, Hon. Philip Maxwell</td>
<td>Berowra, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Saffin, Janelle Anne</td>
<td>Page, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Schultz, Albert John</td>
<td>Hume, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Scott, Hon. Bruce Craig</td>
<td>Maranoa, QLD</td>
<td>Nats</td>
</tr>
<tr>
<td>Secker, Patrick Damien</td>
<td>Barker, SA</td>
<td>LP</td>
</tr>
<tr>
<td>Shorten, Hon. William Richard</td>
<td>Maribyrnong, VIC</td>
<td>ALP</td>
</tr>
<tr>
<td>Sidbottom, Peter Sid</td>
<td>Braddon, TAS</td>
<td>ALP</td>
</tr>
<tr>
<td>Simpkins, Luke Xavier Linton</td>
<td>Cowan, WA</td>
<td>LP</td>
</tr>
<tr>
<td>Slipper, Hon. Peter Neil</td>
<td>Fisher, QLD</td>
<td>Ind</td>
</tr>
<tr>
<td>Smith, Hon. Anthony David Hawthorn</td>
<td>Casey, VIC</td>
<td>LP</td>
</tr>
<tr>
<td>Smith, Hon. Stephen Francis</td>
<td>Perth, WA</td>
<td>ALP</td>
</tr>
<tr>
<td>Smyth, Laura Mary</td>
<td>La Trobe, VIC</td>
<td>ALP</td>
</tr>
<tr>
<td>Snowden, Hon. Warren Edward</td>
<td>Lingiari, NT</td>
<td>ALP</td>
</tr>
<tr>
<td>Somlyay, Hon. Alexander Michael</td>
<td>Fairfax, QLD</td>
<td>LP</td>
</tr>
<tr>
<td>Southcott, Andrew John</td>
<td>Boothby, SA</td>
<td>LP</td>
</tr>
<tr>
<td>Stone, Hon. Sharman Nancy</td>
<td>Murray, VIC</td>
<td>LP</td>
</tr>
<tr>
<td>Swan, Hon. Wayne Maxwell</td>
<td>Lilley, QLD</td>
<td>ALP</td>
</tr>
<tr>
<td>Symon, Michael Stuart</td>
<td>Deakin, VIC</td>
<td>ALP</td>
</tr>
<tr>
<td>Tehan, Daniel Thomas</td>
<td>Wannon, VIC</td>
<td>LP</td>
</tr>
<tr>
<td>Thomson, Craig Robert</td>
<td>Dobell, NSW</td>
<td>Ind</td>
</tr>
<tr>
<td>Thomson, Kelvin John</td>
<td>Wills, VIC</td>
<td>ALP</td>
</tr>
<tr>
<td>Truss, Hon. Warren Errol</td>
<td>Wide Bay, QLD</td>
<td>Nats</td>
</tr>
<tr>
<td>Tudge, Alan Edward</td>
<td>Aston, VIC</td>
<td>LP</td>
</tr>
<tr>
<td>Turnbull, Hon. Malcolm Bligh</td>
<td>Wentworth, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Vamvakinou, Maria</td>
<td>Calwell, VIC</td>
<td>ALP</td>
</tr>
<tr>
<td>Van Manen, Albertus Johannes</td>
<td>Forde, QLD</td>
<td>LP</td>
</tr>
</tbody>
</table>
### Members of the House of Representatives

<table>
<thead>
<tr>
<th>Members</th>
<th>Division</th>
<th>Party</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vasta, Ross Xavier</td>
<td>Bonner, QLD</td>
<td>LP</td>
</tr>
<tr>
<td>Washer, Malcolm James</td>
<td>Moore, WA</td>
<td>LP</td>
</tr>
<tr>
<td>Wilkie, Andrew Damien</td>
<td>Denison, TAS</td>
<td>Ind</td>
</tr>
<tr>
<td>Windsor, Anthony Harold Curties</td>
<td>New England, NSW</td>
<td>Ind</td>
</tr>
<tr>
<td>Wyatt, Kenneth George</td>
<td>Hasluck, WA</td>
<td>LP</td>
</tr>
<tr>
<td>Zappia, Tony</td>
<td>Makin, SA</td>
<td>ALP</td>
</tr>
</tbody>
</table>

**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—C Mills
## GILLARD MINISTRY

<table>
<thead>
<tr>
<th>Title</th>
<th>Minister</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Prime Minister</strong></td>
<td>The Hon Julia Gillard MP</td>
</tr>
<tr>
<td>Minister Assisting the Prime Minister on Digital Productivity</td>
<td>Senator the Hon Stephen Conroy</td>
</tr>
<tr>
<td>Minister for Social Inclusion</td>
<td>The Hon Mark Butler MP</td>
</tr>
<tr>
<td>Minister Assisting the Prime Minister on Mental Health Reform</td>
<td>The Hon Mark Butler MP</td>
</tr>
<tr>
<td>Minister for the Public Service and Integrity</td>
<td>The Hon Gary Gray AO MP</td>
</tr>
<tr>
<td>Minister Assisting the Prime Minister on the Centenary of ANZAC</td>
<td>The Hon Warren Snowdon MP</td>
</tr>
<tr>
<td>Cabinet Secretary</td>
<td>The Hon Mark Dreyfus QC MP</td>
</tr>
<tr>
<td>Parliamentary Secretary to the Prime Minister</td>
<td>Senator the Hon Jan McLucas</td>
</tr>
<tr>
<td><strong>Treasurer</strong> (Deputy Prime Minister)</td>
<td>The Hon Wayne Swan MP</td>
</tr>
<tr>
<td><strong>Minister for Financial Services and Superannuation</strong></td>
<td>The Hon Bill Shorten MP</td>
</tr>
<tr>
<td>Assistant Treasurer</td>
<td>The Hon David Bradbury MP</td>
</tr>
<tr>
<td>Parliamentary Secretary to the Treasurer</td>
<td>The Hon Bernie Ripoll MP</td>
</tr>
<tr>
<td><strong>Minister for Tertiary Education, Skills, Science and Research</strong></td>
<td>Senator the Hon Chris Evans</td>
</tr>
<tr>
<td>(Leader of the Government in the Senate)</td>
<td></td>
</tr>
<tr>
<td><strong>Minister for Industry and Innovation</strong></td>
<td>The Hon Greg Combet AM MP</td>
</tr>
<tr>
<td><strong>Minister for Small Business</strong></td>
<td>The Hon Brendan O'Connor MP</td>
</tr>
<tr>
<td>Minister Assisting for Industry and Innovation</td>
<td>Senator the Hon Kate Lundy</td>
</tr>
<tr>
<td>Parliamentary Secretary for Industry and Innovation</td>
<td>The Hon Mark Dreyfus QC MP</td>
</tr>
<tr>
<td>Parliamentary Secretary for Higher Education and Skills</td>
<td>The Hon Sharon Bird MP</td>
</tr>
<tr>
<td><strong>Minister for Broadband, Communications and the Digital Economy</strong></td>
<td>Senator the Hon Stephen Conroy</td>
</tr>
<tr>
<td>(Deputy Leader of the Government in the Senate)</td>
<td></td>
</tr>
<tr>
<td><strong>Minister for Regional Australia, Regional Development and Local</strong></td>
<td>The Hon Simon Crean MP</td>
</tr>
<tr>
<td><strong>Government</strong></td>
<td></td>
</tr>
<tr>
<td>Minister for the Arts</td>
<td>The Hon Simon Crean MP</td>
</tr>
<tr>
<td>Minister for Sport</td>
<td>Senator the Hon Kate Lundy</td>
</tr>
<tr>
<td><strong>Minister for Defence</strong></td>
<td>The Hon Stephen Smith MP</td>
</tr>
<tr>
<td>(Deputy Leader of the House)</td>
<td></td>
</tr>
<tr>
<td>Minister for Defence Materiel</td>
<td>The Hon Jason Clare MP</td>
</tr>
<tr>
<td>Minister for Veterans' Affairs</td>
<td>The Hon Warren Snowdon MP</td>
</tr>
<tr>
<td>Minister for Defence Science and Personnel</td>
<td>The Hon Warren Snowdon MP</td>
</tr>
<tr>
<td>Parliamentary Secretary for Defence</td>
<td>The Hon Dr Mike Kelly AM MP</td>
</tr>
<tr>
<td>Parliamentary Secretary for Defence</td>
<td>The Hon David Feeney</td>
</tr>
<tr>
<td><strong>Minister for Immigration and Citizenship</strong></td>
<td>The Hon Chris Bowen MP</td>
</tr>
<tr>
<td>Minister for Multicultural Affairs</td>
<td>Senator the Hon Kate Lundy</td>
</tr>
<tr>
<td><strong>Minister for Infrastructure and Transport</strong></td>
<td>The Hon Anthony Albanese MP</td>
</tr>
<tr>
<td>(Leader of the House)</td>
<td></td>
</tr>
<tr>
<td>Parliamentary Secretary for Infrastructure and Transport</td>
<td>The Hon Catherine King MP</td>
</tr>
<tr>
<td><strong>Attorney-General</strong></td>
<td>The Hon Nicola Roxon MP</td>
</tr>
<tr>
<td><strong>Minister for Emergency Management</strong></td>
<td>The Hon Nicola Roxon MP</td>
</tr>
<tr>
<td><strong>Minister Assisting on Queensland Floods Recovery</strong></td>
<td>Senator the Hon Joe Ludwig</td>
</tr>
<tr>
<td><strong>Minister for Home Affairs</strong></td>
<td>The Hon Jason Clare MP</td>
</tr>
<tr>
<td><strong>Minister for Justice</strong></td>
<td>The Hon Jason Clare MP</td>
</tr>
</tbody>
</table>

vi
<table>
<thead>
<tr>
<th>Title</th>
<th>Minister</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minister for Families, Community Services and Indigenous Affairs</td>
<td>The Hon Jenny Macklin MP</td>
</tr>
<tr>
<td>Minister for Disability Reform</td>
<td>The Hon Jenny Macklin MP</td>
</tr>
<tr>
<td>Minister for Housing</td>
<td>The Hon Brendan O'Connor MP</td>
</tr>
<tr>
<td>Minister for Homelessness</td>
<td>The Hon Brendan O'Connor MP</td>
</tr>
<tr>
<td>Minister for Community Services</td>
<td>The Hon Julie Collins MP</td>
</tr>
<tr>
<td>Minister for the Status of Women</td>
<td>The Hon Julie Collins MP</td>
</tr>
<tr>
<td>Parliamentary Secretary for Disabilities and Carers</td>
<td>Senator the Hon Jan McLucas</td>
</tr>
<tr>
<td>Minister for Foreign Affairs</td>
<td>Senator the Hon Bob Carr</td>
</tr>
<tr>
<td>Parliament Secretary for Trade</td>
<td>The Hon Dr Craig Emerson MP</td>
</tr>
<tr>
<td>Parliament Secretary for Pacific Island Affairs</td>
<td>The Hon Justine Elliot MP</td>
</tr>
<tr>
<td>Parliament Secretary for Foreign Affairs</td>
<td>The Hon Richard Marles MP</td>
</tr>
<tr>
<td>Minister for Sustainability, Environment, Water, Population and</td>
<td>The Hon Tony Burke MP</td>
</tr>
<tr>
<td>Communities</td>
<td>(Vice-President of the Executive Council)</td>
</tr>
<tr>
<td>Parliamentary Secretary for Sustainability and Urban Water</td>
<td>Senator the Hon Don Farrell</td>
</tr>
<tr>
<td>Minister for Finance and Deregulation</td>
<td>Senator the Hon Penny Wong</td>
</tr>
<tr>
<td>Special Minister of State</td>
<td>The Hon Gary Gray AO MP</td>
</tr>
<tr>
<td>Minister Assisting for Deregulation</td>
<td>The Hon David Bradbury MP</td>
</tr>
<tr>
<td>Minister for School Education, Early Childhood and Youth</td>
<td>The Hon Peter Garrett AM MP</td>
</tr>
<tr>
<td>Minister for Employment and Workplace Relations</td>
<td>The Hon Bill Shorten MP</td>
</tr>
<tr>
<td>Minister for Early Childhood and Childcare</td>
<td>The Hon Kate Ellis MP</td>
</tr>
<tr>
<td>Minister for Employment Participation</td>
<td>The Hon Kate Ellis MP</td>
</tr>
<tr>
<td>Minister for Indigenous Employment and Economic Development</td>
<td>The Hon Julie Collins MP</td>
</tr>
<tr>
<td>Parliamentary Secretary for School Education and Workplace Relations</td>
<td>Senator the Hon Jacinta Collins</td>
</tr>
<tr>
<td>Minister for Agriculture, Fisheries and Forestry</td>
<td>Senator the Hon Joe Ludwig</td>
</tr>
<tr>
<td>Parliamentary Secretary for Agriculture, Fisheries and Forestry</td>
<td>The Hon Sid Sidebottom MP</td>
</tr>
<tr>
<td>Minister for Resources and Energy</td>
<td>The Hon Martin Ferguson AM MP</td>
</tr>
<tr>
<td>Minister for Tourism</td>
<td>The Hon Martin Ferguson AM MP</td>
</tr>
<tr>
<td>Minister for Climate Change and Energy Efficiency</td>
<td>The Hon Greg Combet AM MP</td>
</tr>
<tr>
<td>Parliamentary Secretary for Climate Change and Energy Efficiency</td>
<td>The Hon Mark Dreyfus QC MP</td>
</tr>
<tr>
<td>Minister for Health</td>
<td>The Hon Tanya Plibersek MP</td>
</tr>
<tr>
<td>Minister for Mental Health and Ageing</td>
<td>The Hon Mark Butler MP</td>
</tr>
<tr>
<td>Minister for Indigenous Health</td>
<td>The Hon Warren Snowdon MP</td>
</tr>
<tr>
<td>Parliamentary Secretary for Health and Ageing</td>
<td>The Hon Catherine King MP</td>
</tr>
<tr>
<td>Minister for Human Services</td>
<td>Senator the Hon Kim Carr</td>
</tr>
</tbody>
</table>
# Shadow Ministry

<table>
<thead>
<tr>
<th>Title</th>
<th>Shadow Minister</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leader of the Opposition</td>
<td>The Hon Tony Abbott MP</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary Assisting the Leader of the</td>
<td>Senator Cory Bernardi</td>
</tr>
<tr>
<td>Opposition</td>
<td></td>
</tr>
<tr>
<td>Shadow Minister for Foreign Affairs</td>
<td>The Hon Julie Bishop MP</td>
</tr>
<tr>
<td>Shadow Minister for Trade (Deputy Leader of the Opposition)</td>
<td></td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for International Development Assistance</td>
<td>The Hon Teresa Gambaro MP</td>
</tr>
<tr>
<td>Shadow Minister for Infrastructure and Transport (Leader of The Nationals)</td>
<td>The Hon Warren Truss MP</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Roads and Regional Transport</td>
<td>Mr Darren Chester MP</td>
</tr>
<tr>
<td>Shadow Minister for Employment and Workplace Relations (Leader of the Opposition in the Senate)</td>
<td>Senator the Hon Eric Abetz</td>
</tr>
<tr>
<td>Shadow Minister for Employment Participation</td>
<td>The Hon Sussan Ley MP</td>
</tr>
<tr>
<td>Shadow Attorney-General</td>
<td>Senator the Hon George Brandis SC</td>
</tr>
<tr>
<td>Shadow Minister for the Arts (Deputy Leader of the Opposition in the Senate)</td>
<td></td>
</tr>
<tr>
<td>Shadow Minister for Justice, Customs and Border Protection Shadow Parliamentary Secretary to the Shadow Attorney-General</td>
<td>Mr Michael Keenan MP</td>
</tr>
<tr>
<td>Shadow Treasurer</td>
<td>The Hon Joe Hockey MP</td>
</tr>
<tr>
<td>Shadow Assistant Treasurer and Shadow Minister for Financial Services and Superannuation Senator Mathias Cormann</td>
<td></td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Tax Reform (Deputy Chairman, Coalition Policy Development Committee)</td>
<td>The Hon Tony Smith MP</td>
</tr>
<tr>
<td>Shadow Minister for Education, Apprenticeships and Training (Manager of Opposition Business in the House)</td>
<td>The Hon Christopher Pyne MP</td>
</tr>
<tr>
<td>Shadow Minister for Childcare and Early Childhood Learning Shadow Minister for Universities and Research</td>
<td>The Hon Sussan Ley MP</td>
</tr>
<tr>
<td>Shadow Minister for Youth and Sport (Deputy Manager of Opposition Business in the House)</td>
<td>Senator the Hon Brett Mason</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Regional Education Senator Fiona Nash</td>
<td>Mr Luke Hartsuyker MP</td>
</tr>
<tr>
<td>Shadow Minister for Indigenous Affairs (Deputy Leader of the Nationals)</td>
<td>Senator the Hon Nigel Scullion</td>
</tr>
<tr>
<td>Shadow Minister for Indigenous Development and Employment Senator Marise Payne</td>
<td></td>
</tr>
<tr>
<td>Shadow Minister for Regional Development, Local Government and Water Senator Barnaby Joyce</td>
<td></td>
</tr>
<tr>
<td>Shadow Minister for Regional Development</td>
<td>The Hon Bob Baldwin MP</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Northern and Remote Australia</td>
<td>Senator the Hon Ian Macdonald</td>
</tr>
<tr>
<td>Title</td>
<td>Shadow Minister</td>
</tr>
<tr>
<td>----------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Local Government</td>
<td>Mr Don Randall MP</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for the Murray-Darling Basin</td>
<td>Senator Simon Birmingham</td>
</tr>
<tr>
<td>Shadow Minister for Finance, Deregulation and Debt Reduction</td>
<td>The Hon Andrew Robb AO MP</td>
</tr>
<tr>
<td>(Chairman, Coalition Policy Development Committee)</td>
<td></td>
</tr>
<tr>
<td>Shadow Special Minister of State</td>
<td>The Hon Bronwyn Bishop MP</td>
</tr>
<tr>
<td>Shadow Minister for COAG</td>
<td>Senator Mari se Payne</td>
</tr>
<tr>
<td>(Chairman, Scrutiny of Government Waste Committee)</td>
<td>(Mr Jamie Briggs MP)</td>
</tr>
<tr>
<td>Shadow Minister for Energy and Resources</td>
<td>The Hon Ian Macfarlane MP</td>
</tr>
<tr>
<td>Shadow Minister for Tourism</td>
<td>The Hon Bob Baldwin MP</td>
</tr>
<tr>
<td>Shadow Minister for Defence</td>
<td>Senator the Hon David Johnston</td>
</tr>
<tr>
<td>Shadow Minister for Defence Science, Technology and Personnel</td>
<td>Mr Stuart Robert MP</td>
</tr>
<tr>
<td>Shadow Minister for Veterans' Affairs and Shadow Minister</td>
<td>Senator the Hon Michael Ronaldson</td>
</tr>
<tr>
<td>Assisting the Leader of the Opposition on the Centenary of ANZAC</td>
<td></td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Defence Materiel</td>
<td>Senator Gary Humphries</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for the Defence Force and Defence Support</td>
<td>Senator the Hon Ian Macdonald</td>
</tr>
<tr>
<td>Shadow Minister for Communications and Broadband</td>
<td>The Hon Malcolm Turnbull MP</td>
</tr>
<tr>
<td>Shadow Minister for Regional Communications</td>
<td>Mr Luke Hartsuyker MP</td>
</tr>
<tr>
<td>Shadow Minister for Health and Ageing</td>
<td>The Hon Peter Dutton MP</td>
</tr>
<tr>
<td>Shadow Minister for Ageing</td>
<td>Senator Concetta Fierravanti-Wells</td>
</tr>
<tr>
<td>Shadow Minister for Mental Health</td>
<td></td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Primary Healthcare</td>
<td>Dr Andrew Southcott MP</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Regional Health Services and Indigenous Health</td>
<td>Dr Andrew Laming MP</td>
</tr>
<tr>
<td>Shadow Minister for Families, Housing and Human Services</td>
<td>The Hon Kevin Andrews MP</td>
</tr>
<tr>
<td>Shadow Minister for Seniors</td>
<td>The Hon Bronwyn Bishop MP</td>
</tr>
<tr>
<td>Shadow Minister for Disabilities, Carers and the Voluntary Sector</td>
<td>Senator Mitch Fifield</td>
</tr>
<tr>
<td>(Manager of Opposition Business in the Senate)</td>
<td></td>
</tr>
<tr>
<td>Shadow Minister for Housing</td>
<td>Senator Marise Payne</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Supporting Families</td>
<td>Senator Cory Bernardi</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for the Status of Women</td>
<td>Senator Michaelia Cash</td>
</tr>
<tr>
<td>Shadow Minister for Climate Action, Environment and Heritage</td>
<td>The Hon Greg Hunt MP</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Environment</td>
<td>Senator Simon Birmingham</td>
</tr>
<tr>
<td>Shadow Minister for Productivity and Population</td>
<td>Mr Scott Morrison MP</td>
</tr>
<tr>
<td>Shadow Minister for Immigration and Citizenship</td>
<td>The Hon Teresa Ganbaro MP</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Citizenship and Settlement</td>
<td>Senator Michaelia Cash</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Immigration</td>
<td></td>
</tr>
<tr>
<td>Shadow Minister for Innovation, Industry, and Science</td>
<td>Mrs Sophie Mirabella MP</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Innovation, Industry, and Science</td>
<td>Senator the Hon Richard Colbeck</td>
</tr>
<tr>
<td>Title</td>
<td>Shadow Minister</td>
</tr>
<tr>
<td>---------------------------------------------------------------------</td>
<td>------------------------------------------------------</td>
</tr>
<tr>
<td>Shadow Minister for Agriculture and Food Security</td>
<td>The Hon John Cobb MP</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Fisheries and Forestry</td>
<td>Senator the Hon Richard Colbeck</td>
</tr>
<tr>
<td>Shadow Minister for Small Business, Competition Policy and Consumer Affairs</td>
<td>The Hon Bruce Billson MP</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Small Business and Fair Competition</td>
<td>Senator Scott Ryan</td>
</tr>
</tbody>
</table>
Chamber

BILLS—
Clean Energy Finance Corporation Bill 2012—
Clean Energy Legislation Amendment Bill 2012—
Clean Energy (Customs Tariff Amendment) Bill 2012—
Clean Energy (Excise Tariff Legislation Amendment) Bill 2012—
Appropriation (Parliamentary Departments) Bill (No. 1) 2012-2013—
Appropriation Bill (No. 1) 2012-2013—
Appropriation Bill (No. 2) 2012-2013—
Returned from Senate ................................................................. 7911

BUSINESS—
Orders of the Day ................................................................. 7911
Rearrangement ......................................................................... 7911

PRIVATE MEMBERS' BUSINESS—
Olympic Games Terrorist Attack ............................................... 7911

BILLS—
Tax Laws Amendment (Managed Investment Trust Withholding Tax) Bill 2012—
Second Reading ......................................................................... 7911
Income Tax (Managed Investment Trust Withholding Tax) Amendment Bill 2012—
Second Reading ......................................................................... 7921
Consumer Credit and Corporations Legislation Amendment (Enhancements) Bill 2011—
Second Reading ......................................................................... 7921
Superannuation Legislation Amendment (MySuper Core Provisions) Bill 2011—
Second Reading ......................................................................... 7964

CONDOLENCES—
Edwards, Dr Harold Raymond 'Harry' ......................................... 7976

QUESTIONS WITHOUT NOTICE—
Carbon Pricing .......................................................................... 7976
Asylum Seekers ......................................................................... 7978

STATEMENTS ON INDULGENCE—
Asylum Seekers ......................................................................... 7978

QUESTIONS WITHOUT NOTICE—
Carbon Pricing .......................................................................... 7979
Media .......................................................................................... 7980
Carbon Pricing .......................................................................... 7982
Taxation ...................................................................................... 7983
Clean Energy Finance Corporation ............................................... 7984

DISTINGUISHED VISITORS..................................................... 7986

QUESTIONS WITHOUT NOTICE—
Carbon Pricing .......................................................................... 7986
Carbon Pricing .......................................................................... 7987
Carbon Pricing .......................................................................... 7988
CONTENTS—continued

Environment................................................................................................................. 7989
Carbon Pricing .............................................................................................................. 7990
Carbon Pricing .............................................................................................................. 7991
Carbon Pricing .............................................................................................................. 7992
Regional Development ................................................................................................. 7993
AUDITOR-GENERAL’S REPORTS—
Reports Nos 51 and 52 of 2011-12 ............................................................................. 7994
DOCUMENTS—
Presentation ................................................................................................................. 7994
QUESTIONS TO THE SPEAKER—
Media ......................................................................................................................... 7995
BILLS—
Federal Financial Relations Amendment (National Health Reform) Bill 2012—
National Health Reform Amendment (Administrator and National Health Funding
Body) Bill 2012—
Assent ....................................................................................................................... 7995
MATTERS OF PUBLIC IMPORTANCE—
Carbon Pricing .............................................................................................................. 7995
BILLS—
Statute Stocktake (Appropriations) Bill (No. 1) 2012—
Tax Laws Amendment (Investment Manager Regime) Bill 2012—
Reference to Federation Chamber .................................................................................. 8019
Tax Laws Amendment (Managed Investment Trust Withholding Tax) Bill 2012—
Second Reading ......................................................................................................... 8019
Third Reading .............................................................................................................. 8020
Income Tax (Managed Investment Trust Withholding Tax) Amendment Bill 2012—
Second Reading ......................................................................................................... 8020
Third Reading .............................................................................................................. 8020
Superannuation Legislation Amendment (Stronger Super) Bill 2012—
Superannuation Supervisory Levy Imposition Amendment Bill 2012—
Returned from Senate .................................................................................................... 8020
Consumer Credit and Corporations Legislation Amendment (Enhancements)
Bill 2011—
Second Reading ......................................................................................................... 8020
Consideration in Detail ............................................................................................... 8022
Third Reading .............................................................................................................. 8038
BUSINESS—
Rearrangement ............................................................................................................ 8039
BILLS—
National Broadcasting Legislation Amendment Bill 2010—
Consideration of Senate Message ................................................................................... 8039
Income Tax (Managed Investment Trust Withholding Tax) Amendment Bill 2012—
Deferred Division—
Third Reading ............................................................................................................ 8041
Financial Framework Legislation Amendment Bill (No. 3) 2012—
First Reading ............................................................................................................... 8041
CONTENTS — continued

Second Reading ................................................................. 8041
Consideration in Detail ......................................................... 8081
Third Reading ................................................................. 8083
Legislative Instruments Amendment (Sunsetting Measures) Bill 2012—
   Report from Federation Chamber ........................................ 8083
   Third Reading ................................................................. 8083
Superannuation Legislation Amendment (MySuper Core Provisions) Bill 2011—
   Second Reading ................................................................. 8083

ADJOURNMENT —
Carbon Pricing ................................................................. 8093
Refugee Services ................................................................. 8094
Carbon Pricing ................................................................. 8096
Page Electorate: Community Issues ........................................ 8097
Carbon Pricing ................................................................. 8098
Tibet .............................................................................. 8099
Carbon Pricing ................................................................. 8100
Country Women’s Association Woy Woy ................................ 8101
Robertson Electorate: Surf-lifesaving .................................... 8101
Carbon Pricing ................................................................. 8103
Tea Tree Gully University of the Third Age ................................ 8104
Tea Tree Gully GymSports .................................................. 8104
Asylum Seekers ................................................................. 8106
Media Ownership ................................................................. 8107
NOTICES .......................................................................... 8108

Federation Chamber
CONSTITUENCY STATEMENTS —
   McPherson Electorate: Tourism ............................................ 8110
   Adelaide Electorate: Health Care ......................................... 8111
   Wide Bay Electorate: Broadband ........................................... 8111
   Scullin Electorate: Bubup Wilam for Early Learning Centre .... 8112
   Bonner Electorate: Wynnum School and Office Supplies .... 8113
   Belmont Rifle Range ......................................................... 8113
   Chinese Community ........................................................ 8114
   Grandparents Rearing Grandchildren .................................... 8115
   Shortland Electorate: Floraville Public School .................... 8116
   Australia Post ................................................................. 8116
   Homelessness ................................................................. 8117

COMMITTEES —
   National Broadband Network Committee—
      Report ................................................................. 8118
   Education and Employment Committee—
      Report ................................................................. 8132

BILLS —
   Statute Stocktake (Appropriations) Bill (No. 1) 2012 —
      Second Reading ................................................................. 8135
Questions In Writing

Members of Parliament: Code of Conduct—(Question No. 1010) .......................... 8139
Australian Quarantine and Inspection Service: Staffing—(Question No. 1020)........ 8139
Australian Quarantine and Inspection Service: Baggage Screening—
(Question No. 1022) ......................................................................................................... 8140
Australian Quarantine and Inspection Service: Staffing—(Question No. 1026).......... 8140
Perinparasa, Ms Ranginy—(Question No. 1051) .............................................................. 8140
Tuesday, 26 June 2012

The DEPUTY SPEAKER (Ms AE Burke) took the chair at 9:00, made an acknowledgement of country and read prayers.

BILLS
Clean Energy Finance Corporation Bill 2012
Clean Energy Legislation Amendment Bill 2012
Clean Energy (Customs Tariff Amendment) Bill 2012
Clean Energy (Excise Tariff Legislation Amendment) Bill 2012
Appropriation (Parliamentary Departments) Bill (No. 1) 2012-2013
Appropriation Bill (No. 1) 2012-2013
Appropriation Bill (No. 2) 2012-2013

Returned from Senate

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

BUSINESS
Orders of the Day
Mr ALBANESE (Grayndler—Leader of the House and Minister for Infrastructure and Transport) (09:01): I move:

That the following order of the day, private Members' business, be returned to the House for further consideration:

No. 4—1972 Olympic Games terrorist attack.

Question agreed to.

Rearrangement

Mr ALBANESE (Grayndler—Leader of the House and Minister for Infrastructure and Transport) (09:02): by leave—I move:

That so much of the standing and sessional orders be suspended as would prevent the following item of private Members' business being called on, and considered immediately:

1972 Olympic Games terrorist attack—Order of the day.

Question agreed to.

PRIVATE MEMBERS' BUSINESS
Olympic Games Terrorist Attack

Debate resumed on the motion:

That this House:

(1) notes that:

(a) tragically, at the 1972 Munich Olympic Games, 11 members of the Israeli team were murdered in a terrorist attack;

(b) the impact of this event has been seared on world consciousness; and

(c) for 40 years, the families of those murdered have asked the International Olympic Committee to observe a minute of silence, in their memory, at each Olympic Games, and this request is being made with respect to the 2012 Olympic Games to be held in London; and

(2) calls on the International Olympic Committee to observe one minute's silence at the 2012 Olympic Games in honour of the 11 Israeli athletes murdered by terrorists at the 1972 Munich Olympics.

Question agreed to.

BILLS

Tax Laws Amendment (Managed Investment Trust Withholding Tax) Bill 2012

Second Reading

Debate resumed on the motion:

That this bill be now read a second time.

Mrs PRENTICE (Ryan) (09:04): As I was saying, the Leader of the Opposition noted in his budget reply on 10 May that there is 'nothing wrong with this country that a change of government can't fix'. Today my message is to Australian industry: only the coalition has the economic credentials to help business survive and prosper. The
coalition is committed to lower taxes to help attract investment in critical infrastructure, develop our position as a regional financial services hub and strengthen our economy. This tax increase will damage Australia’s reputation. Some international investors feel tricked into directing their funds to Australia. The 7.5 per cent rate is less than two years old, and it will now double after investors have locked in decade-long contracts. As Peter Mitchell, the CEO of Asia Pacific Real Estate Association, said, ‘The Australian government’s withholding tax announcement has seriously undermined global confidence in Australia as a stable investment destination.’

We must not pass this tax increase. If we want Australia’s reputation to be as a regional financial services hub, if we want crucial long-term infrastructure to be built and if we want new hotels, new hospitals and new roads, we must offer hope, reward and opportunity, not more taxes. And we must vote against this bill today.

Mr VAN MANEN (Forde) (09:05): Once again we stand in this House discussing a piece of legislation that has an on-again off-again approach by the government to policy development. As I rise to speak on the Tax Laws Amendment (Managed Investment Trust Withholding Tax) Bill 2012, I think it is important to recognise the constant uncertainty that has been created by constant changes in tax policy and many other policies that this government seems to foist on the Australian public and the Australian business community.

The bill’s explanatory memorandum states that the Income Tax (Managed Investment Trust Withholding Tax) Amendment Bill 2012 amends the Income Tax (Managed Investment Trust Withholding Tax) Act 2008 to increase the tax rate from 7½ per cent to 15 per cent on fund payments in relation to income years on or after 1 July 2012. It is instructive to note that it was only some three or four years ago that the rate was reduced to 7½ per cent, and at the time we as the coalition expressed concerns. Today we see a bill reintroduced to backtrack on that original reduction. The last time this bill was referred to committee to be reviewed we raised a number of concerns about its implementation which were largely due to the retrospective nature of the changes. However, thankfully, some of that appears to have been addressed within the bill’s current form. However, retrospectivity aside, we remain concerned that billions of dollars of infrastructure investments already made, in addition to future investments, could potentially be put at risk as an implication of these changes.

An analysis conducted by the Allen Consulting Group for the Property Council showed that the proposed increase in the final withholding tax revenue from MITs would have a profound adverse affect on the economy without raising the expected revenue. It is instructive to note comments from Martin Codina of the Financial Services Council. He raises the concern that people have made investment decisions based on a tax rate of 7½ per cent and now the increase to 15 per cent is going to create increased uncertainty for those people in their investment-making decision. In addition, what does it say to investors about the Australian system when these things are constantly changed? Andrew Cannane, General Manager for Corporate Clients at the Trust Company, said in a recent interview:

We don't foresee there being the same amount of take up in MIT structures as there was. And ultimately, the net loser for that will be Australia. It will result in less foreign direct investment.

We all recognise in this House that we as a nation require foreign capital to build and
grow our economy. Some 50 per cent of our financing and our loan books are funded from offshore funds. Andrew Cannane goes on to say that, in the calendar year 2011, foreign direct investment into Australian property rose some 50 per cent to $7.7 billion. He estimates that well over $5 billion of that would have been into managed investment trusts. He said:

The big concern for investors is the inconsistency. The 7.5 per cent rate has only been in place for two years and it's already changed.

To return to the Allen Consulting Group report, it noted that there was a billion-dollar drop in investment as a result of the increased tax. A net tax revenue for the period 2012-16 would be estimated at some $35 million due to decreased recipients, which is less than half the $75 million predicted by Treasurer. It also found that by 2015-16 the increased tax would reduce government direct inputs by $580 million and cost more than 4,600 jobs a year.

In addition to these concerns, the uncertainty this government has shown in dealing with the rate of the MIT withholding tax raises the issue of perceived sovereign risk. How will our relationship with our international business associates fare with the continued massive uncertainty caused by this government? The dissenting report by the coalition members of the economics committee stated:

The doubling of the withholding tax rate would also reduce Australia’s international competitiveness and reputation as an attractive and certain destination to invest in.

This is only made worse in light of other recent tax increases in the form of a carbon tax and a minerals resource rent tax. I am sure it is well and good that the Treasurer speaks about the $500 billion of investment in the pipeline, but the important part in that discussion is that it is pipeline investment. It has not been committed to works on the ground. It is work that is potentially planned yet has not come to fruition. This constant shifting of the goal posts, new taxes et cetera only makes it less certain that companies will proceed with those projected investments.

What is the consequence to this country if that $500 billion of proposed pipeline investment turns out to be $250 billion or less? Attracting more foreign investment is important to achieve stronger economic growth leading to increased government revenue without the need for governments to hike taxes or introduce new taxes, like the carbon tax.

The carbon tax is only five days away and is the mother ship of the Labor-Greens government's poisonous policies. Yesterday I asked in question time about the fate of 800 workers at the local abattoir within my electorate. The plan there is to shut down the operations for up to 10 days to avoid going over the 25,000 tonne carbon tax threshold. The reason they even have to consider doing this to their loyal workers and their families is that they cannot afford to lose their competitiveness against other countries, like the USA, for example. We will certainly be in a league of our own once the carbon tax comes to town. What this example tells us is that this is a government that is not up to the job of protecting our future wealth, or economy for that matter. This bill, as I touched on earlier, has been outlined in a previous bill which was then excised from the bill by the government only to be reintroduced and debated once again here today. It is important for everybody's confidence in our economy that this ad hoc and piecemeal approach—to double the tax on managed investment trusts, but generally in relation to many legislative items over the term of this government—be reduced and that we have a more streamlined process so that people see a consistency and so that they can make long-term business and investment
decisions and be confident that those decisions are going to allow them to grow and build their businesses and not be penalised due to increased tax rates and no ability to plan for that. Our focus should be on encouraging further investment from our foreign counterparts through internationally competitive taxation arrangements so that we can grow our economy more strongly and not just talk fluff about how great this economy is, when in reality the people of this country have had enough.

I support the comments from the member for North Sydney, who said yesterday in his contribution to this debate, 'Do not create uncertainty.' Uncertainty is the death knell of business. We need business certainty in all areas, whether it is taxation or regulation, because that allows businesses to make those long-term decisions to create wealth for the future of this country. It is our business community—it is ordinary Australians—that are the ones that go out and create the wealth for this country. It is not governments, of whatever persuasion. Governments do not create anything. More often than not they put roadblocks in the way of people's vision for what they would like to do for their lives and the future of this country.

So I call on this government to create, or seek to create, an atmosphere of trust so that people can trust this government and the direction it is going. But ultimately examples like this bill reduce that trust and create uncertainty. It is the consistent, coherent economic strategies that were employed under the Howard-Costello government that allowed our country to grow and prosper. I think this government has ably demonstrated that it is not able to produce and stick to a coherent economic strategy, and for the future of this country one is desperately, desperately needed. As the member for Ryan quite adequately pointed out in her contribution, it is really only a coalition government that can restore hope, reward and opportunity to all Australians for the future of this country.

Mr FLETCHER (Bradfield) (09:17): I am very pleased to rise to speak on the Tax Laws Amendment (Managed Investment Trust Withholding Tax) Bill 2012. This bill is the next stage in what has been an inglorious saga of prevarication and changing position by this government over many years. As I cast around for a term which would most accurately describe what has happened, I was reminded of my experiences as an eight-year-old boy with one of those electronics starter kits that you were given—in my case by an engineer father hoping to encourage his son in the same direction. Sadly, I turned out to be a great disappointment and became a lawyer, but I do remember one thing from this particular set. There was an exercise in building what was described, as I recollect, as a 'multivibrator flip-flop'. A multivibrator flip-flop is apparently some kind of electric circuit—that is as much as I recollect. But it struck me as really quite an appropriate term for what we have seen from the Treasurer in his conduct of withholding tax rates. This has really been a multivibrator flip-flop exercise, Madam Deputy Speaker. You would recollect, I am sure, the glowing terms in which the Treasurer announced to the world in 2008 the policy approach that he was going to take in this area. He had this to say. His words rang out through the chamber:

Our nation has the potential to be a financial services hub in the Asia Pacific Region—the fastest growing region in the world. To support this ambition, the Budget begins the process of significantly reducing the withholding tax, by reducing the current interim rate of 30 per cent to a final rate of 7.5 per cent for most nonresident investors.
We then had in the budget announcement in May of this year the announcement, to the great surprise of the financial services industry, that the rate was to increase from 7.5 per cent to 15 per cent. This came with very little warning. It emerged out of the need of the Treasurer and the government to desperately cast around for revenue to plug the massive hole that they had created through sustained fiscal mismanagement over several years and to deliver, for political reasons, on the promise of having a surplus for the 2012-13 year. With very little foreshadowing and very little announcement, it was disclosed that a decision had been taken to increase this rate—the reduction of which had been foreshadowed and announced so proudly only a few years before. With no notice, the financial services sector was told that the rate was going to increase from 7.5 per cent to 15 per cent.

That in itself was unsettling and disturbing enough, but last week we had a truly remarkable development, because last week the parliament was considering the Tax Laws Amendment (2012 Measures No. 2) Bill. The bill included within schedule 4 a set of provisions under which the rate was to move from 7.5 per cent to 15 per cent. That is to say that the bill was, it appeared, intended to give effect to the announcement made by the Treasurer in the budget speech only a few weeks before. We had the extraordinary saga of the Assistant Treasurer coming into this place and moving an amendment to remove the provision in the bill which was intended to give effect to the announcement which had been made only a few weeks before. This was a truly mystifying development, and no light was cast on the mystery by any explanation from the Assistant Treasurer. He sat mute at the table, giving no enlightenment to the chamber at all as to why the government was now reversing a policy which it had announced only a month before—a policy which in turn reversed the policy which the government had announced with such fanfare in 2008. So at that point observers were, to say the least, puzzled—the rate had gone from 30 to 7.5, and it was then announced it was going to go from 7.5 to 15, and the government then moved an amendment on its own bill to reduce the rate from 15 back to 7.5.

But the flip-flop activities of the Treasurer and the Gillard government in this area have not ceased, because in the bill the House is now considering the flip-flop continues. We are now told that indeed the rate will increase from 7.5 to 15 per cent, and we find in schedule 1 of the bill a set of provisions which is identical in every regard to the provisions which were contained in another bill put before the House last week and were then excised by the government in its own amendment. The word 'curious' does not begin to describe what is going on here. I reiterate that the only term that I can find that I think best describes the conduct of the Treasurer and the Gillard government on this front is the term that I have dredged up from my own memory as a small boy, playing with an electronic starter kit: the multivibrator flip-flop.

It is easy to castigate this government for its flip-flopping, but let us turn to the serious consequences of this kind of conduct. Let us turn to what it actually means for business confidence—not just in Australia but, very importantly, business confidence on the part of international investors who are considering putting money into an Australian investment. Let us recollect that international capital is highly mobile. Let us recollect that Australia is competing to attract investment capital against many other destinations. Let us recollect that Australia is a nation which, every year, imports capital—and, were we not to do that, we would leave investment opportunities not taken up and we would find
ourselves less prosperous than we would otherwise be. So the question of creating a climate of confidence, in which international investment can be attracted, is a question of first importance for any responsible Australian government as it considers its economic policy. Unfortunately, we have had a government through this sorry saga over the last few years—including the extraordinary mismanagement of the last few weeks—which has done a remarkable amount to erode investor confidence, including the confidence of foreign investors.

What foreign investors now understand to be the position of the Australian government is that high-minded sentiments expressed one year can be abandoned in a great hurry the next year to fill a short-term budget hole. We have a government which is desperately casting around to try and find extra sources of money to deal with the fact that it has engaged in profligate, irresponsible, uncontrolled spending year after year, a government which is prepared to trash policy commitments it had made only a few short years prior and a government which is prepared to demonstrate extraordinary political incompetence and mismanagement in the basic task of giving effect to the legislative changes it has announced. It is just an extraordinary piece of mismanagement, and it leaves foreign investors wondering whether any policy commitment by this government is one that will be honoured for any period of time at all, because the risk that they must face and that they must factor into any investment decision they are contemplating is that for short-term domestic exigencies, because of the desperate need to manage short-term financial pressures, a policy setting which had supposedly been a substantial and reliable commitment of the government is just abandoned without any warning whatsoever.

One of the things that business requires more than anything else is certainty. What is important for business and for investors is to understand the ground rules as they are contemplating making investments in Australia. Businesses manage their affairs over a significant time frame; businesses engage in long-term planning. Major investment decisions require a long lead time and need to go through internal approval processes. Many businesses will be planning not just for next year with an operating plan but will have a forward plan which may extend two, three, four, five or even 10 years out. As they go through that planning process, businesses will assess the investment conditions that they face, and they are much more likely to come to a favourable investment decision in respect of an investment in Australia or anywhere else if they have confidence about the certainty of the regulatory environment into which they are proposing to make an investment.

The term ‘sovereign risk’ gets used extensively, but it is not exaggeration to say that capricious, short-term, random changes in significant tax parameters, inconsistent with the previously stated policy of the government, erode investor confidence and erode perceptions of a stable, well-managed jurisdiction that is not characterised by sovereign risk. Australia does have a good international reputation, built up over many decades of careful custody and careful stewardship. Australia does have a good international reputation as a jurisdiction where the rule of law prevails and which welcomes foreign investment. It is of the highest importance that we preserve, maintain and strengthen that reputation, particularly in view of the fact that we are a nation which is an importer of capital and has more investment opportunities than can
be funded domestically—and, if we do not attract foreign capital, we will be less prosperous as a nation than if we do attract foreign capital. Against that backdrop, the House ought rightly be alarmed at the consistent inconsistency which has been displayed by this government when it comes to the treatment of the withholding tax rate for managed investment trusts. This has been an extremely unfortunate episode and a demonstration of extremely poor management. It sends a very bad signal to international investors, and everybody in Australia who is concerned about our international investment reputation and concerned about sound economic management ought to be very troubled at the way the government has managed this particular episode.

**Mr Robb** (Goldstein) (09:30): It is just a few weeks since the budget was brought down and on the night of the budget we saw the government announcing the doubling of the final withholding tax on managed investment trusts to 15 per cent for foreign investors. Run forward a few weeks and here we are. The measure was listed for debate last week with an increase in the tax from 7½ per cent to 15 per cent. It was listed for debate in the House as part of an omnibus group of bills. When the government came to speak they stood and withdrew that part of the omnibus set of bills which related to this increase in the final withholding tax.

We thought, 'This is a good sign; the government have had second thoughts about the stupidity of their decision to double this tax in such a difficult international investment climate. They have suddenly realised not only the impact in the short term but also what this will do our reputation as a reliable place for foreign investment.' But, no, within a space of 24 or 48 hours we were told that they were going to reintroduce this measure. We assumed that there would have to be some changes, that they had had second thoughts and they would have tidied up this legislation.

But what did we see? When the legislation was reintroduced, we saw that there was not one word changed in the whole thing. It is exactly the same as the stupidity that we saw on budget night, with the announcement of the doubling of the withholding tax. This of course confused everyone, including the business sector. But then we had the Minister for Finance and Deregulation, in the other place, admit that the government were effectively being dictated to by the Greens. So the legislation is announced, it is introduced, it is withdrawn and it is reintroduced, and then we find out that there is some motive for all this flip-flopping and this embarrassing approach by this government.

The Tax Laws Amendment (Managed Investment Trust Withholding Tax) Bill 2012 has become in many ways a classic symbol of the incompetence and chaos that we are seeing on the other side of the chamber in the way in which they are managing so many issues. The political management of this government is in chaos, and it has been for months. This is very much at the crisis of confidence that is now characterising the seven million households in Australia and the crisis of confidence that is running across the business sector outside of the resources sector. Even within the resources sector we are seeing so many Australian companies have now got their sights set on Africa.

I worked in that industry for several years and I have lots of contacts in the resources sector. I was in Perth three weeks ago to see a lot of these people and to get an update on what was happening with investments et cetera. Half of the people that I went to see were not available because they were in
Africa. Three hundred Australian mining companies are now in Africa.

In Perth I met with one of the large investment funds from the US who have been there for four years. They are very active in placing investments from the United States into our mining sector. This fellow was ropeable. I met him at the airport. He was on his way back to the United States to have four meetings across the United States with a series of investors in his $5 billion investment fund. He was at pains to single me out and to list the litany of sovereign risk issues that have so damaged the reputation of Australia as a safe investment and the 40 per cent increase in the cost of mining projects. He was beside himself that he had to go back and at every one of these meetings across the United States say to each and every one of these important investors in his investment fund that they now needed to focus on Africa.

So with potentially still several years left in the mining boom, still with a pipeline of a quarter of a trillion dollars that has not gone to FID—or final investment decision—here we have an investor, who has invested time and has lived in Perth to place these investments for the last four years, who has had to go back to the United States and had to tell people to go to Africa, that investments now from that fund will go to Africa. This is what it has come to. This government is even undermining the mining boom. It takes a lot of skill, a lot of great ability, to take what are rivers of gold and compromise them so comprehensively as this government has done. In the last few years of this mining boom every mine that we could have achieved, which would have given us another 50 years of prosperity, will now be something that goes to Africa in the main. Again, by this decision, this government sent shock waves around the world not because of the size of the decision but because of the way in which it has added to that litany of sovereign risk issues that we have now confronted. If passed, this tax increase—with no grandfathering provision, which effectively makes this a retrospective piece of legislation—will do untold damage to our reputation as a stable and reliable jurisdiction to invest in.

The night after the budget I rang contacts in the United States—Australians who are trying to place investments here in Australia—and they were beside themselves. They said that all directors over there look at are the headlines. They do not have time, with so many destinations for possible investment, to understand the nuances. All they see are the headlines. They have seen the headlines about prime ministers coming and going as though we have a revolving door. They have seen attacks on former prime ministers by their own side that make their hair rise. They have seen headlines on carbon tax, on mining taxes and on the reregulation of the labour market, which has compromised the cost structure of doing business in the mining sector here.

They have seen the way in which this government panicked in an extreme fashion with the live cattle exports, closing off 40 per cent of the protein going to our biggest neighbour. We can almost throw a stone over to Indonesia; it houses 300 million people on our doorstep, is a big part of our future and is growing very strongly. And what do we do? Three nights after a television program we send them an email—it did not even go via the ambassador, who heard of it in the car on the radio—telling them, 'By the way, 40 per cent of the protein coming into your country is being stopped indefinitely as of now.' What a way to handle our relationship. What total humiliation of a neighbour.

The DEPUTY SPEAKER (Ms AE Burke): Can I draw the member for
Goldstein back to the bill before the House. I think he has ranged off widely this time.

Mr ROBB: I have not ranged widely. What I am saying is this adds to—

Government members interjecting—

Mr ROBB: They can all laugh on the other side. This is just politics to them. This is simple and pure politics. It has nothing to do with our reputation as investors. So keep laughing! It is the way in which they deal with the serious issues in this country. This issue of the doubling of the withholding tax adds to this litany of sovereign risk issues which I have been seeking to draw attention to. Greg Hyland, the Shanghai based Regional Director for Asia Pacific Capital Markets with Jones Lang LaSalle, said recently:

People like investing in Australia because it has certainty, and when that environment changes people sit back and reassess the situation. Obviously, when you double taxes, it's not attractive for investors. It undermines Australia as a safe haven to invest.

This sovereign risk in Australia has been monumentally enhanced by this government, and all for $260 million. Those opposite are going to sacrifice billions of dollars of investment for the sake of trying to meet a target surplus which they will never meet. They know that. They are not going to get there but, in order to try to demonstrate, that they will go to any lengths and sacrifice the integrity of our reputation as a safe investment haven.

This is so perplexing, and it totally contradicts budget night 2008. On that budget night former Assistant Treasurer Chris Bowen, the member for McMahon, announced a progressive reduction in the withholding tax from 30 per cent to its current rate of 7.5 per cent. It is a matter which was widely regarded and supported. It was part of Labor's plan to develop Australia as a financial hub for Asia and the Pacific:

The government had acted to 'dramatically improve the competitiveness of the Australian managed funds industry', Bowen said.

The move, he added, would provide a 'significant boost to Australia's ability to compete globally' and would support the aim of growing assets under our management from the current $1.7 trillion to $2.5 trillion by 2015.

How things have changed in just four short years! Now we have a situation in which the sound principles and objectives that the then minister espoused have evaporated with this bill. More so, the Assistant Treasurer has the gall to attack us for defending Labor's original policy of 7.5 per cent. He is there attacking us for defending Labor's policy, which was widely heralded and widely admired and which has promoted significant investment in this country.

There is a requirement for MITs to have an in-country office. Several major retirement funds are in the process of developing those offices, and what do we do in the middle of it? Just as people become comfortable and encouraged by this provision the government pulls the rug out. Not only that, but it does not even grandfather the provision so that they are now stuck with investments that have been made at 7½ per cent which may well not have stacked up at 15 per cent. These are multimillion-dollar and in some cases billion-dollar investments.

The Assistant Treasurer claims that we have used flawed modelling from the Allen Consulting Group. Give me a break! Talk about flawed modelling. This government would have to have the worst record of any government for unreliable forecasts. The UBS forecasts miners will pay $4.78 billion over the next four years against Treasury's estimate of $13.4 billion. Look at the budget forecast—it went from $12 billion to $44
billion after making several jumps along the way over 18 months. How can people reliably assess or make investment decisions—or any decisions, for that matter—with the record this government has?

This government will stoop to any level to distract and to play politics. This is an act of base politics. Clearly, they have done a deal with the Greens. Something will come up in the Senate, and we will have more confusion. This bill will be amended again in the Senate—you can see it coming. The Assistant Treasurer will stand up and defend the bills, knowing full well that they have done some deal with the Greens. It will confuse the investment market once again, and who knows what strings are attached? Who knows what other pieces of legislation will come into this place that we know nothing about and which are part of this grubby deal that the Assistant Treasurer is going to seek to put through with the Greens in the other place?

This government is a walking sovereign risk. This bill is part of that. The legislation should stay as it was. (Time expired)

Mr BRADBURY (Lindsay—Assistant Treasurer and Minister Assisting for Deregulation) (09:45): I would like to thank all of those members who have contributed constructively to this debate. The Income Tax (Managed Investment Trust Withholding Tax) Amendment Bill 2012 amends the Income Tax (Managed Investment Trust Withholding Tax) Act 2008 to increase the managed investment trust final withholding tax rate to 15 per cent. This will apply to distributions made in relation to income years commencing on or after 1 July 2012.

Schedule 1 to the Tax Laws Amendment (Managed Investment Trust Withholding Tax) Bill 2012 makes consequential amendments to the Tax Administration Act 1953 to give effect to these changes. The new rate of 15 per cent withholding tax for managed investment trusts is still competitive with rates applying in other countries, and will bring us into line with or better than the US, Canada, Hong Kong and the UK. It is consistent with our original 2007 election commitment, and it is half of the 30 per cent rate that applied under the previous government.

When Labor came to office and reduced the 30 per cent tax rate, we heard howls of protest from the coalition. Peter Costello called it 'a tax cut for foreigners'. The member for Pearce was heard to ask: 'Why would you want to favour foreign investments and make them pay less than Australian companies?' But now the coalition is opposing this fiscally responsible approach that will continue to attract investment while also getting a fair return for Australian taxpayers.

You might find this strange, given that it is half the rate that was in place when those opposite were in government, but the coalition are addicted to their reckless negativity. They just cannot pass up on an opportunity to say no. Of course, if the coalition are genuinely opposed to the 15 per cent withholding tax rate, they should commit to reversing it in office. I see the shadow Treasurer is in the chamber, and I am sure he would be happy to stand up and to commit to reversing it in office. If he does that, he should also come clean about which payments and which frontline services he will rip away in order to fund this tax cut. If they are not prepared to set out exactly how they will fund this then the Australian people would be entitled to be sceptical and to take the view that the opposition's $70 billion black hole will only be getting larger and larger.
This government has taken the responsible decisions to bring the budget back to surplus on time and as promised. This responsible savings measure better balances the need for Australia to be an attractive destination for foreign investment by ensuring that Australia receives a fair return on profits to be made in Australia. I commend the bill to the House.

The DEPUTY SPEAKER (Ms AE Burke): The question is that the bill be now read a second time. There being more than one voice calling for a division, in accordance with the resolution agreed to yesterday the division is deferred until the conclusion of discussion of a matter of public importance.

Debate adjourned.

Income Tax (Managed Investment Trust Withholding Tax) Amendment Bill 2012 Second Reading

Debate resumed on the motion:

That this bill be now read a second time.

The DEPUTY SPEAKER (Ms AE Burke): The question is that this bill be now read a second time. There being more than one voice calling for a division, in accordance with the resolution agreed to yesterday the division is deferred until the conclusion of discussion of a matter of public importance.

Debate adjourned.

Consumer Credit and Corporations Legislation Amendment (Enhancements) Bill 2011 Second Reading

Debate resumed on the motion:

That this bill be now read a second time.

Mr HOCKEY (North Sydney) (09:49): I rise to speak on the Consumer Credit and Corporations Legislation Amendment (Enhancements) Bill 2011. This bill has sat before the House of Representatives for nine months, since 21 September last year. The government has finally seen the light and decided to amend the bill at the last minute, with—as I understand it—70 amendments to be tabled this morning, but which have still not been circulated. These amendments will be considered by the House when it comes to consideration in detail. It would be helpful if the 70 amendments were circulated to the House for the purposes of the second reading speech and debate, because even though the coalition does have the amendments, other members should have the opportunity to change their second reading speeches in accordance with the massive number of amendments to be circulated.

For many in the sector, particularly small businesses, the past nine months has been a period of uncertainty. Businesses in the payday lending sector have been unsure whether to prepare to implement the measures or to weigh a compromise solution which is now proposed by the government. The government can hardly claim to have been caught unawares by the reaction. The coalition have long outlined serious issues with particular aspects of this bill, in particular the changes contained in schedules 3 and 4 of the bill relating to small amount credit contracts. The coalition issues constituted such concern that the bill was referred to both the Senate Economics Legislation Committee and the Parliamentary Joint Committee on Corporations and Financial Services on 22 September last year. The report of the Senate Economics Legislation Committee was released on 7 December 2011 and the report of the Parliamentary Joint Committee on Corporations and Financial Services was released on 7 February 2012. Both the report of the Senate Economics Legislation Committee and the report of the Parliamentary Joint Committee on
Corporations and Financial Services address substantial issues within this bill and include a recommendation that the government revisit schedules 3 and 4 and associated provisions. The coalition is pleased to see that this has occurred, although it has been with an undue and unwarranted delay of nine months since the bill was introduced and around four months since the last committee reported. But now there is all of a sudden a rush to get this legislation through. Not surprisingly, yet again the government just cannot get the contents of their own bill right in the first place.

The coalition fully endorses the unanimous recommendation 2.1 of the Senate Economics Legislation Committee: … that the government review the measures proposed in Schedules 3 and 4 of the bill. This review must re-engage with stakeholders to:

• carefully assess claims that the current provisions may have adverse consequences for consumers;
• carefully assess the merit of alternative approaches to focus the provisions on borrowers with low incomes; and
• review and publish modelling on the effect of the proposed 10 per cent, 2 per cent and 48 per cent caps on the commercial viability of the payday loan industry.

The coalition also endorses the unanimous recommendation 12 made by the PJC:

… that the Government revisit the measures proposed in Schedules 3 and 4 of the Enhancements Bill. Further consultation with stakeholders should be undertaken to address the concerns identified throughout the inquiry and to develop measures that will ensure cohesive and consistent national consumer credit legislation and an appropriate balance between consumer protection and industry viability.

We are pleased that the Labor government has finally woken up to these recommendations.

Of course, the bill does not just address payday lending. Some of the other measures in this bill are very worth while. The changes to voting at annual general meetings of public companies, contained in schedule 7 of the bill, were recently passed as a separate bill—the Corporations Amendment (Proxy Voting) Bill 2012—and we welcomed that initiative by the government. The changes to the National Consumer Credit Protection Act 2009 provide for new requirements for reverse mortgages, including a statutory protection against negative equity and improved disclosure requirements. There are also changes to the terms for payday loans and other small-amount credit providers. These include caps on the maximum amount credit providers can charge and restrictions in some circumstances on multiple borrowings and small-amount contracts. There are also some new disclosure requirements. The bill also provides for changes to give greater regulatory consistency between consumer leases and credit contracts by extending the existing protections available for credit contracts to consumer leases and it makes changes to make it easier for debtors to seek a variation of the repayments under their contract due to financial hardship.

The amendments to the National Consumer Credit Protection Act relating to reverse mortgages are sensible initiatives. Consumers deserve more information about reverse mortgages and the potential risk they carry. The introduction of protection against negative equity is intended to prevent a situation where the value of the accumulated debt and interest rates exceeds the market value of the dwelling. This would result in a situation where the owner's equity in the dwelling was completely wiped out. This could occur where a reverse mortgage plus compounding interest was allowed to accumulate over a long period of time or...
where the market value of a dwelling declined. This would not be in the interests of the owner and would not be in the interests of the lender. The mechanism by which this is achieved is that, if the exit from a reverse mortgage results in the payment of a sum that is greater than the market value of the dwelling, then the credit provider must pay the excess to the debtor.

The more detailed disclosure requirements for reverse mortgages are, in our view, also sensible. These include providing intending mortgagees with projections that relate to the value of the dwelling or land that may become the reverse mortgage property and the consumer’s indebtedness. They also include the provision of a reverse mortgage information statement. The regulations may regulate or prohibit the entry by a credit provider into a credit contract for a reverse mortgage if the debtor has not obtained legal advice.

The provisions of the National Consumer Credit Protection Act relating to small-amount credit contracts, or payday lending, are more problematic, because they may restrict access to a legitimate form of finance for many Australians. These provisions cover loans such as those provided by companies like Cash Converters. Both parliamentary committees’ inquiries into the bill unanimously recommended that the government revisit the measures proposed in schedules 3 and 4 of the bill. I am pleased that the government will be moving amendments to schedules 3 and 4 and the related measures, although the proposed amendments are yet to appear.

I have been actively involved with my colleague Senator Cormann in the issue of payday lending. In my case, it goes back to my time as Minister for Financial Services and Regulation. Back then—more than a decade ago, when I was the minister—microlending was a state responsibility. That was before we had a national consumer credit code. At the time I said:

Payday lending is part of the twilight zone of Australian finance. As such, it needs to be reformed so that Australian men and women get the full picture and don't sign up for a loan that leaves them in financial strife.

I am always wary of quoting myself—that is ultimately the grandest act of hubris, as my colleague the member for Dunkley would appreciate.

**Mr Billson:** Or giving me a note to quote you!

**Mr HOCKEY:** Well, I could do that! I could pass him a note to quote me, which might be a rather more elegant approach. Perhaps I could quote my actions rather than my words. When I was the minister I urged three steps for reform: firstly, for payday lending to be brought under the uniform consumer credit code by the states; secondly, for disclosure of all payday lending loan details, including terms and the effective interest rate on the payday loan; and thirdly, for uniformity amongst states on any cap on interest rates.

To be fair to the first minister for financial services, the member for North Sydney—and now I am talking about myself in the third person, like the member for Griffith!—at that time we were overwhelmingly focused on getting a referral power from the states to the Commonwealth in relation to the Corporations Act. It was the biggest referral of power from the states to the Commonwealth, arguably, since income tax, during the course of World War II—1942. It certainly was not much heralded, because it was obvious that it should happen, but the High Court was on the verge of striking
down the agreement between the Commonwealth and the states that had been forged some years earlier.

In those rather harrowing negotiations back in 2000, which I and then Prime Minister John Howard were engaged in, ultimately it was Premier Bob Carr and Premier Steve Bracks who came to the party after we had to threaten to set up a Delaware-style system out of the ACT for the registration of companies. That period has not been properly documented, but I endeavour to get it on the record here today, because some will say, 'Why didn't you take over consumer credit from the states at the point?' The reason was that we were flat out trying to get referral of power in relation to corporations from the states. Rob Hulls, the Attorney-General of Victoria, described me—very generously, I thought—as 'a white George Speight' during the negotiations, because I was bullying him. I think it was George Speight who sought to strike a coup in Fiji at that time.

But this was very significant stuff. Of course, as I said, in those days we would have liked to have had uniformity among the states in relation to consumer credit, but there were other priorities. Often when we reflect on the failures of previous governments in various areas—be they the coalition, Labor or whatever—I think people fail to properly recognise the other challenges that are on at that moment and that a government may face that would prohibit it from any further reform in a particular area. The initial bill from this government tried to be consistent with the aims that I laid down in 2001 but failed in implementation because the proposals had the potential to drive the practice of payday lending underground, making payday lending all the more unregulated and dangerous.

That is a very sensitive issue. I reflect on the days when I was president of the SRC at Sydney university. One of the great challenges I had was to lend money, often to young women on campus who had fallen pregnant, did not have a partner and did not have income. I would much rather they came to me and borrow at a very modest interest rate, compared with the interest rates of those days, which were 15, 16 or 17 per cent. They could borrow money from me, from the student body, at four or five per cent to help them get through what would often be an awful time as a student, when they were unable to borrow. Because we were at Sydney uni, they could have walked down to some of the payday lender equivalents—Cash Converters or the 'money shops' in King Street, Newtown. At that time those borrowers were gouged.

So I have always been very mindful of the poorest of the poor being exposed to the hostile activities of a modern-day money lender. But rather than seek to claim a pound of flesh I have always thought that it is better to keep it above ground, with a sensible form of regulation, than to drive it underground to the point where standover men go around to those most vulnerable people in order to try to get their money back. On one hand, as I said, is the need to protect the interests of those who use payday lenders. Generally the people who use these products have lower incomes and little financial acumen. They often do not have access to cheaper and more regular sources of finance such as banks and other APRA-supervised lenders. I might add that there once was a time when we had to go to the bank to get a personal loan for $10,000. Now it is not hard to get a credit card to cover $40,000 or maybe more, which in some cases is cheaper than personal loans were in previous times. Even today, in a more credit constrained world, the fact is that credit is more available at lower levels and
for people on lower incomes than it ever has been. And those are the people who have always been seen as poor credit risks or who were seeking to borrow amounts that were too small or for too short a period to be worthwhile for a lending institution. In a sense, that is why credit cards have been the saving grace in relation to this.

The interest rates charged in payday lending may seem high compared with the rates of interest available from banks, and certainly those who can least afford to pay are being charged the most. On the other hand, small and short-term loans have high costs associated with them. The administrative cost of establishing a loan does not vary with the loan size. Small short-term loans are roughly as expensive to establish and administer as large long-term ones. When I was a banking and finance lawyer at Corrs Chambers Westgarth back in the early 1990s, when we were involved in this area—in the line of credit and banking—it became patently obvious that it was much easier for banks to lend $100 million to one person, or one entity, than to lend $1 million to 100 entities, often with the same return. But the complexity and the failure rate were usually far greater with 100 at $1 million than with one at $100 million—unless you had met Alan Bond, Christopher Skase or Laurie Connell, or a few of the others!

So the result is that where administration costs are a high percentage of the loan then the interest rate is obviously higher, and that is typically the issue with payday or small loans. It is also the case that the loans are often unsecured, and so a high credit risk premium must be built into the interest rate. The industry claims that the interest rate maximums in the initial bill would make many of these small loans unprofitable and drive them underground.

The compromise situation put forward by the government this morning will make this less of an issue and impose less of a threat to small businesses in the sector. After all the delay and procrastination I do want to thank the Minister for Financial Services and Superannuation for engaging with us in this discussion. We accept that the payday and small loans sector is a legitimate industry which responds to market demand. We are not in the business of driving out legitimate market activities, especially when the business of a legitimate market crops up again in an illegitimate black market that has far more punitive measures. We also appreciate that some people who use this sector are vulnerable and require some government controls to protect their interests, but at the end of the day I am strongly of the view that people have to accept some personal responsibility for their actions. This is not an area where we should be tempted to go down the path of overregulation to the point where it no longer continues.

As expected, there has been significant concern from payday and small amount lenders regarding increased regulation. They have had five major concerns. Firstly, the proposed caps on fees and interest charged on payday and small loans are uneconomic, and will lead to many current participants withdrawing from the market. Secondly, many of the businesses that could close down are small family owned and operated businesses. Thirdly, the reduction of the availability of payday and small amount loans would result in many people not having access to the existing finance they rely on to meet unexpected expenses. Fourthly, the banks have not participated in payday and small amount lending for some time because it is uneconomic for them to do so, and they would re-enter the market to fill the gap if existing providers went out of
business. Arguably, they do that anyway with credit cards. Finally, the reduction in legitimate licensed payday and small amount lenders may encourage unlicensed and illegal operators to enter this market, which would reduce consumer protection. I would just note that, after all, a number of bikie gangs and so-called 'workplace business mediators'—standover men, basically—are engaged in that sort of activity. Obviously we want to reduce it—get rid of it; we want to try and make their lives untenable.

As a starting point the amendments increase the small amount credit contracts from a 10 per cent establishment fee and two per cent interest per month to a 20 per cent establishment fee and four per cent interest per month. As an offset for the increase in interest rates of four per cent, the length of term for loans has been shortened from 24 months to 12 months. We will talk a bit more about the amendments as we get closer, but they also introduce a mid-tier model for loans between $2,000 and $5,000, for which an additional fee of up to $400 can be charged. Multiple contract prohibitions on lenders under the following circumstances have also been removed, such as when refinancing an existing small loan, when increasing the credit limit of an existing small loan or when entering into a second existing small loan where the credit provider is already a party to the existing loan. Finally, in these amendments a protected lending amount for Centrelink-dependant consumers is introduced. The amount of the repayments is to be capped at 20 per cent of their income. For example, if their weekly income is $400 the maximum amount of a repayment would be $80. This is a rather sensible move.

The government has also agreed to introduce two key changes via regulation, including a presumption that a refinance is unsuitable where the borrower is already in default, a presumption that a credit contract is unsuitable where it is the lender's third or fourth loan in the last three months—and usually, sadly, that is linked to gambling or drug use—and a requirement for credit providers to consider a copy of the borrower's bank statements for the last three months before entering into the contract. Regulation will also be implemented to impose a prohibition on loans with a term of 15 days or less. These amendments are welcomed by the coalition. It should not have taken so long for them to be introduced, but let's get over that and deal with the fact that these are now before the House. Peter Cummins, the Managing Director of Cash Converters, stated on ABC Lateline Business in August last year, referring to Bill Shorten:

He's made it very clear in this draft legislation that he intends to wipe out the micro lending industry. And it's very disappointing when during two years of negotiation with Treasury and the Government we were led to believe he had no intention to do that.

I am glad that the minister is not seeking to wipe out the industry. Without revealing anything from my discussion with the minister today, it indicates that there is goodwill there, and I appreciate that. So I would say to members of the House we could have short-circuited it: instead of introducing 70 amendments in what could be the last week of parliamentary sittings for this government—but maybe we will not speculate on that—it would have been good to consult before the bill was introduced into the House, which would have provided significantly more confidence to all those involved in short-term financing.

I know there is an amendment outstanding from the Independents which we have not agreed to yet. But, with the amendments that
we have seen, the coalition is not going to oppose the legislation. We continue to come to this with goodwill, noting the fact that it is often the people who need to borrow the least amount of money who are the most desperate for it. I am very mindful of so many scenarios, including where people put up wedding rings or family heirlooms as security for a short time to borrow a small amount of money to pay an electricity bill or to pay the rent. We do not want to prevent that because where people cannot get credit in those sorts of circumstances and they cannot pay the bills and could end up being kicked out of rented accommodation or have the electricity turned off, they often have to resort to petty crime. None of us would wish that circumstance on the sorts of people who have never engaged in that activity before. I have seen it in the past, and that is why I am very mindful that we need to have short-term financing available for people through a semi-regulated process to avoid a circumstance where, out of desperation, they have nowhere else to go other than to make enormous personal sacrifices, which this place would not condone.

Dr LEIGH (Fraser) (10:18): Not all debt is bad. Many of us here have a mortgage. Many of us have taken a loan to buy a car. My own calculations using data from the Household, Income and Labour Dynamics in Australia Survey suggest that 60 per cent of Australian adults live in a household that has some debt and that the average is $100,000 of property debt. On average, debt levels rise with household net worth: if a household increases their net worth by $10, they will typically take another dollar of debt. Thanks to home loans, Australians are now able to buy houses at a much younger age than was the case in my grandparents generation. So credit in that sense has made us better off. Business loans also make the corporate sector grow faster; they help productive firms grow more rapidly. Car loans allow young people to take a job that requires four wheels. And although too many Australians probably carry unpaid balances on their credit cards, they are a handy source of finance to carry us through a tight spot.

It is only when sources of credit are made available to people in circumstances contrary to their interests that it becomes a problem. Care Inc., a financial counselling service in the ACT, told me the story of a client of theirs on a disability support pension, supporting her low income by selling the Big Issue magazine. She had sought assistance for a payday loan she had been paying for well over a year, and that was despite the initial loan being for one month. The client was regularly short of money to pay for food and utilities but continued to take out payday loans. Often a new loan would be provided with the outstanding amount being rolled in. That client felt trapped in a cycle of debt and felt great anxiety. Care Inc. told me that her limited understanding of budgeting and dependence on payday loans significantly affected her quality of life. Having an intellectual disability and mental health issues only compounded the issue.

The Minister for Financial Services and Superannuation referred in his second reading speech to documented cases of lenders charging $1,477 in interest and fees on a loan for $1,000 for 26 weeks, or $2,074 in interest and fees on a loan for $1,000 over the course of a year. So the Consumer Credit and Corporations Legislation Amendment (Enhancements) Bill 2011 introduces essential consumer protection reforms. It is about providing greater protection for those experiencing financial hardship, those who feel vulnerable and desperate and seek sources of credit ultimately to their own disadvantage. We need to make sure a financial rough spot does not lead to financial ruin. This bill also delivers on the
reforms to reverse mortgages promised in the 2010 election. Through COAG those reforms will be national, so all Australians can benefit from the protections in the bill.

The Labor Party have a proud tradition of being the workers party, but we are also the party that looks after consumers. It was the Whitlam government that established the Prices Justification Tribunal. The Prices Justification Act 1973 was directed at foreign corporations and trading or financial corporations which had annual receipts over $20 million. Those companies were required to notify the tribunal when they proposed to raise the price of goods and services, and the penalty for breaching the act in this regard was a fine of $10,000. It was the function of that tribunal to inquire into proposed price rises to ascertain if they were justifiable or whether a lower price should be charged. Most companies did comply due to the likelihood of adverse publicity. It was later that year that Lionel Murphy began preparing a bill dealing with restrictive trade practices, monopolies and consumer protections, and the Trade Practices Bill 1973 went beyond the competition matters contained in earlier statutes. In introducing the bill to the House, Kep Enderby, Minister for Manufacturing Industry said:

The Bill will also provide on a national basis long overdue protection for consumers against a wide range of unfair practices.

... ... ...

In consumer transactions unfair practices are widespread. The existing law is still founded on the principle known as caveat emptor—meaning 'let the buyer beware'. That principle may have been appropriate for transactions conducted in village markets—

than for the modern, consumer oriented transactions of today. He continued:

The untrained consumer is no match for the businessman who attempts to persuade the consumer to buy goods or services on terms and conditions suitable to the vendor. The consumer needs protection by the law and this Bill will provide such protection.

The Trade Practices Act 1974 became operative on 1 October that year. It was the first legislation to contain consumer protection provisions. It empowered consumers to take private action to enforce their rights. It was legislation introduced by a Labor government. Until that time, through those long salad days of the Menzies government, consumers had to rely on common law remedies in matters where there was evidence of duress, negligence or unconscionable conduct.

It is no accident that Australia's most efficient and commercially successful producers are those that have been subject to strong competition. The most competitive standards are those found in world markets. Suppliers of goods or services protected from international competition are not subject to the pressures that ensure efficient management and production techniques, that require them to deliver high-quality products. They can get away with shoddy or overpriced goods and services without fear of loss of markets. The effect of this is doubly damaging and debilitating for the rest of the economy. It imposes higher prices and poorer services on Australian consumers. In this sense Labor's tariff cuts did as much to help Australian consumers through lower prices as they did to encourage Australian companies to compete on the world stage and to raise their performance to a world level.

In 1995 under the Keating government the Independent Committee of Inquiry into a National Competition Policy reviewed the Trade Practices Act. Fred Hilmer's committee found that ordinary Australians benefited from the competition reforms through price reductions, lower inflation, greater economic growth and more jobs. The
key institution that came out of the Hilmer committee was the Australian Competition Commission, later the Australian Competition and Consumer Commission. Again, the Labor Party were looking after consumers. The tradition of protecting consumers from unconscionable business practices continues with this government. The changes proposed in this bill are part of a broader suite of reforms to increase fairness for consumers seeking credit, to better educate consumers about what they are signing up for and to create a set of uniform laws across Australia. As the minister said in his second reading speech, this bill:

… is part of our commitment to always stand on the side of consumers.

Today this bill is part of another Labor tradition—looking out for those who are vulnerable to poor consumer practices. It introduces reforms to the regulation of payday loans. These include increasing the cap on short-term small amount contracts to a 20 per cent establishment fee and a four per cent monthly fee, introducing a mid-tier cap of 48 per cent plus $400 for loans between $2,000 and $5,000 with terms of two years or less, prohibiting loans with terms of 15 days or less, and a maximum 200 per cent total cap on charges for all lending. This bill enhances credit regulation and provides greater consistency between consumer leases and credit contracts. While access to credit can help manage unexpected expenses or see us through a rough spot, we need to remember that the most vulnerable members of our community are the ones least able to access legal advice to help them understand their rights and the obligations of credit providers.

The reforms in this bill may have an impact on some lenders and we have certainly heard from some of those lenders over recent months. We need to keep sight of the big picture. Research shows that over a third of all payday loan consumers have an annual income of less than $24,000. The majority have an annual income of less than $36,000. For those at the lower end of the income scale, the risks and consequences of getting caught in the debt spiral are all too real.

A client of Care Inc. in the ACT was a single female on the disability support pension. She had a number of health issues and had taken three short-term loans with separate credit providers. All of the loans were to cover medical and living expenses. Soon she was repaying by direct debit a third of her net pay. As a result there was not enough left to cover the rent and over a few months she had built up substantial arrears and was at risk of being evicted from her government rental property. In the meantime the credit card debt was increasing and that was exacerbating her existing health issues and she became stressed by it. With the assistance of a Care Inc. financial counsellor she was able to access emergency relief to buy food and negotiate an arrangement to repay her rental arrears. She eventually paid out the short-term loans, but not without considerable stress.

The bill also introduces statutory protections for those taking out a reverse mortgage. Just as a regular mortgage allows people to live in a house while they are paying it off to the bank, a reverse mortgage allows someone to live in a house while receiving regular payments from the bank. A regular mortgage ends when the house is paid off. A reverse mortgage ends when both members of a couple pass away. Reverse mortgages have the potential to allow older Australians to access the equity that is in their home for living expenses. But it is important that we put statutory protections around them. This bill introduces statutory protections against owing more than the
value of the asset, effectively against negative equity, and puts in place additional precontractual disclosure requirements.

It was good to see in the chamber today the member for North Sydney claiming paternity for parts of this bill, which is certainly true. I have a press release of 3 April 2001 from the member for North Sydney when he was the Minister for Financial Services and Regulation in which he said, 'Payday lending is an insidious practice.' But it is Labor that finally brought these reforms home, as we have done with other reforms. The Howard government talked about education reform and structural separation of Telstra. I was reminded on reading the member for Moreton's 'Moreton report' that it was the Howard government which in 2007 said:

In the years to come it will provide a model for other nations to follow. Being among the first movers in carbon trading in this region will bring new opportunities and we intend to grasp them.

But, while John Howard just talked about pricing carbon, it is this government that has done it.

The Labor Party takes care of the vulnerable in our society, be it with the pension in 1909, Medicare in 1984 or the National Disability Insurance Scheme we are working towards today. It is what we do. Good government involves the economic and the social; they are not mutually exclusive. For pensioners and retirees taking out reverse mortgages, we understand the risks they take. For those who need payday lending, we understand that it is important to place protections around them. Taking the sharp edges off predatory business practices is a social responsibility that this government takes seriously.

In my electorate there are organisations working with people experiencing credit and debt problems. Some of the organisations doing this marvellous work include Moneycare, provided through the Salvation Army, and Care Inc., which includes the Care Inc. Financial Counselling Service and the Consumer Law Centre of the ACT. I have met with Moneycare at their Dickson offices and 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 are also experiencing high levels of depression or anxiety as a result—that financial pressure and financial stress can trigger a number of other burdens that reduce a person's quality of life.

Care Inc. are the main consumer law advocacy body in the ACT and also provide advice and assistance to consumers. 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 is far greater.

Moneycare told me of a client whose wife had an addiction and left him when the youngest of their four children was only a baby. Raising their four children by himself, he eventually got into another relationship. By his own admission, he was so in love with his new partner that he bought her whatever she wanted. Making purchases on multiple credit cards and short-term, no-interest loans, he accumulated a significant debt. His new partner then also left him. With $140,000 worth of debt and on a single income, he could not keep up with repayments. He became suicidal and tried to kill himself. He felt like a failure who was no good to anyone, but, with help from Moneycare, things are now going well for him and his children.

The history I have outlined demonstrates that it is vital to look out for the interests of consumers as well as the interests of the
workers. This bill reflects the values of the Labor Party Care, decency and respect are at the heart of decent, humane and responsible government. I commend the bill to the House.

Mr BILLSON (Dunkley) (10:32): The purpose of the Consumer Credit and Corporations Legislation Amendment (Enhancements) Bill 2011, which has subsequently been varied by an indication of further amendments today, is to amend the National Consumer Credit Protection Act 2009 and the National Credit Code. The amendments in the bill aim to enhance access to hardship provisions under the code; to introduce protections against negative equity for holders of reverse mortgages; and to introduce a cap on the cost of small-amount credit contracts—and I will come back to that in some detail shortly, given that there have been changes in what is proposed from the original legislation—and also a cap on the annual cost rate for certain small-value transactions. The bill also aims to bring about some consistency between the treatment of consumer leases and credit contracts.

Madam Deputy Speaker, you would be interested, as I am, hearing colleagues talk about this issue. So often it is referred to as 'payday lending', and there is undoubtedly some concern and some hardship caused by an inappropriate use of that form of financing, but in some respects it seeks to guide one's attention to a very specific concern, a legitimate concern, without necessarily going into how the measures in this bill address that matter and in fact go far beyond payday lending. That is something that has caused great concern and consternation amongst the microfinance community—that a term such as 'payday lending' gets thrown around rather carelessly at times, as if that is all this bill seeks to address. That is not the case. This bill has far wider application and implications, and this in part is why there has been such concern about the consultation process that surrounded this bill and the amendments that are before the House today.

Short-term credit or microfinancing is an important part of our financial services system in Australia. The Centre for Social Impact report for the National Australia Bank back in May last year, called Measuring financial exclusion in Australia, found that 15.5 per cent of the adult population—that is 2.65 million Australians—are either fully or severely financially excluded. They are not able to access the kinds of financial services that many would take for granted. Amongst that group, more than half were unable to raise $3,000 in the case of an emergency. Faced with a personal or a family emergency, half of that group—so we are talking about 1.3 million people—were not in a position to raise $3,000. That is just a snapshot of the financial circumstances that a large proportion of the Australian population face. This is in part why we have seen the development of the microfinance industry, where there are cash advances of around $800 million plus each year to half a million consumers.

There are cases, there are examples and there are providers of payday lending and microfinance services that have let down an important industry. They deserve to be scrutinised and they deserve to be sanctioned for their conduct. They deserve to be highlighted as contributors to the hardship and stressors that led to the need to seek the finance in the first place and, in some cases, they have in fact compounded that financial distress by extending it from a potentially short-term period of hardship and distress into a longer term sentence that will colour and impact on a person's life for decades to come. That should be the focus of the work.
That should be where the attention is given. Instead, the government has gone about regulating an entire sector as if all participants in it are characterised by the distressful circumstance that I just characterised, when that is clearly not the case. What we have seen and what the coalition has been concerned about is the way in which this has been progressed. The government has ignored best practice, the positive experiences, the valuable service that microfinance providers offer, how they go about their business affairs, their relationship with their borrowers and how positive that can be. That seems to have been pushed to one side to focus almost exclusively on the minority of cases where that positive experience is far from the case. It is like asking a doctor about the general health of the population. They only see sick people, and if they imagined that the only people in the population were sick people they would be misguided, yet that seems to have been the approach that some in the consumer advocacy area draw from. They only see those who are in financial distress. That is appropriate and they have an important role in advocating on their behalf, but there are hundreds of thousands of other Australians that they do not see for whom these short-term credit arrangements not only are important but are a positive and essential part of their own financial management, employment and life circumstances. What I am concerned about and what the coalition has been pursuing is the impact that these changes the government initially identified some nine months ago would have on a very positive and legitimate area of the market for short-term credit.

As was foreshadowed by the shadow Treasurer, it may be that the parliament will not sit again. There may be an election or something else may happen. There is a breathless haste to bring about a conclusion to this matter, given that it has sat around for some nine months. I had contact this morning from the industry groups and small businesses that are directly impacted by these changes. They have had no consultation about these changes whatsoever. They have not seen the legislation.

Mr Perrett: Rubbish!

Mr BILLSON: It is convenient for a Labor member to heckle, but he has not seen the legislation either. We have not seen the legislation and we are relying on briefings provided by the minister, and hopefully those briefings will be an accurate portrayal of the amendments when they arise and reflect the conversations with the coalition. So he might be more circumspect before he jumps in and should apprise himself of the facts. The legislation has not been seen by the industry and the opposition has not seen the legislation either. That is a simple fact. Those involved in microfinance are distressed by the fact that they, having been assured of consultation, now know, as we do, that the government will bring fairly detailed amendments into this chamber that no-one has seen yet. When I asked them what their position is in relation to these amendments, they said, 'We haven't seen them.' This was as recent as 10 minutes ago. That is the reflection of an industry directly impacted by these changes: they are distressed that they have not even seen what they are or the detail of them in order to be able to offer a considered view.

What they have done in the past when there have been opportunities for consultation is invest time and money in providing a more full picture of the microfinance space to make sure that those who rely upon microfinance are working cooperatively with competent and reputable providers and not overextending themselves. Where is that story in this debate today? It
does not get the look-in it deserves. When the industry goes back to Minister Shorten to discuss foreshadowed changes—and there is no indication whether this will reflect the government's position or not, and we learned this morning that the government's position is having caps on establishment fees and monthly fees—the government has before it actuarial data that shows that that will present a loss-making proposition for many small microfinance providers on what are fairly common amounts of money that are sought from them. There are case studies that talk about a $320 loan and how under the construct of this bill and under some options that are being floated by Treasury there will be a loss of nearly $20 on that one transaction. Despite that, we are clearly under the impression that the government will push on regardless. What the coalition has sought to do is make bad provisions less bad. But I have not found anybody in the consultations who is happy with what the government is proposing, save to say they are less bad than the provisions that were originally in the bill.

I will point to some examples. In the community that I represent, centres like the Cash Loan Money Centre are run by extraordinarily decent people who are not just there as a finance provider; they have a relationship and an ongoing engagement with their clients. They are already registered with ASIC, and that is a good thing. They already need to pass the test of being responsible people, and that is a good thing. They need to satisfy police checks, and there are good reasons for that. The shadow Treasurer pointed to some of the less scrupulous providers of microfinance that live on the fringe, and they will continue to operate on the fringe, notwithstanding these changes, and may in fact get a leg-up from these changes because the more reputable providers will not be able to participate or survive. They have training requirements. I am talking about people with financial services degrees needing to get additional requirements. This is before they have even done anything. That is what is required of them, and those are reasonable things to make sure competent people and people of good standing are involved in this industry.

Then there are regulatory requirements that have already been introduced. Credit guides need to be provided, and this is an exceptionally good thing. These providers, like so many, engage in budgeting with people who are seeking money from them, even modest amounts, because that is an important contribution. They do credit checks on their clients. They seek three-monthly bank statements. They urge people to stay involved where a change in circumstances might make the full disclosed financial transaction that someone has entered into difficult to service. They do all that. Not only are they themselves registered and do they meet certain thresholds but the way in which they conduct their business is regulated and regulated, I think, quite reasonably to make sure that people are fully aware of what they are entering into and that there is advice and information provided to those intending to borrow so that people are fully aware of their circumstances. There are checks and balances, there are safeguards and there are risk management strategies that make sure microfinance is not to the detriment of the person seeking it, and nor is it a cost to the business that is making that facility available. Just recently there was a client who was earning an income of over $300,000 a year and wanted to borrow a few thousand dollars. Upon reviewing the bank statements it became clear that the individual was earning about $26,000 a month but spending a hell of a lot more through gambling. They were not provided with the facility that they were seeking, because the
checks and balances are in place. But, not satisfied with ASIC registration and oversight, and all the preconditions to be a participant in this field, and then the regulations that are imposed—and they seem reasonable and fair with appropriate checks and balances—plus all the costs that are involved, now the government wants to say, 'For all of these services which we have found you to be a competent person to provide, with all the right systems in place, we are now going to tell you what you can charge.'

The simple reality for many of the small microfinance providers is that, in the bulk of the funding envelopes that they work within, these changes will make their businesses unviable. What will happen is that you will end up not protecting those people but actually pushing them into the shadowy areas where finance might be available: the bikie gangs, the consultants in avoidable problems who make money available without all of these safeguards. Or they might say, 'With these parameters in place, I know you only want a modest amount of $300 to $500, but why don't we lend you more, over a longer period of time?' So, notwithstanding the discipline that is needed by individuals who face an enormous range of stressors, or who have to cope with short-term changes in their financial situation, these measures actually encourage people who are thought to be at risk—if you listen to what the government says—to borrow more money over a longer period of time.

I mentioned earlier those who are on the periphery of the financial services industry in our country and who could not seek the 2.65 million people who are already fully or severely financially excluded, to encourage them to borrow more over a longer period of time—so these are confounding consequences as result of these changes. I am pleased that the minister has seen that a change needed to be made, and I am pleased that Senator Mathias Cormann and the shadow Treasurer have been able to negotiate changes. But this does not solve all the problems in this legislation; there is still work to be done. At least with these yet-to-be-seen changes the problems are a little less worse than they were before this morning.

(Time expired)

Mr PERRETT (Moreton) (10:47): I rise to support the Consumer Credit and Corporations Legislation Amendment (Enhancements) Bill 2011. As the member for Dunkley has stated, there is a very strong case for reform in this area. Unfortunately, to date no-one has been able to find a solution. It is a difficult area to regulate. We are talking about real people's lives, and often there are significant impacts on the lives of children. There are very few jurisdictions across the world that have been able to do it, but I am proud that the Gillard government has been able to step up and attempt to get this right. Obviously, in a perfect world every person who deserved credit would have the appropriate credit history looked at, and they would go along to a bank, a credit union or an appropriately regulated lending institution and receive credit at the appropriate interest rate. We do not live in a perfect world. We live in Australia in 2012, and people have been taking advantage of people who need credit for thousands of years. That is the reality. Whether you go back to the Merchant of Venice or the Bible or the Koran, there are always examples of people taking advantage of others who need to borrow.

Credit is one of the wonderful things in society. It lets us accumulate extra wealth by speculating, and obviously we need proper regulation around it. Sadly, for people who are not able to go through the doors of banks and credit unions and other lending institutions, we need respectable businesses,
like Cash Converters in Moorooka in my electorate, or some of the other independent lenders down at Acacia Ridge. There is a market there for people. There is no point saying to someone whose car has broken down and needs it repaired so that they can go to work, 'You need to go to a bank. You will get a much better interest rate.' The reality is: there is no job tomorrow if you do not turn up, so you need to get your car fixed right now. How do you get your car fixed right now? You have got no money. You go down to one of these credit providers.

There is no point saying to a mum when her washing machine has broken, 'You can't wash any of your kids' clothes and they will have to go to school stinking and smelling and be teased. You should go down to a bank.' That is just not the real world. We do know it is a difficult issue in terms of getting this right. In 2001 the shadow finance minister, Mr Hockey, when he was Minister for Financial Services and Regulation, recognised the issue, and he said, 'Payday lending is an insidious practice that targets the less prosperous men and women of our society, the less financially savvy and the people who can least handle spiralling debt.' That was 11 years ago. Unfortunately, he must have had other concerns at the time, but he was not able to do anything about it. Nothing actually happened for the next seven years, when those opposite were in government. I have got the Treasury portfolio minister's media release—with a photo of a slimmer version of Joe Hockey—which has the heading 'Action needed on payday lending'.

Unfortunately, Mr Hockey found reform to be a bridge too far. I understand that; I appreciate his endeavours. At the time, he called on the individual states—I guess there would have been a lot of Labor states then—to address this issue. As a Queensland member of parliament, I was pleased that the former Queensland Attorney-General, the Hon. Paul Lucas, was actually so proactive and enthusiastic about consumer affairs—perhaps from his time as a lawyer—that he displayed his attention to detail when it came to protecting consumers. We saw this when he overhauled the terms and conditions for something as simple as a gift card. Thankfully, Queensland led the way on further protecting vulnerable consumers. I am sure the new Queensland Attorney-General will be as proactive about protecting people and protecting consumers—hopefully.

Unfortunately, many low-income consumers do take out short-term loans as a first port of call rather than using them as a last resort. I have had meetings with two or three different groups of short-term lenders in my electorate and they made the point that they have had clients on their books for 10 years who come back every month for the same amount, something like only $200 or $300. Obviously part of this reform is to make consumers think about other options when they are faced with a temporary financial shortage. I commend the great work that Centrelink do in this area. They are able to provide some options, but obviously they cannot cover the field. Sometimes it may appear easy to take out a short-term loan, but for many, due to the costs involved, they are just delaying the inevitable and making their situation worse down the track. Some people get into that debt spiral, but others are just regular users of these short-term loans.

As part of these reforms, the government is considering ways to inform consumers that they do have other low-cost options to meet their daily and weekly expenses. In fact, most utility providers have hardship arrangements to help people pay off their bills over time at a substantially lower interest rate than for a payday loan. It is preferable that consumers are aware of and
use these arrangements which are available to them, rather than rushing down to take out a high-cost loan. I know that sometimes there is a language barrier, where the utility provider does not necessarily have adequate language facilities. Representing a multicultural electorate, I know that sometimes people go to the person who can speak their language or whom they are comfortable with.

On this side of the House, we are committed to protecting the cohort of vulnerable people who are unable or do not want to access credit from the mainstream providers. The introduction of a national interest rate cap will limit the cost of credit for consumers so that they will no longer be charged relatively high costs for this type of credit. There have been cases where people who borrow $300 can be charged over $100 for a seven-day loan and can then only meet the repayment by not paying other bills such as the rent or power, which then gets them into the debt spiral that I talked about earlier. For short-term, small amount contracts of less than $2,000 and 12 months duration, a cap on costs of 20 per cent of the credit provided plus four per cent of the credit provided for each month of the credit contract will apply. I have had representations from people in my electorate who lend out money saying that this will be prohibitive, but I think this is an appropriate compromise. Then, if we go to mid-tier loans of $2,000 to $5,000 and two years duration or less, a cap on costs of $400 for the establishment fee and 48 per cent per annum for interest will apply. For other loans, a cap of 48 per cent per annum on the credit balance similar to the existing caps that are already in operation in Queensland, New South Wales and the ACT will apply.

The bill will also introduce a specific requirement for credit providers to obtain and consider a copy of the borrower's bank statements for the last three months before entering into the contract—if, indeed, they have them. This will supplement responsible lending obligations to ensure the lender obtains and considers the details of payments in the statements. As an aside, in talking to people who make these short-term loans in my electorate, they certainly made it very clear that it is not in their interests to lend to people who are addicted to pokies, have a heroin addiction or something like that. Obviously, it is a business decision they are making which involves minimising the risk so they get a return on their capital. They investigate as much as they can to made sure that the people are responsible and are able to handle the commitment.

The reforms introduced by this side of the House continue the Gillard government's reform agenda to ensure that all Australians can make better and more efficient use of credit products and, importantly, provide additional protections for consumers who take on credit. I see that credit and the ability to then pass on assets to your children is one of the great poverty circuit breakers in society. It is hardly a new theory; it has been around for 5,000 or 6,000 years. You can give your children some opportunity by holding assets and then giving them to your children—they may be tangible assets like the family home—which Australia has done very well compared to the rest of the world. If you look at mortgage default rates, Australia is head and shoulders above the rest of the world. From memory, we are looking at about 0.5 per cent of the mortgage market. If you look at other parts of the world, especially some states in the US, it is a phenomenal story of letting the market rip and deregulation and some shonky practices. Looking after credit for all is a very good thing and something to be proud of as a Labor government.
Regarding how this legislation will affect the industry, some lenders will of course be impacted more than others, depending on the extent of their current practices and costs and how they will comply with the proposed new national law, but I am sure that has all come out in the consultation process, which has been wide and extensive. Despite the representations of the member for Dunkley, I am assured that the consultation has been long and hard. The reality is that there are some business models that intersect here and we cannot necessarily make everybody happy, but nor do we want to close down this section of the industry.

This bill sends a very clear message to predatory lenders who charge consumers excessive amounts that this will not be tolerated. Predatory lenders will need to either change their approach or exit the industry. These reforms will strike an appropriate balance between a sustainable and a responsible industry and will go a long way to increasing consumer protection and confidence. The government has undertaken extensive community consultation, including through two parliamentary committees, not mentioned by the member for Dunkley in his speech, and, most importantly, has directly consulted with payday lenders and consumer groups—I am receiving assurance from the advisers box—and has changed provisions in the enhancements bill in response to issues raised by both. For example, the prohibitions on refinancing a payday loan have been replaced with responsible lending requirements that give greater flexibility to lenders.

Unfortunately, the shadowy world referred to by the member for Dunkley—the bikie gangs and the like—will always exist. There will always be people basically extorting money out of people. The best regulation in the world will not change that. That is a job for law enforcement. For the rest of society, the best approach is to have the carrot for responsible lenders and the stick of law enforcement to counter that shadowy world occupied by the standover merchants and loan sharks and the like, which will always exist. We know that when people rush to embrace those services children suffer and adults suffer and people make bad decisions and get into more and more trouble. We have heard about situations where they have then gone on to undertake criminal activities because they are in debt to some standover merchant. Obviously, in a perfect world no one would ever choose to take these high-interest loans, but these short-term loans are the reality of the world we live in. The government has taken some sensible measures and combined them with our endeavours in Centrelink to make sure we offer support wherever possible. I am very comfortable with this legislation. It is a considered bill and I am proud to be on this side of the House supporting it, because I know it will help out people for many years to come. I commend the bill to the House.

Mr FLETCHER (Bradfield) (11:01): I am very pleased to rise to speak on the Consumer Credit and Corporations Legislation Amendment (Enhancements) Bill 2011. This is a bill dealing with the regulation of the market for the provision of short-term, small amount loans. At first blush, the issues in this area of policy seem to be very straightforward: moneylenders are charging high rates for small loans for a short period of time. Battlers are being ripped off! The solution is very simple: ban that conduct and prevent the rip-off. As is so often the case, however, the picture is much more complex. What is at stake here is the very real risk of shutting down an industry which today serves many thousands of Australians, including those who find that its services are a better solution to their needs than other forms of short-term finance such
as credit cards and those who find it simply impossible to obtain finance from any other source.

The Parliamentary Joint Committee on Corporations and Financial Services conducted an inquiry into this bill last year. The report of that inquiry raised significant concerns with a number of aspects of the bill as it then stood, a bill which embodied the kind of simplistic approach which I described at the start of my remarks. In the time I have available today I will highlight three points in relation to the bill before the House. The first is that this is a complex and difficult area of public policy, but it is not correct to assert, as the government appears to, that all users of the services of moneylenders in this area are victims who are being ripped off. The second point I will make is that the approach with this legislation is, sadly, all too characteristic of the responsible minister, the Minister for Financial Services and Superannuation, Mr Shorten. It is driven by a grab for headlines rather than a detailed and careful analysis of the underlying issues. The third point is to highlight the significant risk of this industry, or large components of it, being driven out of business and the implications that will have for the thousands of Australians who rely on its services today.

Let me turn first to the proposition that this is a complex and difficult area and that it is a simplistic caricature to assert that all who use the services of those providing short-term, small amount loans are victims, are vulnerable and are being ripped off. Let us start with the proposition that a large number of people use these services. One witness before the parliamentary joint committee in its inquiry last year told the committee that it estimates that the industry provides cash advances of some $800 million a year to some 500,000 customers. On any measure, a large number of Australians are requiring these loans. Accordingly, one of the compelling issues which must be addressed here is the detriment that consumers would suffer if the industry were materially reduced in its extent because of regulatory measures. Where is the sense in reducing the availability of a product for which there is a proven demand?

Minister Shorten said in the media release announcing the measures contained in the bill that the measures are intended to 'protect … vulnerable consumers'. That is a good indication of the premise that underpins the government's introduction of this legislation. This bill is based on the assumption that all loans for a short term and for a small amount are inherently harmful and that all who take them out are inherently vulnerable. I do not believe that that is a correct assumption. There were certainly witnesses who appeared before the committee who put that particular proposition. Let me quote, for example, Ms Catriona Lowe of the Consumer Action Law Centre, who said:

What we are saying is that the product is harmful in the sorts of circumstances which are typical for the user of the product. Where a product is harmful, there are countless examples of where we as a society make a judgement that, if we are making that product available, we will regulate the basis on which it is available because of its potential for harm.

I quote the comments of Ms Lowe because I think they are an articulate summary of the premise on which this legislation is based. I hasten to add that the work done by consumer credit legal centres is of the first importance. It is difficult work, it is demanding work and the people who do it are very much to be admired and respected. They do extremely important work. Let me make it absolutely clear that I acknowledge, as any sensible person must, that there are plenty of people who are incapable of making sensible financial decisions, for a
whole host of reasons—it may be due to addiction, substance abuse, intellectual impairment or limited decision-making capacity for other reasons. There are a range of reasons why a proportion of people will be incapable of making sensible financial decisions, but it is not correct to claim that all who use short-term, small amount loans are, by reason of that fact, people who have demonstrated themselves incapable of making a sensible financial decision. The premise that we ought to regulate on the basis that everybody who is a consumer of these products is being ripped off is a premise which has not been satisfactorily demonstrated to be valid by the government in the rationale it has put for the measures contained in the bill before us today.

There was evidence provided to the inquiry that, for a number of consumers, taking out a short-term small amount loan is a rational decision on the basis that it is the best source of finance compared to the alternatives. In particular, there are consumers for whom a credit card is a less attractive proposition than a loan of this kind. It is also noteworthy that a number of providers told us that they do not make a practice of lending to those whose only income is government benefits or, alternatively, they specifically require that their customers must be in paid employment.

The issues here are complex, and the appropriate and pressing objective for the government and for the parliament is to strike the right balance. There certainly are consumers who are vulnerable, and sensible measures to protect them are obviously worth considering. But it is very important to ensure that short-term lending remains available, accessible and as cost-effective and competitive as possible.

This brings me to the second proposition I want to argue to the House this morning, which is that the bill before the House today is not based on a careful analysis of the policy issues which present themselves in this area but is a cobbled together exercise driven by a desperate desire to grab headlines. The first piece of evidence for that proposition is to look at the minister who is bringing forward the bill, but the second piece of evidence is based upon an analysis of the existing regulatory framework and asking ourselves whether the additional measures contained in this bill are required or justified. For example, a number of parties appearing before the committee's inquiry pointed out that the recently introduced responsible-lending framework closely constrains their capacity to lend to precisely the class of consumers who, it is argued, are to benefit from the protections contained in this bill. This raises the question of the justification for the additional set of complex prescriptive measures contained in the bill we are presently considering if the responsible-lending framework only recently introduced already imposes restrictions on, for example, loans made specifically for the purpose of daily consumption needs or paying bills.

Another piece of evidence that this bill is primarily motivated by a short-term grab for headlines emerges from an analysis of some of the provisions contained in the bill. In particular, the bill, in the form in which it was first presented, adopted the simplistic 48 per cent cap, the cap that was first passed into law by the hopelessly incompetent New South Wales Labor government in its dying days. The Australian Bankers Association in its submission to the inquiry had this to say:

The proposed model for calculation of the "cost rate"—
that is, the 48 per cent—is based on a model legislated under the Credit (Commonwealth Powers) Act 2010 (NSW) upon which there was no prior consultation with the
credit industry. Subsequent representations to the New South Wales government were to no avail.
Simple mathematics means that any short-term loan for a few days or even a month is likely to breach a cap calculated on an annualised basis. For example, consider a loan of $100 for two weeks. Any fee greater than $1.85 produces an annualised interest rate of more than 48 per cent. More fundamentally, the premise which is effectively given effect to by this measure is that short-term loans are inherently problematic and objectionable. A formula which automatically deems short-term loans to be problematic and objectionable is one which I do not believe should be supported.

The bill in the form in which it was originally put imposed this 48 per cent cap for all loans under small amount credit contracts, and for small amount credit contracts there was a separate cap mechanism involving an upfront fee of 10 per cent of the principal amount and a monthly fee of two per cent. Small amount credit contracts were defined as being for less than two years and less than $2,000.

I hasten to add that the government has advised that it has a range of amendments which it says will address a number of the clear drafting and implementation problems contained in the bill as it was originally proposed. The difficulty is that this is a very complex area. It is not easy to quickly understand and analyse provisions. It is easy to make mistakes, as the New South Wales provisions demonstrate. And yet at this stage the actual drafting of the amendments has not yet been provided, simply a conceptual description of some of the amendments. So, while we on this side of the House are pleased that at least there appears to have been some movement and some recognition of the inherent flaws in the approach contained in the measures in the original bill, it is too early to be able to say that the amendments as drafted achieve the effect the government promises when it claims they will address many of the concerns raised.

Let me turn, thirdly, to the risk of driving the industry out of business. This is a risk to which the government appears to have given little consideration. The original media release by Minister Shorten did identify some alternative sources of short-term finance, but there was no evidence which emerged during the committee process of these being available in sufficient volume, remembering the estimate of some $800 million of advances being provided each year by the current industry. It is clear that the banks do not participate in payday and small amount lending and have not done so for some time, and there is no basis for thinking that they are going to return to that area of activity. The Treasury told the committee that the government's objective is to maintain a viable short-term small amount lending industry. Ms Vroombout from the Treasury said that maintaining a viable industry was the government's objective in setting the cap. But it is very unclear how this is to be achieved on the basis of the provisions of the bill before the House and it is very unclear how the detailed and prescriptive interventions in the business practices of the short-term lending providers are consistent with the government's stated objective of maintaining the existence of this sector.

This is a complex area. It is an area which, sadly, is all too susceptible to caricature and extremely simplistic approaches. That is the basis on which the government brought forward its initial legislation. That legislation, on any analysis, is deeply flawed. We are promised that there are amendments which are going to solve the problem. You will forgive us, Mr Deputy Speaker, if, based on experience, we are highly sceptical. We await the amendments but I conclude with
the point, in weighing up the costs and benefits here, that to willy-nilly destroy an industry which meets the needs of thousands of Australians every year would be a bad idea.

Ms SMYTH (La Trobe) (11:16): I am pleased to be able to speak in this debate today. It is an important issue for all of us in the House to respond to concerns about payday lending amongst other things that are addressed in the Consumer Credit and Corporations Legislation Amendment (Enhancements) Bill 2011. There are a comprehensive range of reforms which are addressed in this bill. I should begin, however, by responding to one of the propositions put earlier by the member for Bradfield. Not all who use payday loans are vulnerable and I think all of us can say that the legislation certainly has not been premised on the proposition that everyone using payday loans is in a vulnerable position. But I think the weight of evidence, including evidence before the Parliamentary Joint Committee on Corporations and Financial Services towards the end of last year, would bear out that a substantial proportion of those seeking payday loans, small loans, are indeed vulnerable people. It is important to note that at least half of those people are on incomes of less than $24,000 a year and around two-thirds are on annual incomes of $36,000. But, apart from that information, it is worth bearing in mind the comments of the shadow Treasurer on this point in relation to the special vulnerability of a great many of the people who rely on short-term payday loans. He said in 2001:

Payday lending is an insidious practice that targets the less prosperous men and women of our society, the less financially savvy and the people who can least handle spiralling debt.

Unfortunately, as is the case with a great many things in this place in this term, it is left to a Labor government to respond to the issue of payday lending as to the special vulnerability of many but perhaps not all of the people who rely on payday lending and to respond to a range of other things that the bill before us contemplates, including the vulnerability of senior Australians to risky reverse mortgages that they may be exposed to in certain circumstances. But, returning to the issue of the particular vulnerability of a great many people who rely on short-term payday loans, I would like to specifically refer to some of the provisions and some of the findings of the Parliamentary Joint Committee on Corporations and Financial Services. It particularly refers, at 5.51, to a then interim report for a joint RMIT-University of Queensland study in relation to an analysis of some of the consumers accessing the short-term loan industry. At 5.54 the committee notes:

… The researchers concluded that ‘poverty pervades the lives of most borrowers interviewed.’ The study indicates that users of short-term loans are commonly unemployed, receive Government assistance, have low rates of home ownership and are likely to be in their 30s or 40s. Of the 112 borrowers interviewed, 78 per cent received Centrelink benefits, less than 25 per cent were in paid employment, and 75 per cent lived in rental accommodation. Only nine persons interviewed owned their own homes, and eight were homeless. … Of the 112 borrowers interviewed, only seven had credit cards and 68 had poor credit history.

I think it is important to note those points in particular. The committee went on to find, at 5.56, as a result of the evidence presented to it:

… The research indicates that the short-term loan industry has a disproportionately high client base of Disability Support Pensioners.

It further found, at 5.58:

… The study shows that the primary reason for seeking a short-term loan is to cover regular expenses such as food, bills and petrol. … Of the
regular expenses cited as reasons to obtain a short-term loan, the third most common reason was ‘to pay back another loan.’

These are fairly telling findings of a parliamentary committee about the characteristics of the bulk of those people who are entering into short-term loans as a means to simply pay for basic necessities and carry on with their lives. So I think it is appropriate that this government, through this bill, respond to those particular vulnerabilities and ensure that we provide appropriate protections for consumers before they are exposed to short-term loans which might result in significant costs to and significant interest payments by them.

The bill is indeed the next in a series of measures which have been taken by this government to provide appropriate consumer protections for Australians who borrow. It includes important measures which are designed to protect some of our most vulnerable consumers. It follows on from measures introduced by this government earlier in this term to better protect consumers who take up home loans or credit cards. It is a result of extensive consultations on the matters which are in the bill, and I have mentioned one parliamentary committee’s inquiry, and it has also been the subject of a Senate Economics Legislation Committee inquiry. Between the committees some 86 submissions were received in relation to the draft bill. Those committee inquiries followed on from a green paper in July 2010 in relation to national credit reform. So, contrary to some of the assertions that have been made in the contributions from those opposite today, this bill has been the subject of extensive consultation with consumer advocates and with industry. It has been the subject of two parliamentary inquiries. It has been the subject of a green paper. It was something that this government took to the last election.

Draft amendments to the bill were also released for public comment between April and May of this year. The government has also consulted directly with payday lenders and consumer groups and has amended certain provisions in the bill in response to issues raised by them.

It is estimated that at least $500 million is lent annually in payday loans. These are short-term loans for small amounts up to around $2,000. Those Australians who rely on payday loans are often unable to obtain other forms of credit which might be provided on substantially more reasonable terms. As I have said, they are often low-paid workers—half of them will be on incomes of less than $24,000 a year and around two-thirds will be on incomes of less than $36,000 a year. These are people our consumer credit laws should be looking out for.

Needless to say, these are people who can least afford to be exposed to high-interest loans, as they have the least capacity to repay them. I think all of us in this place would agree that paying almost $1,500 in interest and fees on an original loan of $1,000 over six months is unreasonable. For some of these people, what might begin with a small loan can often turn into a debt spiral, eating into the already limited wages of the borrower over a lengthy period of time and prompting the borrower to take out new loans, as the corporations committee inquiry heard.

The consumer credit reforms in the bill will maintain a sensible balance between a sustainable and responsible industry and reducing the damage caused to consumers who may, out of necessity or without proper advice about their options, come to rely on credit products which they are ill-equipped to repay. It will do this by a variety of means. The bill provides that for short-term
small-amount contracts of less than $2,000 and 12 months duration, a cap on costs of 20 per cent of the credit provided plus four per cent of the credit provided for each month of the credit contract will apply. The bill will reduce the term for small-amount credit contracts from 24 months to 12 months to target the most vulnerable consumers. For mid-tier loans of between $2,000 and $5,000 and two years duration or less, a cap on costs of 48 per cent per annum interest plus a $400 establishment fee will apply. The bill addresses the possibility of avoidance of that cap by applying it over the life of the contract while doing so in a way that minimises the potential compliance burden on lenders.

The bill introduces a prohibition on loans with a term of 15 days or less and introduces a maximum 200 per cent total cap on charges for all lending. The cap will limit the cost of credit for consumers, so that they will no longer be charged such high costs for these types of credit. I think most of us would agree that we must do something to respond to cases where people who borrow $300 can be charged over $100 for a seven-day loan, and can then only meet the repayment by not paying for other necessities, such as utilities or rent. The committee heard that in many cases people are using these funds for basic necessities. The bill will also introduce a specific requirement for credit providers to obtain and consider a copy of the borrower's bank statements for the last three months before entering into the contract. This will supplement responsible lending obligations to ensure the lender obtains and considers the details of payments in the statements.

Many low-income consumers take out these kinds of loans as their first port of call rather than using them as a last resort. The reforms in the bill will encourage consumers to consider other options when they are faced with a temporary financial shortage. The government is also considering ways to let consumers know that they have other options to meet their everyday expenses. It is extremely troubling that a survey undertaken recently by the Consumer Action Law Centre found that around 21 per cent of consumers used a payday loan to pay utility bills. Given that most utility providers already have hardship arrangements in place to help people pay off their bills over time, it would be far preferable that consumers be made aware of and have the opportunity to use those arrangements. They would indeed cost substantially less than taking out a payday loan to cover utility bill costs.

In addition to the measures that I have mentioned, the legislation addresses the risk of fees accruing to a debtor's account in the event that repeated unsuccessful use of a direct debit arrangement is used to make payments under a small-amount credit contract. The bill will respond to this issue by introducing a regulation making power that will enable the use of direct debit arrangements to be suspended if this occurs. Importantly, the bill also introduces a regulation making power for a protected earnings amount. This is where borrowers are dependent on Centrelink benefits. This could enable the maximum payments this class of borrowers would have to pay to not exceed 20 per cent of their income. Members will no doubt appreciate the significance of this safety net for those who are reliant on Centrelink benefits. In addition to the arrangements relating to short-term loans, the bill also contemplates arrangements for better protection of consumers who are taking out reverse mortgages. We committed to these reforms at the last election and I am pleased to be able to speak in favour of the bill which gives effect to them.

The effect of the disclosure requirements in the bill will be that reverse mortgage lenders and brokers will be required to talk
to consumers about different borrowing arrangements. They will be required to show those consumers how the equity in their homes might be reduced according to how much they choose to borrow through a reverse mortgage amendment and through potential movements in house prices. Senior Australians who are likely to access reverse mortgages can be extremely vulnerable if they take out the wrong loan and either exhaust the equity in their home through a reverse mortgage or end up with a debt which exceeds the value of their home.

These are only a few of the measures contemplated in the bill before us but I am pleased to stand in support of them for the protection of those who are vulnerable to difficulties presented by short-term loan arrangements and for the better protection, particularly, of senior Australians who maybe likely to take out reverse mortgages. These measures are long overdue and I commend the Minister for Financial Services and Superannuation for bringing them to the parliament through this legislation and for his efforts with industry and consumer advocates to take this bill through its lengthy period of consultation.

Mr VAN MANEN (Forde) (11:29): Before I get into the substance of my contribution today, I would like to touch on a couple of points that the member for La Trobe has made. She quite rightly pointed out the stats from the Parliamentary Joint Committee on Corporations and Financial Services. The interesting thing to note is that those very costs mentioned in that committee report that people typically go to payday lenders to borrow funds for are the costs that are going to be most impacted by the introduction of the carbon tax. There is very limited ability for people in these situations who are already struggling financially to increase their income to offset these cost increases. The question then arises: how many more people are going to seek the services of these so-called payday lenders in order to help make ends meet? On one hand we have a piece of government legislation that seeks to assist people in financial difficulties, yet on the other hand we have government legislation that will do absolutely nothing for the environment and put people in much more difficult financial circumstances. But, as we have come to learn over the past 4½ years, that is not untypical of this government, and the Australian population recognises it.

As the shadow Treasurer pointed out in his speech earlier today, it would have been helpful to have had the 70 or so amendments circulated before commencing this second reading debate. Right now, as we speak, further amendments are still being drafted; it is just beyond belief. But it is an all too familiar occurrence from this government to be skittish and scattered. Only this morning I spoke on changes to the MIT, which were going back and forth like the DeLorean from Back to the Future. Yesterday the minister suggested that the coalition was a bit like Burke and Wills, but I would like to suggest that the government is more like Lost in Space, caught up in some green tardis.

The government has had nine months to consider these bills, and that is nine months of uncertainty for small, payday-lending businesses. Once again, it is another example of the government's inability to provide certainty and direction for small businesses around this nation. Since this legislation was first introduced to the House I have received a number of inquiries in relation to this bill from many people in the industry. As recently as today, I received some documentation that brought the whole focus of this legislation back to its roots. The document stated that the Consumer Credit and Corporations Legislation Amendment (Enhancements) Bill 2011 is first and
foremost about borrowers, and I think we in this House all agree that we need to protect people who are in poor or vulnerable situations from loan sharks and people who are looking to do the wrong thing by them.

Borrowers are at risk of losing what in some cases can be their only source of credit, as it has the potential to be legislated out of existence. The credit sources we are talking about here today are payday lenders or microlenders, otherwise known as short-term loan providers. There are many providers in this space. Individuals have mixed feelings towards these operations. However, according to research undertaken by Smiles Turner, there are in excess of 1.5 million payday and microloans a year and there are some 750,000 consumers borrowing on average 2.4 times per year.

Demand has increased at a rate of some 18 per cent per annum over the past three years to 2010-11 and is currently tracking at 4.2 per cent for this financial year. Of these borrowers, 630,000 have nowhere else to go, and there is a concern that amongst these are some of the most vulnerable and underprivileged in our society. There are concerns in relation to their association with these types of lenders. However, at some point it comes down to personal responsibility and the responsibility of the government to ensure that any changes made to these lenders' ability to lend results in the best case scenario for all parties involved.

It is no surprise that the No. 1 reason for borrowing from short-term providers is for the purpose of paying bills. A national survey by Smiles Turner of nearly 2,000 borrowers in May and June this year revealed the following statistics: funds that were borrowed for bills were a bit over 22 per cent; for finance, repaying other loans or cash, nine per cent; for food, four per cent; for household shopping and goods, six per cent; and for vehicle costs, 16 per cent. There is a current theme that indicates that the reason people are borrowing from these short-term lenders in the first place is to pay for general living costs. As I touched on in my opening comments, the policies put forward by this government, particularly in relation to things like the carbon tax, are only going to exacerbate this problem.

This has also been borne out in a Newspoll survey quoted in the Australian today by Dennis Shanahan, which shows that over 36 per cent of voters believe that their standard of living is going to get worse in the next six months and are more pessimistic now than they have been about their standard of living since the global financial crisis in 2008. The government should be doing everything they can to get this legislation right, because they are responsible for these cost-of-living increases increasing so rapidly since 2007. Whether people favour short-term lending operations or not, they do provide an avenue for people who are desperate for financial support. Where would these people turn to if these lenders disappeared? We have already seen a spike in crime, an increase due to a number of economic factors including higher unemployment, underemployment and rising living costs. Recently I held a crime forum in my electorate, and one of the major issues raised was number plate theft. Number plates, the police explained, are stolen and placed on cars which people then take to petrol stations, fill up and then drive off and do not pay for the petrol. In addition, a number of ram raids and robberies have occurred through the Logan and Gold Coast district over the past several months, and residents are concerned that this activity has been more frequent than usual. If you look at the Albert and Logan News online today, five of the top 10 current news stories are about robberies and break-ins.
During the crime forum, I was informed by one of the attendees about a family man who had conducted his first ever crime to help pay the bills. He said he was so desperate he could see no option but to commit a crime to get out of the financial troubles he was in. This is a very sad situation, given that there are a number of community organisations in my electorate who could have assisted this man and his family at that very difficult time, but that is another story for another day. I have used this as an example to highlight my previous point—that we need to ensure that small-amount, short-term lending continues to provide an avenue for people within the community who have nowhere else to turn.

The coalition will not oppose the Consumer Credit and Corporations Legislation Amendment (Enhancements) Bill 2011. The government, with its amendments, has acknowledged the flaws in the bill as originally presented to parliament. That the government was forced to go back to the drawing board by the unanimous recommendations of the Parliamentary Joint Committee on Corporations and Financial Services is telling. The committee, including government members, recommended that the government revisit the payday lending changes and undertake further consultation with industry. Under this pressure, the government has agreed to a number of amendments or changes. It has increased the caps for small-amount credit contracts; shortened the term for small-amount credit contracts from 24 months to 12 months; increased establishment fees, from 10 per cent to 20 per cent, and the interest rate per month, from two per cent to four per cent; allowed an additional $400 fee to be charged for mid-tier loans between $2,000 and $5,000; and removed multiple-contract prohibitions on lenders under certain circumstances. In addition, there is a commitment to prohibit loans with a term of 15 days or less, by regulation.

These changes represent a significant concession to both industry and opposition concerns with the original bill. The original government proposals did not strike the right balance between appropriate consumer protection and making sure that short-term lending remains available, accessible, affordable and as competitive and transparent as possible. The proposed government amendments address many of the concerns raised by stakeholders during the parliamentary committee process.

These included concerns that the proposed caps on fees and interest charged on payday and small-amount loans would be uneconomic and would lead to many current participants withdrawing from the market. Many of the businesses that could close down are small, family owned and operated businesses. The reduction in availability of payday and small-amount loans could result in many people not having access to the existing finance they rely on to meet unexpected expenses. The banks have not participated in payday and small-amount lending for some time, because it is uneconomic for them to do so. I well remember when I started in the bank and you could get personal loans for down to $1,000. Most banks now will not do a personal loan for less than $5,000. It is highly unlikely in the current environment that they will seek to re-enter the market to fill the gap if existing providers go out of business. Stakeholders also mentioned concerns that a reduction in legitimate, licensed payday and small-amount lenders may encourage unlicensed and illegal operators to enter this market, which would in effect reduce consumer protection.

The amendments address these issues, in that the new caps on fees and interest
charges will ensure that the vast majority of short-term lenders will remain commercially viable. Small, family owned and operated businesses will not be adversely impacted. People who rely on these type of loans, which are not provided by the banks, will continue to have access to the finance they rely on to meet unexpected expenses. Importantly, the ongoing viability of legitimate, regulated providers will discourage the growth of unlicensed and illegal operators whose entry into the market would reduce consumer protection and transparency.

While some of these provisions might not have been implemented by the coalition in government, the significant concessions obtained by the coalition have achieved a much better balance between the twin aims of providing appropriate consumer protection and ensuring that short-term lending remains available, accessible, affordable, transparent and as competitive as possible. With these amendments, the coalition will not oppose the bill.

Ms Hall (Shortland—Government Whip) (11:43): The Consumer Credit and Corporations Legislation Amendment (Enhancements) Bill 2011, particularly with the amendments the government has made to it, is very good legislation. The bill introduces protection for the consumers of short-term, small amount loans by imposing a cap on such loans and on the duration of such loans. The bill bans the process of multiple borrowing of short-term loans to address the risk of debtors falling into a debt spiral. It also requires lenders and brokers who arrange these loans to disclose the availability of alternatives.

As a member of parliament I regularly—I repeat, regularly—have constituents come to my office who are under severe financial strain. One of the first things I do is ask them if they have any loans and what the loans are. Invariably, these constituents have a series of small-amount loans that would be covered by the legislation we are dealing with here today. They are loans that have exorbitant interest rates—loans that, to be frank, these constituents will never be able to pay off if they continue down the track they are going. I usually refer these constituents to financial counsellors, who have the expertise to deal with my constituents' financial stress. But, invariably, when people on low incomes reach a crisis state, when they are not able to pay a bill or replace an appliance, they will redraw those loans. At the moment, there just is not that protection that is needed.

These reforms also provide protection to borrowers who use payday lenders, and stop payday lenders from overcharging consumers who are desperate for money, as I have shown, by including limits on the costs they can charge. The fine balance in this legislation is to ensure that people who need money desperately, the people who most need the protections under the legislation, would not be forced to use even less
scrupulous lenders. So I think this is good legislation.

I was a bit disappointed to hear the previous speaker, the member for Forde, castigating the government for making further amendments to improve this bill. I think the opposition should be congratulating the government on making improvements to the bill to ensure that it is very good quality legislation that provides protection. I see the member opposite shaking his head. That indicates to me that he is not supportive of protecting the people covered by this legislation. However, the previous speaker indicated that the opposition would be supporting the government in relation to this legislation, so I do hope that the next opposition speaker's contribution to the debate will be along the same lines.

When I was doing research for this speech, I came across a submission from St Luke's Anglicare to the joint committee inquiry into the consumer credit amendment bill. They highlight very graphically the importance of this legislation —why it is needed. They talk about people experiencing social and economic disadvantage in rural Victoria; their awareness of the impact of payday lending on individuals and households; and the financial inclusion work that they do in terms of counselling, for example. They are supportive of the government's moves to address this issue and believe it should be embraced by all sides of parliament.

I would like to concentrate a little bit more on the bill. I think I have highlighted the issues and the need for legislation to protect people who are experiencing financial strain and do not really have any options. I believe this legislation will strike the right balance between having a sustainable and responsible industry and reducing consumer debt by increasing the cap on short-term contracts to a 20 per cent establishment fee. That is a change from the original legislation and relates to the government's amendment; previously, it was a 10 per cent establishment fee and two per cent monthly fee. The bill shortens the term for small account credit contracts, from 24 months down to 12 months, to target the most vulnerable consumers. It removes the prohibition on the refinancing of small-amount credit contracts. That was not permitted in the original legislation. From my previous comments you can gather that I may have a little question mark over that, because there are some people who get themselves into a lot of trouble by the refinancing of credit contracts. The bill introduces a mid tier of 48 per cent plus $400 for loans between $2,000 and $5,000. It introduces a review of the cap and other issues relating to the amount of credit contracts. It establishes a prohibition on loans with terms of 15 days or less, which I think is quite important, and there is a maximum 200 per cent total cap on charges for all lending.

This legislation goes across a number of areas. It looks at reverse mortgages. I am sure that a number of members in this House have spoken to seniors who have taken out a reverse mortgage on their home only to be faced with exorbitant interest charges. They find that the way in which the loans work really cuts into their capital in a big way and that they are in danger of no longer owning their home. This legislation will provide Australia's first statutory protection against negative equity, which will eliminate the risk of borrowers paying the lender more than the value of the house. There have definitely been reported cases of this happening.

Potential borrowers will be provided with targeted disclosure of the financial consequences of entering into these types of contracts, which will enable them to better
assess the impact it will have on them. The bill will reduce the risk of borrowers losing their homes because of default, by prohibiting certain default triggers. There is nothing more worrying to an older person than the fact that they may lose their home. The bill also introduces new arrangements dealing with the rights of seniors who may not be borrowers. As a result of these changes, senior consumers will have a better understanding of how reverse mortgages work and can make better choices. That is what this is all about: people making choices and understanding the implications of their decision when they enter into a contract or borrow money.

There has been widespread consultation on this legislation. The government conducted extensive consultations under the phase 2 consultations, which began in July 2010. There was the release of the green paper National credit reform—enhancing confidence and fairness in Australia's credit laws. The primary vehicle for consultation with stakeholders has been consultation groups chaired by Treasury and a broad range of representatives. Treasury has also chaired two special groups in respect of reverse mortgages and consumer leases. There has been widespread consultation. The government has listened to the feedback from organisations such as St Luke's Anglicare in Victoria and it has listened to organisations that provide loans.

As with all legislation, it is all about getting the right balance. The opposition has had its chance to comment on the legislation. It is very important that this legislation pass the House, because it will provide greater financial security for Australians. Many Australians are experiencing economic difficulty and problems with finances, and it really is beholden on a responsible government to put in place legislation that affords them protection. The credit and consumer corporations legislation delivers benefits and protections for consumers who take out credit. The four main elements are the regulation of short-term and small-amount loans, otherwise known as 'payday loans'; delivery of the government's election promise in respect of reverse mortgages, which is very important and which I have highlighted; further improvement of aspects of the national credit laws; and addressing regulatory gaps in relation to consumer leases.

These reforms are important and continue the national credit reforms which are part of the COAG reform agenda. I urge all members of this parliament to support the legislation. It is good legislation and it is delivering to those Australians who need our support.

Mr CHRISTENSEN (Dawson) (11:58): I rise to speak on the Consumer Credit and Corporations Legislation Amendment (Enhancements) Bill 2011. I note, firstly, that this bill was introduced on 21 September last year and that it has been before the House for quite some time now. When the bill was first introduced, I had some very serious concerns about what it would mean in the real world and how it would affect people who seek short-term loans. So it is with some relief that I see the government has seen fit to make amendments to its bill, which will go some way towards erasing those concerns.

There is no question that reviews of lending practices are warranted in this country. In the wake of the global financial crisis, we are only too aware of what can happen when lending standards are poor. Thankfully, our banking system was less vulnerable than those in other countries, but there are lessons to be learned. The bill did have admirable intentions. It set out to ensure that customers were better protected in their dealings with credit products and
credit providers. The bill sought to achieve that by enhancing access to the hardship provisions in the code, introducing protection against negative equity for holders of reverse mortgages, introducing a cap on costs for small-amount credit contracts and introducing a cap on all loans. The bill is the second phase of legislative changes that result from a Council of Australian Governments meeting in July 2008 and a subsequent meeting in the following October. In the midst of the global financial crisis, Australia was moving toward providing greater protection for credit consumers. In my home city of Mackay there were tough times indeed when the global financial crisis hit. The region had been booming with the resources industry, but families who were not part of the boom were being placed under enormous pressure. Labour was scarce and everything was more expensive—and still is. Rent was astronomical, if you were lucky enough to find a place to live in. Back then, when the retrenchments started in the resources sector, some of the pressure actually eased in terms of housing. But we are again on the same path. The cost of living, as I said, for everyday families in Mackay is quite high. Everything is more expensive in many regional centres around Australia, and in regional centres where there is a mining boom the situation is much worse. The mining boom is there but not everyone is part of that boom.

When this government talks about spreading the wealth of the boom, it is talking about taking the profits that are generated in regional centres through mining and taking them down to capital cities. The government either is completely blind to the cost-of-living difference between an average family in a resource region and an average family in the city or simply does not care. Because of this double-edged sword, there are many families in North Queensland who are doing it very tough. When these families were smacked with a big bill, be it an extraordinarily high electricity bill—and, I have to say, in future it will be via a carbon tax that is going to start in a few days time—a car repair bill or a medical bill, they struggled to find money to pay those bills. When a huge chunk of their income is spent on rent, as it is with the higher prices, there is not much left just for weekly living, let alone to have large bills suddenly appear without warning.

For these people one option has been to seek short-term loans. Concerns about these short-term loans have been raised with me by locals. The George Street Neighbourhood Centre Association's financial counsellor, Natasha Syed Ali, pointed out to me that these so-called payday loans can come with a huge interest rate. She said something that I would like to quote here:

These loans can come with interest rates of over 400 per cent and send people into a spiral of debt. Payday loans are typically very expensive, given to people living off welfare payments and send borrowers further into financial hardship. Lenders often recoup their debts using direct debits—this means the money is taken out of borrowers' accounts before they have a chance to allocate money for necessities like groceries, rent or medicines. They then go back for another loan to help pay for day-to-day expenses and a pattern of repeat borrowing is created.

What she said there reflects quite legitimate concerns about the payday lending industry. Obviously these are the concerns of someone who is dealing with the most vulnerable in our community. But we should not forget that these short-term loans can also be of assistance to some of the most vulnerable people in our community.

When this bill first came before us, there was strong opposition from the industry—from the providers of those products and
from their customers. In just a couple of weeks, when this bill was first mooted, I received 93 letters from people opposing this bill who were using short-term loan facilities in Mackay. There are any number of reasons why people use these loans, and I can give you quite a personal example.

As a young university graduate, I went into one of my first full-time jobs as a cadet journalist. It did not pay very much and I wondered why I had spent so long at university to end up with a job with such a small income. I was not born with a silver spoon in my mouth; I paid my own way through university through taking out bank loans. I got a credit card with a very minor credit limit and maxed it out. I knew that all of those bills would have to be paid on getting my first job. Moving into my own place, paying rent and paying all the bills I had to pay—for food, electricity and all the rest of it—money was tight. Then something happened. I cannot remember what it was—the washing machine might have broken, the fridge might have broken or something like that—but I was strapped. I needed money and the only place I could go to on my limited income, on my expenses, was one of the payday loan centres. I took advantage of that. Yes, I knew I was repaying a grossly inordinate amount of interest but I made that decision, looking at the finances, and it helped me through. If it had not, I do not know what I would have done. I probably would have done without the fridge or the washing machine, which would have caused other problems. There are many people who go into situations like that.

I know that short-term loans are also used, in some instances, by young entrepreneurs with no background in business to get them through cash flow difficulties in their start-up phase. So, when we talk about the most vulnerable in our community, we need to consider two distinct groups here. On one hand, we have people who really struggle to make ends meet on a weekly basis. For them, taking on a loan can easily add to their problems and the debt spiral is a very real possibility. The bill is obviously designed to protect those people. On the other hand, we have people who struggle to make ends meet but have an occasional—or even rare—speed bump in their finances, such as expensive car repairs, medical bills or, as I said, a broken fridge or washing machine or whatever. All they need is a helping hand to get over that speed bump. For them, the debt spiral is not such a danger. What is a danger for them is if they cannot afford to pay that urgent bill that needs paying. What happens if they cannot get their car fixed? What happens if they cannot get their fridge or washing machine fixed? What happens if they cannot get medical treatment or medicine? What happens if they cannot pay their electricity bill, their phone bill or their rent? The bill, as it originally was, ran the risk of making these people more vulnerable.

Removing short-term loans from the market can leave these people desperately ill, without a car to go to work or without electricity, a phone or even a roof over their heads. The original bill that the government introduced would have done exactly that. With all good intentions to protect vulnerable people, it would have thrown the baby out with the bathwater, creating a whole new group of vulnerable families and not actually doing anything to help in return. The original bill was sloppy. It was rushed and it was not properly thought through. So much of the policy from Labor and the Greens is like that—a kneejerk reaction that is brought before the parliament without proper consultation with those most affected and without thinking about what impact the bill will actually have in the real world. Once again, the government was forced back to the drawing board when the failures of the
The original bill were pointed out by all and sundry, including the government's own members.

It took strong, responsible opposition from this side of the House, from the Liberal-National coalition, as well as from industry, and unanimous recommendations of the Parliamentary Joint Committee on Corporations and Financial Services—and, I might also say, those many people who are clients of payday lending services who wrote to their local members saying, 'Do not pass the bill in this form'. The joint committee, which included government members, recommended the government reconsider the bill and go back and consult with the industry.

As a result of actually talking with the industry and considering what the original bill would do, the government proposed amendments that will increase the caps for small amount credit contracts; shorten the term for SACCs from 24 months to 12 months; increase establishment fees from 10 per cent to 20 per cent and interest rates per month from two per cent to four per cent for small amount credit contracts; allow an additional $400 fee to be charged for mid-tier loans between $2,000 and $5,000; remove the 'multiple contract prohibitions on lenders under certain circumstances; and commit to prohibit loans with a term of 15 days or less.

These are considerable amendments and substantially change the original bill. It would have been good to see them included in the original bill but at least the government has been dragged before us now—with the minimal bit of kicking and screaming—and, importantly, these amendments will make the product more viable and will make it easier for the short-term lenders to stay in business, which is important because they do fulfil an important role. It is also important to note that the banking industry does not offer these loans. The banks have long since withdrawn from this section of the market and the banks would be extremely unlikely to fill the gap if short-term lenders were to exit the market.

While the coalition would have opposed the original bill, we are inclined to support the bill with these amendments. As it stood, the original bill would have, as I have explained, made the products unviable. Businesses would have been squeezed out of the industry and there would have been insufficient alternatives, and families in need would no longer have access to the finance that they need to get them through unexpected expenses. From an industry point of view, many of the current providers are small family owned and operated businesses. I know there are quite a few of them in the Mackay region—City Finance, for example, is one that springs to mind.

There are, however, provisions in the original bill that the coalition and industry support, including statutory protections in the provision of reverse mortgages. These would provide a statutory protection against negative equity and more detailed and prescriptive disclosure requirements. Other important measures the government has agreed to introduce via legislation include a 200 per cent total cap on charges for all lending and a range of responsible lending obligations, including a presumption that a refinance is unsuitable where the borrower is already in default, a presumption that a SACC is unsuitable where it is the lender's third or fourth loan in the last three months, a requirement for credit providers to consider a copy of the borrower's bank statements for the last three months before entering into the contract and a prohibition on loans with a term of 15 days or less.
These measures provide a filter, in particular the measures for responsible lending. Regulating the industry so that credit providers are required to lend only to those people who will be helped by the product will prevent the most vulnerable people entering into a debt spiral. This is a process that seeks to isolate that problem without the blanket red tape and regulation that would have destroyed a product—being these short-term loans—that are so useful for many people in the community who find it tough to make its meet.

Overall, this bill, as it is amended, is a useful and necessary bill. It addresses a problem area that we do have with payday loans and, with the amendments, strikes a better balance in fixing the problem without, as I said before, throwing the baby out with the bathwater. Credit should go to the industry and end users who lobbied their MPs and voiced their opposition to the original bill. A better outcome is being achieved here and now today due to their actions, and I commend the bill, as it is amended, to the House.

Mr SYMON (Deakin) (12:12): I speak in support of the Consumer Credit and Corporations Legislation Amendment (Enhancements) Bill 2011. Payday lending is an issue that I have spoken on several times in this place because of the great impact it has had on a fairly large number of constituents within my electorate of Deakin. It is certainly not—as we have heard from other speeches in relation to this bill—related to just one part of Melbourne or indeed one part of Australia. Payday lending extends right across the country and has become very popular with some groups of people. This bill will amend the National Consumer Credit Protection Act 2009 to implement a range of national reforms of consumer credit. The initiatives included in the bill making it easier to seek relief from credit under the grounds of hardship and provide greater protections for consumers using reverse mortgages, including a statutory protection against negative equity, and new regulation of payday lenders.

As I said just a little while ago, I would like to focus on the impact of payday lenders, because the current practices of this industry are of great concern to me. Payday lending typically involves small loans of less than $2,000 and for terms of less than two years. The payday lending industry is best known for short-term cash advances to manage people's financial shortfalls. This legislation will introduce caps on fees and interest charged on such short-term finance. The majority of consumers accessing short-term credit are on low incomes. Some very good research has been done on this over recent years—for instance, the Caught short report, which was released in August 2011. This research was conducted by the National Australia Bank, RMIT and the University of Queensland. The report noted that 78 per cent of those using payday lenders were receiving Centrelink payments and over half had taken out at least 10 loans since first borrowing from a payday lender. The report found that borrowers largely have no access to other forms of credit, with some surveys finding that this is the situation for over 70 per cent of payday lenders. People who borrow from the payday lenders are often excluded from mainstream borrowing from the market due to a number of factors, and other speakers have spoken about this. These factors may include previous defaults, a difficulty in proving ongoing income or the fact that borrowers may be intimidated by banks and their processes. The most common uses for the funds advanced under the short-term loans are to meet day-to-day living expenses such as electricity bills, food, rent, car repairs and registration. The research found that there was minimal or negligible
use of short-term loans for discretionary spending purposes.

Payday lending is a strong and growing market that has attracted many customers, but many of them are vulnerable. It is unfortunate that payday lenders are taking advantage of these vulnerable consumers and customers by charging rates that are well in excess of other mainstream lenders. As an example, Cash Converters, which is the largest payday lender in Australia, in the 2010-11 financial year provided 626,555 short-term loans amounting to almost $257 million in value. That year Cash Converters reported a record profit result of $26.7 million, a profit that had surged 27 per cent on the previous year. Its revenue for the period was up 47 per cent, with the main drivers for growth including an increase in personal loan interest of $4.2 million and establishment fees of $5 million. Cash Converters reported that the number of loan customer numbers grew 19 per cent in that year to 345,295 people. Cash Converters' own data shows that 46 per cent of borrowers of a cash advance loan received government benefits and 75 per cent of those customers had an income of under $36,000.

An examination of the costs charged by Cash Converters in Victoria for short-term loans shows why Cash Converters' profit has risen so rapidly. For example, charges for a short-term cash advance at Cash Converters include 35 per cent of the principal of the loan for an establishment fee. That is an incredible $35 fee for every $100 borrowed. But that is not all. Borrowers may also be charged a $16.50 default fee and other charges, such as fees for direct debit failures. The bulk of loans from Cash Converters are short-term loans, which are repayable in two or four weeks. Converting the 35 per cent charge into an annualised interest rate, the interest works out at around 400 per cent for a four-week loan. For unsecured loans of between $1,000 and $2,000, Cash Converters charge a $385 establishment fee, a $7.50-per-week account-keeping fee and a $33 default fee. For example, for borrowing $600 and paying that amount back in six months the total paid back would be $1,036. That is an incredible $436 in interest and other charges on the borrowed amount of $600 in the relatively short period of six months.

The Consumer Action Law Centre in Victoria explains that these short-term loans exploit the most vulnerable by sidestepping current regulation. They say: 'Lenders such as Cash Converters are circumventing credit laws by charging a fee rather than interest. This avoids legislation that caps interest at 48 per cent in Victoria'—and I know that applies in some other states as well. They continue: 'By charging fees the total interest rate paid on these short-term loans can be as high as 500 per cent, once all costs are included.' The industry has a number of other fees that are levied on payday borrowers. They can be things like late payment fees, which can be charged per day, per week or per month if the payment is late and can be up to $75 per day, and default interest charges, where interest may continue to be charged at the same rate, or at a higher rate, once a borrower has missed a payment. In some cases these default interest rates can be as high as 47 per cent. Payday lenders can also charge a direct debit dishonour fee, which can be up to $150 per dishonour. Payday lenders can also levy loan-rescheduling fees, which may be charged when a customer is unable to make payments as they fall due under the repayment schedule. The loan reschedule fee may occur independently of, or in addition to, default fees.

The other key concern I have about payday lending is the practice of using new loans to pay off previous loans. An individual may borrow an amount and within
a short period be unable to make the next payment, due to other bills. The payday lender can then reschedule and extend a new loan, with further charges and fees. This practice can lead to the individual being tied up in debt and unable to pay off their short-term loans. An article in the Herald Sun on 19 October 2011 revealed that Cash Converters was facing proceedings in the Magistrates Court of Victoria over the case of a disability support pensioner who had received 64 short-term loans over a three-year period. Another example of consumers being caught in a debt trap through such short-term finance includes a case reported in the Australian Financial Review last year about a lender who started with a loan of $170 at Cash Converters. Three years later, and after 64 loans, the debt had ballooned out to a grand total of $15,450, including $5,407 in fees. Allowing for the fact that the money was always due in a month, the annualised interest rate on each loan was about 425 per cent.

This legislation is about bringing to a halt some of these practices and bringing fairness to payday lending. It is obvious there is a growing demand for short-term borrowing, but this industry most certainly needs better regulation. The current situation is untenable, as the customers relying on the industry are quite often vulnerable and in no position to fight these fees or do not know where to or how to shop around for a better deal. This legislation will bring urgently needed regulation to fees and charges in this industry. There will be caps on fees, including a cap on establishment fees of 20 per cent of the loan amount and a four per cent cap on monthly fees for unsecured loans of less than $2,000 and less than one year; a midtier cap of 48 per cent plus $400 for loans between $2,000 and $5,000 and a term of two years or less; and a cap on the total amount recoverable, so that even with default fees or other penalties the most a person will ever repay is double the loan amount, 200 per cent. The legislation will restrict the refinancing of payday loans or providing a new payday loan. The risk of a debt spiral is to be addressed by introducing further responsible-lending obligations. A presumption would be introduced that a refinance is unsuitable where the borrower is already in default or where it is the lender's third loan in the last three months. The restrictions on refinancing will address the risk of debtors entering into that debt spiral, and that is something that I have explained several times in this place in previous speeches. So many people do not understand the contracts that they are signing when they walk in the door, and, although some of us may have more financial knowledge than others, in many cases it is quite simply a case of needing the money now and signing whatever piece of paper has been put in front of the person who needs the money. Certainly cases like that have come to my electorate office.

Under this legislation, payday lenders will also have to provide information about alternatives to their potential borrowers or consumers. This is a very important point. Improving disclosure about the availability of alternatives will help consumers to make better and more informed financial decisions, and with that information to have the ability to seek out lower cost alternatives to relatively higher cost short-term credit contracts. There are currently a range of alternatives to high-cost short-term loans, and this legislation will ensure that borrowers are informed of these choices. Already, alternatives to payday lenders include Centrelink loans and advances on payments, utility hardship programs and some microfinance products. A recent survey by the Consumer Action Law Centre found that 21 per cent of consumers had used a
payday loan to pay utility bills, but in fact most utility providers will have hardship arrangements to help people pay off their bills over time. Surely that would be a preferable option for most people, rather than getting into debt at high rates of interest?

The federal government provides alternatives to payday lenders such as the No Interest Loans Scheme—NILS—which is designed for people on welfare benefits. The scheme offers loans of up to $1,200 to people on low incomes with healthcare or pension cards. There are no interest charges or fees on these loans. This scheme is run by Good Shepherd Microfinance in partnership with the National Australia Bank and the federal government. People who receive social security payments such as the age or disability support pension, Newstart, parenting payment or youth allowance can request Centrelink advances, where recipients can draw forward payments at no cost. Also, families that receive family tax benefit part A can request an advance on their payments from Centrelink of up to 7.5 per cent of their annual payments, capped at $1,000.

Many non-profit community groups have expressed support for greater regulation of payday lending—groups who see the impact of payday lending every day, groups such as the Uniting Church, whose spokesman, Mark Zirnsak, called on the government to close the loophole and protect consumers from high-interest schemes. He said:

These pay-day loans are the wild west of lending.

Catriona Lowe, co-Chief Executive Officer of the Consumer Action Law Centre, said:

These type of loans do not help a person who can't meet the day-to-day cost of living.

Eleven organisations have signed a joint letter supporting this legislation, including the Consumer Action Law Centre, the St Vincent de Paul Society, Anglicare Victoria, CHOICE, the Financial and Consumer Rights Council Inc., the Good Shepherd Youth & Family Service, the Brotherhood of St Laurence, Financial Counselling Australia and EACH's—Eastern Access Community Health—social and community section, an organisation based in my own electorate of Deakin. To quote Anglicare Victoria:

Payday lending practices are in urgent need of reform to protect low income earners and vulnerable families from becoming trapped in debt. Anglicare Victoria provides financial counselling to more than 10,000 Victorians every year and we have seen firsthand the impact excessive fees and other charges can have on people who see no other option but to use short term loans.

There is a clear case to reform the industry of payday lending. Community organisations know the impact that these excessive fees and charges are having on our community. This bill will place reasonable regulation on an industry that is making incredible profits on the back of low-income earners, low-income earners who in many cases feel that they have no other options when they need to borrow.

As I have said, I certainly hope that this gets some of the message out to people who are in that situation that there are alternatives. I think that is one of the good measures in this bill, that it provides information to be put out to people who may need that sort of finance in a hurry. I commend the bill to the House. (Time expired)

Mr CIOBO (Moncrieff) (12:27): If there is one fundamental relationship that everyone involved in finance or the markets understands it is the relationship between risk and reward. The fundamental proposition that you can never escape is that the higher the risk the greater the reward, and vice versa: the more reward there is for
taking more risk. So it is with those who operate in the segment of the market that the Consumer Credit and Corporations Legislation Amendment (Enhancements) Bill 2011 deals with, that segment of the loans market that is inherently risky because of the customer base that accesses these types of loans.

My concern with this bill—and I note at the outset that the coalition is not opposing this bill that the government has put forward—is that this is yet another step on the journey in this country that sees us continuing to impose regulation on the basis of it being a social benefit in the community. I have put on the record now on a number of occasions my serious concern that as a nation we have become obsessed with regulating every single aspect of people's lives on the basis of saying from a paternalistic point of view, 'This is in your best interests.' This is simply another step down that pathway.

It seems to me as a member of the coalition, and as someone who genuinely believes in smaller government not big government, that a better way to address this problem would be to adopt the approach that the best way we can deliver maximum benefit for consumers is through the promotion of healthy competition. If there is a reason why consumers, when accessing payday loans and other types of small amount credit contracts, feel like they are being overcharged, and if there is a concern that exists among those who operate in this space and those who provide financial counselling that consumers are being taken advantage of, my response to that is that it is obviously because the market is not competitive enough. In a more competitive marketplace those that would seek to basically extract maximum profit from consumers would be unable to do so because consumers would substitute their product offering with someone else who is a provider in the marketplace and is more reasonable. That is the solution to concerns that people have about consumers being gouged by providers who seek to obtain maximum profit.

On the face of it legislation like this always seems superficially attractive. On the face of it legislation that is built upon the basis of saying, 'There is a social harm that is being done to the vulnerable in our community so therefore we the government will step in and address that social harm,' always seems superficially attractive. But at what point do we as legislators go to the character of our nation and say, 'How much regulation is too much regulation?' I guarantee you one thing: I do not think in the 11 years I have been in this chamber I have ever heard a single minister or participant stand in this chamber and say, 'We are introducing all this new regulation because we think it is a bad idea.' There is a newsflash: no-one has ever come in and said, 'We're going to introduce this regulation because we think it's a bad idea.'

Every piece of legislation that moves through this House and the chamber upstairs is built on the premise that it is for the good of the people. I think, as I have said on a number of occasions, that enough is enough. We need to take a stand that says, 'We do not need to regulate every aspect of people's lives.' The way to achieve a solution where there is excess interest being charged and where there are access fees being charged is to drive the best consumer outcome by having a more competitive marketplace, not by having increased compliance and regulation. Ultimately, the consequence of more regulation and increased compliance costs is that the consumer pays more. It is innovation that withers and fundamentally the consumer ends up being in a worse position than they were to begin with.
What we see is the reallocation of harm from perhaps being concentrated on one per cent of the marketplace to now being spread across the consumer segment. Yes, you do not see the imposition of harm on one or two per cent of the marketplace but, rather, you spread the imposition of harm across the entire marketplace. The net impact of that in the marketplace is for the worst. But the government stands up and says, 'This is a better outcome because now we have stopped one or two per cent being adversely affected in a more significant way.' This is without realising that by spreading the harm across the entire marketplace we as a country are, in net terms, in a worse position.

I acknowledge, as I said, that the coalition are not opposing this bill, but I do not think this is a good bill. I do not think it is a good bill because it is typical of the response of both sides of the political aisle—I am not going to turn this into a partisan comment—whose first reaction is always to say, 'More regulation,' in response to consumer concerns that are raised by certain advocacy groups who are bone fide in outlining and being advocates about their concerns but in my view do more fundamental injustice to the Australian people by effectively clearing the pathway for more and more regulation.

I would love to hear from the minister responsible arguments about why an increasingly competitive marketplace—one in which we allow lower barriers to entry so that more people can operate in the space and there can be more loans available and greater access to these types of small-amount credit contracts—will not provide the kinds of protections we are talking about for those consumers that need to take advantage of these kinds of options. This is especially so when the speaker in this debate immediately prior to me outlined the alternatives available. The previous speaker outlined that there are, for example, advances available through Centrelink and payment terms usually with utility providers and the like. I would love to hear why consumers are not empowered with that knowledge and feel that they must resort to payday lenders. If there are payday lenders out there in the marketplace, I say: let's have more providers filling the space so that no-one is able to inflict price gouging on consumers, because consumers say, 'Why would I go to that person who charges obscene start-up costs or establishment fees or an obscene interest rate when I can choose to go to another provider?' That is the solution. Regulating the amount of interest, regulating the number of days and regulating establishment fees and the like always seem superficially attractive, but it is my contention that in the long term they do more damage than good.

I acknowledge that the government—and it is unfortunate that it came to this—had to make around 79 amendments to their original piece of legislation. I think it is good that the government have done that, but to me it underscores how misguided the government were initially with respect to their original piece of legislation.

I was contacted by large numbers of providers in the space who outlined their concerns to me that, had this bill gone through as it was initially drafted, the consequence would have been that they would have withdrawn from the market. It runs contrary to some of the popular views out there, but these are not people who are despicable, these are not people who are seeking to price-gouge and these are not people who are sending around merchants of fear and intimidation to extract the maximum amount of interest out of their customers. In most instances these are genuine business people who are providing a product in a segment of the consumer market that is particularly risky. They employ people to operate in this space. Their business—in
many instances they are family businesses—plus the employees that they have, were directly threatened in terms of their commercial viability by the original iteration of this legislation. So I welcome the amendments, although I do that in the context of not being particularly supportive of more and more regulation. My concern with respect to these people operating in this space—and this was put forward to me by a number of those providers in my electorate of Moncrieff, on the Gold Coast—is that, had they left the marketplace because by way of regulation and legislation they would no longer have been commercially viable, that market segment that would have been left vacant and unprovided for would have been met by, for example, bikies moving into this space. So, based on the original piece of legislation, we would have had a government that said, 'We're here for you, consumer, to make sure that you're not taken advantage of and that price gouging doesn't take place,' and the direct consequence—mentioned to me not by one provider but by five or six—would have been that they would have left the marketplace. So the so-called protection the government would have delivered to those customers who need to take advantage of payday loans would have been to throw them to the wolves. It would have meant that they were actually obtaining money from so-called payday lenders that in fact would have been fronts for bikie organisations and other criminal gangs, who I absolutely guarantee you would not be taking time to know their client or to check whether or not their clients could repay the loan but rather would absolutely deal with threats of intimidation and violence if loans were not repaid. So thank goodness, frankly, that the government has moved a swag of amendments to its own legislation so that common sense, hopefully, prevails. Increasing the establishment fee from 10 to 20 per cent and interest rates per month from two to four per cent for small-amount credit contracts is the kind of amendment that we are talking about where I think it has taken decisions that will be of benefit to consumers.

But I go back to the fundamental proposition with respect to the Consumer Credit and Corporations Legislation Amendment (Enhancements) Bill, which is that I fundamentally believe that the concerns that have been raised could be addressed by lowering barriers to entry and by making it easier for there to be multiple providers in this space. That is how you bring about maximum consumer benefit: give consumers options. Make suppliers compete to be in the space. Deny those suppliers in the space the opportunity to price-gouge by giving consumers ability to choose who they want to go to. The more providers in the space, the lower the margins. Instead, this government has adopted the approach of saying, 'What's required is more regulation,' so in fact the barriers to entry are actually increasing.

So time will tell whether this was a decision that is in the best interests of consumers. There may be in the future fewer examples of one, two or more victims of unscrupulous payday lenders who seek to price-gouge. But I leave this question: how will we truly measure the general net detriment that all consumers face as a consequence of increased compliance and increased regulation? It is my contention that we will not be able to measure that, but I have no doubt that the net impact of this legislation will be to visit a greater degree of cost on all consumers in the space, rather than the current situation, which sees fewer people paying less.

Mr SIDEBOTTOM (Braddon—Parliamentary Secretary for Agriculture, Fisheries and Forestry) (12:41): Good
afternoon, colleagues. I just remind the member for Moncrieff that it is not so much about expanded regulation or more regulation; it is about much-needed regulation. The Consumer Credit and Corporations Legislation Amendment (Enhancements) Bill 2011, amongst other things, will amend the National Consumer Credit Protection Act 2009 to significantly reform the regulation of short-term small-amount credit contracts, commonly referred to as 'payday loans'. Payday loans have uncontrolled costs, and significant financial harm can arise when vulnerable consumers who cannot access credit elsewhere are prepared to pay excessive interest rates and fees. Repeated use of these loans can create a debt spiral where repayments can exceed the consumer's income. There is no obligation on lenders to disclose alternative sources of finance that may be available to at-risk consumers. So the proposed amendments aim to ensure that reputable payday lending services remain viable, while providing a safety net for those in the community who can least afford excessive credit charges.

Research suggests, Mr Deputy Speaker Leigh—and you more than anyone in this House would probably know this—that payday lenders typically target consumers who have limited access to credit, including consumers with low incomes or poor credit records, and offer easy and fast application processing and provision of funds. These loans generally have short repayment terms and fixed fees or charges, with low or unexpressed annual interest charges that require repayment via a direct debit authority. Consumers often seek out lenders based on easy geographical access and who will lend to them, as opposed to who is the best lender. It could be argued that payday loans have a high risk to the lender, as a low-income borrower is more likely to default. This high-return enterprise gains security by drawing payments on the consumer's payday, and that is why we call them payday loans.

The national consumer credit protection amendment bill aims to protect vulnerable consumers who can least afford hefty credit interest rates from being taken advantage of by unscrupulous payday lenders—I emphasise 'unscrupulous' payday lenders, not all payday lenders nor indeed a majority. The bill amendments include imposing an establishment fee cap of 20 per cent and an interest fee cap of four per cent of the loan amount for payday loans under $2,000 and a one-year term, and a cap of 48 per cent per annum on loans between $2,000 and $5,000, with an additional $400 that can be charged to the consumer as costs or interest. It imposes responsible lending obligations for small-amount credit lenders and brokers to address the risk of a debt spiral for consumers, and it requires lenders and brokers who provide payday loans to disclose the availability of alternative sources of finance or assistance. Payday lenders can take advantage of consumers who find they are confronted with the urgent need for finance and who are unable to access alternative forms of credit to pay for things such as rent, car registration, utility bills and day-to-day living expenses. Research indicates basic living expenses account for the motivation of between 50 and 70 per cent of consumers. These consumers are vulnerable to exploitation and may be ill-informed of exorbitant payday lending fees and charges. The government is not proposing to ban small-credit loans but is proposing to make them fairer for the consumer.

Payday lenders often do not account or make allowance for cost-of-living and other expenditure obligations in order to set repayments at a level the borrower can afford. In contrast, for example, home loans are assessed on an individual's ability to
repay, such as 25 per cent of expendable income. Supported by Treasury and other research, payday lender customers consist of approximately 46 to 50 per cent of Centrelink beneficiaries. Financially disadvantaged consumers are often willing to pay any cost to alleviate their immediate financial pressures even if that means their problems are exacerbated in the future. The bill proposes that the amount of the repayments for Centrelink-dependant consumers is to be capped at 20 per cent of their income. The bill provides protection for consumers on low incomes from being overcommitted and exacerbating financial disadvantage.

The bill amendment to prohibit payday loans with a term under 15 days also aims to protect consumers with a low fixed income. The average annual percentage rate on payday loans with a 14-day term ranges from 652 to 886 per cent, with a 30-day term ranging from 304 to 413 per cent. Prohibiting loans with a term under 15 days aims to ensure the situation of financially disadvantaged members of our community is not exacerbated, while at the same time protecting the reputation of payday lenders.

Payday loans are often a first resort, rather than a last resort, for financially disadvantaged consumers. To address this failure to utilise alternatives, the bill requires payday lender advertising to incorporate a generic disclosure statement providing possible alternatives, including financial counselling services and specialist consumer legal advice services. Alternatives to high-cost short-term loans also need to be disclosed. These include: advances on Centrelink payments such as no-interest loans and low-interest loans; negotiating with existing creditors; and seeking hardship relief with utility providers. Payday loan fees and charges need to be understandable to consumers and provide information for alternative financial options.

At present, consumers have few available remedies where a small-amount credit contract is unjust or a fee or charge is unscrupulous. Under the unfair contract term provision in the ASIC Act 2001 a borrower has no recourse on the basis the cost is unfair. The bill requires payday lenders after the first two years of implementation to report information annually to ASIC. Reporting requirements include the number of loans, average default rates, a list of all fees and charges and compliance disclosure details.

Currently there are no uniform national laws regulating short-term small-amount credit contract interest and associated costs, such as establishment, monthly, default and government charges. The ACT, New South Wales and Queensland state governments have taken steps to address the issues of payday loans. This bill proposes a uniform national approach to regulate small-amount credit contracts.

My electorate of Braddon, on the north-west coast of Tassie, has a higher-than-average rate of unemployment and a high percentage of constituents who rely on Centrelink benefits. Sixty-nine per cent of areas are ranked in the lowest socioeconomic percentile in Australia. Statistics indicate that Braddon has the highest poverty rate in Australia, with 15.1 per cent of the population living in poverty. Poverty, as defined by the Henderson Poverty Line, is a measure of the minimum liveable income and is regularly updated according to ABS data. These factors may indicate a lack of capacity to manage personal finances and of understanding of alternative financial support for those in financial hardship. Within this low socioeconomic demography with high poverty rates many people are at
risk of being taken advantage of by unscrupulous payday lenders, and of becoming reliant on payday loans. These pockets of disadvantage exist throughout Australia.

Most payday lenders oppose the proposed 48 per cent annual cap for interest rates on the ground it makes the service unviable. This is due to the short-term nature of the loans. For example, a cap of 48 per cent annually correlates to four per cent per month, which the industry argues is not enough to cover the costs of setting up a payday loan and covering losses arising from default loans. However, fee based caps are an appropriate mechanism to allow for sustainable and fair payday lending services. Unsecured loans under $2,000 with a term under a year will be able to attract an establishment fee of up to 20 per cent and ongoing fees and interest of up to four per cent per month. Loans between $2,000 and $5,000 will be subject to a 48 per cent per annum cap, with an additional $400 that can be passed on to the consumer as fees or charges or by raising the interest rate to 56 per cent per annum. This model therefore strikes a balance between protecting consumers and allowing lenders to charge a reasonable and fair fee. A national approach to deter unscrupulous payday lenders from taking advantage of at-risk individuals and to protect the reputation of the industry is in the interests of all stakeholders. It would appear this sector concedes there is a need to improve accountability and transparency of industry practices. For example, my electorate office has received in excess of 60 letters of objection from payday lending consumers who are under the impression that the proposed legislative changes will mean they will not have access to payday lending at all. This is of course incorrect.

Financially struggling consumers may take out a payday loan to pay for basic living expenses such as rent, electricity, registration et cetera. To meet loan repayments, the ability of vulnerable consumers to meet their living expenses decreases and their standard of living, quality of life and wellbeing reduce. The cycle of disadvantage and financial exclusion is often self-reinforcing, resulting in a continuing dependence on obtaining multiple payday loans from payday lenders. The proposed amendments aim to ensure that reputable payday lending services remain accessible while providing a safety net for those in the community who can least afford excessive credit charges.

I finish my contribution by pointing out the consequences of someone getting lost in a spiral of debt from taking out loans that they are unable to service. I take the example of a person on a fortnightly Centrelink benefit. They are caught short one week and take out a $300 loan, filling in a direct-debit form with the paperwork for the day their next payment hits their account. Typical fees on that loan will be around $105 or 35 per cent. On their next payday $405 comes out of their account, leaving them short the next week as well, so they take out another loan—and so the spiral of debt begins. That we regard as unfortunate, and this legislation seeks to strike a balance between protecting the rights of consumers and at the same time giving them access to cheaper loans and to other loans, while also maintaining the integrity of the industry that assists them to meet their financial responsibilities.

Mr HUNT (Flinders) (12:54): I refer to the contribution from the member for Braddon who eloquently outlined the cycle of debt as each year an entity borrows more, has higher levels of interest rates and then borrows to pay the interest rates. This has of course been the story of the Australian government over the last four years: annual deficits building to national debt, building to interest and all of that interest for the current...
year being met through further borrowing, which future generations will be saddled with and for which they will have to pay in their time.

But let me turn to the specifics of the Consumer Credit Corporations Legislation Amendment (Enhancements) Bill. The purpose and the intention of the bill is to ensure that the cycle of indebtedness is not exacerbated. It is a notable and important perspective. The goal is to weed out the shonks and the charlatans who prey upon those who are vulnerable, again a noble purpose. The fear is that as it was originally drafted this bill would have had an impact not necessarily on the shonks and the charlatans, the predators on the fringes of the industry, but on those who are legitimate microfinance providers. On that basis, we have put forward a suite of amendments designed to, intended to and aimed at protecting the genuine legitimate microfinance providers. On that basis, we have put forward a suite of amendments designed to, intended to and aimed at protecting the genuine legitimate microfinance providers who play a critical role in helping those who may not have access to mainstream banks and who may not be able to provide the collateral. The message is get rid of the shonks, but do not destroy the legitimate microfinance providers.

We have been engaged in a long and arduous discussion with the government, with those who would not have dealt on their side with the genuine by-product of their legislation as to legitimate microfinance providers. To that extent I want to base the vast bulk of what I have to say on the words of Helen and Jeremy Spink, who are constituents of mine who operate a small microfinance business in the neighbouring electorate of Dunkley. Helen Spink wrote to me recently, and I beg the indulgence of the House to quote at length from her letter:

We own and run Cash Loan Money Centres, a micro finance business, in Young Street Frankston. We took out a large mortgage in 2006 to purchase our franchise business to enable us to see out the latter years of our working life serving people in our local community. We provide small amount loans of between $200 and $2000 over terms of 3, 6, 9, or 12 months. Our customers are more than satisfied with our affordable repayments and the flexible terms we offer. In short, at this point they are serving the community. Helen goes on:

We have built wonderful friendships with many of our customers. Everyone that walks through our door is treated with kindness and respect, and consideration is given to all of their circumstances, not just their need for short term finance. We have been able to support many through major crises in their lives. Consumers from all walks of life have unexpected needs that have to be met. Our customers value freedom of choice and the ability to make their own decisions—this gives them dignity and self-respect.

Here I divert from Helen's letter and say to the government: do not for one moment detract from the ability of people who struggle and who are vulnerable to seek out their own 'dignity and respect', to use Helen's words. I continue with Helen's warnings:

Under this new legislation, most lenders like ourselves, will not be able to continue. The legislation is unworkable, confusing, and renders our business totally unviable. With borrowing costs, Credit licensing costs, Private Indemnity Insurance costs, and membership of an external dispute resolution scheme, not to mention wages, rent, and running costs, we cannot make a living under the cap rules in the new legislation. We don't understand why the government bothers to regulate the industry, only to sabotage its existence. This will mean job losses in departments of the regulators, rental premises empty everywhere, small businesses closing, staff losing their jobs, and so on.

Helen then continues:

We go out of our way to ensure a loan is suitable and affordable for a customer. We value them too much not to and its our money we are lending! We need it repaid and we try to encourage our
customers with the value of honouring a
commitment.
This is the value to which Helen and Jeremy
are referring, not just of their own endeavours but of that heightened sense of
independence and self-respect which they are
attempting to give those who work with
them. It is a noble purpose and it is designed
in a way to give those who are most
vulnerable an opportunity. As a country, we
encourage microfinance programs through
our aid budget. As a country, it would be
dearly not to believe that those on the fringes,
those who are most vulnerable, should have
the same rights as those which we are
providing and encouraging for people who
are most vulnerable in developing societies.
The letter continues:
We stand to lose so much if this legislation is
passed. We lose our business, our customers, our
staff, and the prospect of finding new jobs as we
approach 60 is frightening to say the least. But
what upsets us most is the anguish on our
customers faces when we tell them we may not be
around much longer. We cannot tell them where
they will go. Most don't fit the criteria for the Not
For Profit loans or the lead time is too long for
their immediate need.
We applaud the new regulated industry to weed
out any unscrupulous loan sharks. Consumers
have the right to be able to obtain finance in a
safe, honest, transparent and responsible
environment. Unfortunately we fear the
consequences if this legislation is passed.
Consumers will always need money for the
unexpected and the emergence of unlawful
operators is almost a certainty. The very law that
was meant to protect our customers will in fact do
the opposite.
Helen continues:
We feel cheated by Mr Bill Shorten. He has
proven not to be a person of integrity. It appears
by this whole process that all he is interested in is
his own political goals. … he obviously has his
own agenda and is extremely arrogant in his
pursuit of it. The power that one person wields
can potentially be catastrophic for many. It would
be nice to think that we all have a savings stash
for those unexpected expenses. The reality is that
our customers don't and family support is often
not an option either.

… … …
This government seems hell bent on destroying
small business and hurting ordinary Australians.
Why wipe us all out when you can simply
prosecute or de-licence the few rogue lenders that
operate in contravention of the Act.
Having set out Helen and Jeremy's letter, let
me say that those comments were made
before the government accepted the
amendments we have proposed. I hope that
those amendments and the government's
acceptance of them deal with Helen's
concerns. I have, however, deep concerns
having witnessed the Home Insulation
Program, the Green Loans Program, the
Green Start program and the repeated
random changes in solar hot water policy and
solar PV policy. This is a government which
has not understood the human consequences
of its decisions time and again.
We are showing good faith to the
government, having moved a range of
amendments which the government appears
set to adopt. But my concern is for Helen and
Jeremy and their clients and customers. It is
up to the government to ensure that
everything of which they have warned does
not come to pass, and we will hold this
government responsible if these things do
come to pass.

Debate adjourned.

Superannuation Legislation
Amendment (MySuper Core
Provisions) Bill 2011
Second Reading

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

Mr NEUMANN (Blair) (13:05): I speak
in support of the Superannuation Legislation
Tuesday, 26 June 2012

Amendment (MySuper Core Provisions) Bill 2011. With about $1.36 trillion held in superannuation funds across the country and with about 8.1 million of the 11 million Australians in the workforce having significant superannuation, dealing with superannuation is absolutely critical to the financial prosperity and economic development of our country. It is about dignity and security and financial provision for people in their retirement years.

Jeremy Cooper, in his review commissioned by this government—and I pay tribute to former Senator Nick Sherry and Minister Chris Bowen, who, in a different guise, was the minister responsible for this area—said that by 2035 we would have, based on Treasury figures, $3.2 trillion in superannuation investments in the country. Deloitte say it is about $6 trillion. Whatever figure it is, it is an enormous amount of money, so dealing with this sort of superannuation is crucial.

One of the things that came out through the Cooper review, which issued many issues papers and interim reports during a period of about five months, was that Australians currently pay in fees around $85 on average a month, which is significant. As Minister Shorten said in his second reading speech, it is in fact more than the average person’s monthly mobile phone bill. Anything that can add more money into the pockets of Australians and less in fees to superannuation companies is a good thing for giving people more money when they decide to either transition to retirement or, indeed, retire fully. A dollar that they have is a dollar the superannuation companies do not have. It gives them more ability to go on that long, well-earned trip. to buy that new car, to make sure they can meet their grocery prices and household expenses for themselves, to take a night out and go to the movies or have that dinner together.

The Cooper review had a plethora of recommendations; 177 recommendations were made to the government, and the government in whole or in part accepted 139 of them. Those recommendations were wide ranging. One of the elements of the recommendations was the creation of a MySuper product which would be a new default superannuation product having few or no fees or charges and which was much cheaper than the default superannuation schemes that were operating. The government accepted those recommendations, but they required the Australian Prudential Regulation Authority to be satisfied that the MySuper product had the necessary features to make sure that it would be achieving what I will call the 'Cooper outcome' of making sure that people had a confidence in that system, that there was a diversified investment strategy, that the whole process of good returns to members was enhanced and that there were fewer fees and charges and a reduction in the kinds of expenses that were given to people. So the idea of some basic features in this MySuper product was a worthy goal and a Cooper recommendation. It was a more simplified and low-cost superannuation product that would enhance the financial security of people in their retirement. As I say, there had to be authorisation by APRA in terms of those particular superannuation funds.

The bill proposes specifically to offer the MySuper product from 1 July 2013 and make it compulsory for employers to make contributions to superannuation funds that offer that product from 1 October to meet the obligations that they have as employers in relation to the superannuation guarantee. I might add that this particular aspect of our reforms adds to the many reforms that we have undertaken in relation to superannuation which have seen and will see
a benefit to my constituents in Blair in South-East Queensland—specifically, the increase of the superannuation guarantee from nine to 12 per cent, phasing in from 1 July 2013 to 1 July 2019, will in fact benefit 43,000 people in my electorate. The assistance that we have given in terms of low-income superannuation contributions is helping 3.6 million low- and middle-income Australians. They currently pay $500 a year in tax on their superannuation and will pay nothing. It will benefit 23,600 workers in my electorate.

I was pleased that the minister listened to the entreaties of both me and a number of other people in relation to the superannuation guarantee. As I had experienced when I was talking to the Ipswich Association of Independent Retirees recently in Limestone Park, they raised with me these types of issues. One of the things I pointed out to them was the 51,000 workers 70 years in age and older who will benefit from what we have done to boost superannuation retirement earnings for them by making sure that we are for the first time allowing them to also enjoy the benefit of superannuation guarantee. Their employers will make a compulsory contribution if they continue in paid work—and many do as they transition into retirement. So that, along with the clearinghouse that we are undertaking to support, is important as part of what we have called SuperStream superannuation reforms. I think that clearinghouse will also improve the capacity and ability not just to collect data but also for people to get access to information to make decisions about superannuation. That is designed to make sure superannuation payments are processed more expeditiously and will reduce administration costs as well. That is an important reform as well.

The legislation here before the chamber also deals with other aspects which I think are important. One aspect is for those few rogue employers who may fail to pay the MySuper product when that has been the choice of those consumers of the superannuation service—those employees in their employ. If those employers fail to meet their superannuation obligations on the MySuper product, they themselves will be found liable for the superannuation guarantee shortfall. The bill requires, of course, the employer to pay that money into that product.

The bill permits trustees to be authorised for one MySuper product per fund unless they qualify for one of two exceptions to be able to offer more than one product. First, the trustee will be able to tailor the MySuper product to large employers who have funds of in excess of 500 employees. Funds will be able to offer a variety of different MySuper products in those circumstances to preserve existing corporate brands as well. They are the exceptions. The trustees may wish to offer more than one product. They are required to be authorised by APRA in relation to the MySuper products offered.

These are important contributions to the whole superannuation reform agenda of this government. I have seen the benefit of those reforms in my electorate. When I speak to people at the many mobile offices, street stalls, country shows and community groups, including the one I recently referred to, there has been support for what the government is undertaking. I think it is done in a way that stakeholders in the industry have been consulted through the review process, people have been given choice, expenses associated with administration have been reduced and there is a focus on making sure that people have more money in their super schemes for retirement.

In the circumstances this particular legislation is the fulfilment of yet another
federal Labor government commitment that we undertook at the last election. When I did some investigation in relation to this matter I noted that the coalition's view in relation to the MySuper product was one of wait and see. They made no commitment in relation to the Cooper review before the last federal election. I will be pleased to see their commitment to supporting this particular legislation. It is sensible reform in the circumstances and it will enable people to live with greater certainty and dignity in their retirement. I commend the legislation to the House.

Mr FLETCHER (Bradfield) (13:16): I am very pleased to rise to speak on the Superannuation Legislation Amendment (MySuper Core Provisions) Bill 2011. This is a bill which follows the Cooper review into Australia's superannuation system. In essence, what it purports to do is create a new and supposedly cost-effective superannuation product to replace existing default products. Specifically, the bill defines what a MySuper product is, sets out rules as to the payment of contributions and account transfers for MySuper products, and sets out the fees that can be charged and the basis on which those fees can be charged to members of a MySuper product.

Importantly—and this is really the core of what the bill does—it provides that from October 2013 employers must make the default superannuation contribution for an employee, with the exception of employees who have specifically made a fund choice which is a minority of them. All other employees must have the benefit of a payment by their employer into a fund that offers a MySuper product. This is of great importance because the vast majority of employees have not exercised a conscious choice as to which fund they want their superannuation contribution to go into. As a consequence, this legislation will have the effect that, in respect of all of those employees, employers will be under an obligation to make the payment into a MySuper product.

The coalition supports reforms which make Australia's superannuation system more efficient, more transparent and competitive and which deliver improved value for superannuation fund members. This then comes to the question: do the reforms contained in this bill achieve that objective—the objective of making the system more efficient, transparent and competitive and of delivering improved value for members of superannuation funds? The answer is that in some respects this bill does advance the position towards achieving that objective but in other material respects it does not.

Let me expand upon that by making comments in three areas in the brief time that is available to me today. Firstly, I want to highlight that there are significant implementation issues when it comes to this piece of legislation. Secondly, I want to point to an important defect in the legislation, which is that it fails to open up default superannuation funds to competition. On the contrary, what it does is entrench the anti-competitive framework of the modern award system. Thirdly, I want to highlight the failure of the bill to achieve the desired state of competitive neutrality when it comes to the treatment of so-called intrafund advice.

Let me turn to the first point, which is the question of implementation. I take no pleasure in saying to the House that every bill that the minister chooses to deal with seems to be characterised by similar patterns. Every bill that this minister brings to the House seems to be rushed, seems to be disorganised, seems to be poorly thought through in important respects and seems to
be motivated more by the desire to get a headline than to deliver substantive reform.

I will concede that the original version of this bill was even worse than the one which the House is now considering. In the original version of the reforms proposed there was going to be a mandate that only one particular fee level could be charged. Well-known superannuation consultants Chant West found that this model would have resulted in 750,000 Australians being forced to pay higher fees than they are currently paying given the fact that there is already a wide availability of low-fee, no-frills products across the superannuation sector. The coalition is certainly pleased that the government has decided to back down on the one-fee approach and will allow MySuper funds to offer differentiated fee structures.

That being said, there remain significant implementation concerns about this bill and particularly the fact that the process has been extremely rushed. According to the Financial Services Council, there is a risk of employer and member disruption with the proposed three-month period from 1 July 2013 to 1 October 2013 when superannuation guarantee contributions may continue to be paid into existing default funds prior to compulsory MySuper contributions commencing. The Financial Services Council therefore calls for extending the compliance transition period for employers through until 1 July 2014 and also a limited extension beyond 1 October 2013 for funds which have lodged an application prior to 1 July 2013.

Let us also look at what respected superannuation industry participants Mercer have said. Mercer support a deferral of the implementation of MySuper from 1 October 2013 on a number of grounds, including the implications of the package and its implementation for trustees, employers and employees, and superannuation fund members, and they have this to say:

It is becoming increasingly clear the date of 1 October 2013 specified in the Bill as the date by which all default contributions must be made to a MySuper product is unlikely to be achievable. The October 2013 date leaves insufficient time for trustees to:

- analyse as yet unavailable legislative requirements
- design and implement the necessary modifications to fund designs
- amend trust deeds and other governing rules
- appropriately modify administration systems
- renegotiate insurance, administration, investment contracts etc
- lodge an application with APRA and receive the relevant approval to offer a MySuper product
- develop internal controls and processes and train staff, representatives and financial advisers to accurately represent the product features and benefits to consumers
- prepare and issue relevant communication material to members.

It is interesting that the Association of Superannuation Funds of Australia supports a delay in employer compliance from 1 October 2013 to 1 July 2014 in order to mitigate the risks involved in making the changes proposed by the Stronger Super package.

I need hardly remind the House that an additional factor which makes the implementation of this detailed and complex package even more complex is the fact that it is going through at the same time as the minister has introduced and is requiring the implementation of the Further Future of Financial Advice Measures. Many financial institutions will be affected by the need to make major changes for these two separate packages, and the implementation complexities are very substantial and
certainly not assisted by the rushed and chaotic nature of the process by which we have got to this point.

Let me turn to the next point I would like to highlight, which is the fact that the regime to be introduced in this bill exacerbates the already seriously anticompetitive nature of the current modern awards system as it applies to competition in the superannuation sector. I mentioned that a core requirement of this bill is that, for the vast majority of employees who have not made a conscious choice of fund, the only option available to their employer is to pay their contribution into a MySuper product. Yet, curiously, the government has failed to take this opportunity to expand the range of choices which employers have as to which default superannuation fund they can make the contribution into.

You would be aware, Mr Deputy Speaker Scott, that under Labor's so-called 'Fair Work' Act, so-called 'modern awards' are required to contain a clause specifying the superannuation fund into which the employer must pay the employee's super contributions if the employee has not specifically nominated a fund and, as is well known, the vast majority of employees have not chosen to exercise a conscious choice. The process by which Fair Work Australia determines which funds are nominated in modern awards is a secretive, non-transparent and non-competitive process. Yet, to be nominated as a default fund in a modern award is a valuable privilege for those funds which are so nominated because they receive a steady stream of contributions.

It is no coincidence that these arrangements work very much to the advantage of industry funds and public sector funds, and it is those funds which are closely aligned with the union movement. It is those funds in which often up to half of their directors—and in the case of some public sector funds, potentially even more—are union officials.

An analysis conducted by the Institute of Public Affairs recently found that, across 166 modern awards approved by Fair Work Australia, there were a total of 566 funds specified as default funds under those awards and, of those, 513—the vast majority—were industry or public sector funds. To mention just one fund, Australian Super is the largest fund and the one which the minister for superannuation was in a previous life a director of. Australian Super is specified as a default fund in over 70 modern awards. This is an issue which industry participants in the superannuation sector have constantly highlighted as constraining competitive neutrality and, therefore, not being in the best interest of fund members. It is not in the best interest of those Australians—that is to say, all of us—who are using the superannuation system to save for our retirement.

The introduction of the MySuper arrangements is a missed opportunity to correct this gravely anticompetitive set of arrangements. It would be an obvious and natural thing to do if you are specifying that there is a particular kind of product, a MySuper product, which must be offered by all funds and into which contributions must be paid unless the employee has deliberately exercised a specific choice to the contrary. It would be an obvious and natural thing to do and to say, and therefore what follows from that is that any MySuper product of any superannuation fund is suitable as a product into which an employee's contributions can be paid by their employer. However, the government for its own reasons has chosen not to take that obvious and natural step, a step which would have significantly increased competition and which would have reversed the unsatisfactory nature of the
inherent advantages which this government has chosen to use in the superannuation system to provide to certain classes of superannuation funds.

The minister is a former director of a predecessor organisation of the largest industry superannuation fund, Australian Super. Interestingly, other former directors of that fund now in the parliamentary Labor Party include the Minister for Climate Change and Energy Efficiency, Mr Combet, and Senator Doug Cameron, as well as the failed Labor candidate for the seat of Melbourne in the 2010 election, Cath Bowtell. In other words, there are very close and cosy links between the parliamentary Labor Party and industry superannuation funds. It is hard to avoid the suspicion that the failure to make this natural and obvious change to permit any MySuper product of any fund to be the recipient of the contributions of employees is motivated by the same desire to advantage certain sectors of the superannuation industry over others, as has motivated many other policy measures introduced by this minister and this government.

The last issue to briefly highlight is a failure of competitive neutrality in the way that intrafunded advice is treated. In essence, the arrangements in this bill suit the business model of one class of fund—that is, industry superannuation funds. They do not sit well with the business model of other classes of funds and they do not appear to be consistent with the principle which underpins the future of financial advice reforms. Aspects of this package contained desirable reform; other aspects of this passage raise serious concerns, as is so often the case with measures introduced by this government.

Mr Lyons (Bass) (13:31): The member for Bradfield obviously conforms to the Liberal policy of make sure you keep the capital away from the workers. That amazes me. I rise to speak today on the Superannuation Legislation Amendment (MySuper Core Provisions) Bill 2011. During the 2010 election the Gillard Labor government announced that it would assist families to save for their retirement by introducing a new low-cost simple superannuation product called MySuper. MySuper is a signature reform from the Cooper review into superannuation. The focus of the reform is lowering fees and improving efficiency and superannuation so the savings of members are maximised. This reform delivers on an election commitment to introduce a new low-cost default superannuation product, MySuper, by 1 July 2013.

The review chair, Jeremy Cooper, said MySuper would be a simple, cost-effective product that redefines what Australians should be able to expect from their super in the 21st century. I am pleased speak on this legislation today as MySuper complements the government's policies to increase superannuation from nine to 12 per cent, and it passed the Senate in March this year. It is a huge win for Australians. I am proud to say that 8.4 million Australian workers will benefit from this change. It is in the national interest to encourage Australians to save more for their retirement, but it is also fair. The superannuation industry contributes to higher retirement savings through greater efficiency and lower fees. These are solid reforms.

The proposed bill implements the core elements of MySuper and the government's 2010 election commitment to introduce a simple, cost-effective superannuation product that will replace existing default superannuation products. This bill will enable authorised Australian Prudential Regulation Authority regulated superannuation funds to offer MySuper...
products from 1 July 2013 and will make it mandatory for employers to make contributions to super funds that offer MySuper products from 1 October 2013 in order to meet their superannuation guarantee. Essentially, the bill sets out the requirements for authorisation of MySuper products, through APRA, that must be met by trustees of superannuation funds that wish to offer MySuper products, as well as the key characteristics of MySuper products and the permitted fees and associated fee-changing rules for MySuper products. MySuper products will be simple, cost-effective default superannuation products that will replace existing products.

Authorised superannuation funds will be able to offer MySuper products to members from 1 July 2013 and I hope that workers in my electorate of Bass take up that offer. Trustees will be required to apply for APRA authorisation for each MySuper product they wish to offer. The large employer exemption will allow funds to offer a tailored MySuper product to employers who contribute to that fund for the benefit of at least 500 employees and associates to suit the needs of the particular workplace. However, some employers will be able to negotiate a discounted administration fee for their employees in a generic MySuper product. This will allow trustees to provide more flexibility to certain employers and will result in some members not being forced to pay higher fees as result of the introduction of MySuper.

We, the Gillard Labor government, want to do all we can to ensure that Australians have enough money in their retirement. We are leading healthier, longer lives and many Australians currently do not have enough saved in retirement kitty for their nonworking years. The superannuation industry manages $1.3 trillion in hardworking Australians' retirement nest eggs. Every dollar diverted in fees or other unnecessary overheads is a dollar less towards a larger nest egg for a more secure retirement. Over a person's working life these fees can total tens of thousands of dollars in lost retirement income.

The MySuper reforms are part of the Gillard Labor government's plan for a stronger economy and are the next phase in Labor's reforms to a national superannuation system. The standards that MySuper products will have to meet include no entry fees, with exit fees limited to cost recovery, and a ban on hidden fees and commissions in relation to retail product distribution and advice by financial advisers. There will also be standardised reporting requirements in plain English so that ordinary Australians will understand what is going on with their super. This is very important and will be welcome news to everyday working Australians. MySuper accounts will have the ability to accept all types of superannuation contributions. There will also be new standards around the payment of performance fees to fund managers.

Our superannuation changes build on a series of reforms the Gillard Labor government have already made to assist Australians plan for a safe and secure retirement. We have delivered reforms to provide more support for pensioners by increasing the age pension. A key example of this was in September 2009 when Labor delivered the biggest increase in the pension in 100 years and reformed the pension system so that it kept up with the cost of living. Since 2009 the maximum pension rate has increased by $154 a fortnight for singles and $156 a fortnight for couples. The government have also: delivered a new seniors work bonus so that local pensioners can keep more of their pension when working; increased the utilities allowance by about $400 a year to help pensioners keep on
top of the bills; and delivered a new national transport concession scheme so that pensioners can access cheaper public transport when travelling interstate. And over the course of the last six weeks Labor have also delivered another pension boost, under the clean energy package, with another boost to occur in mid-March 2013.

Our historic reform with the minerals resource rent tax provides a significant boost to the superannuation guarantee from nine to 12 per cent over the next decade. This will increase the retirement savings balance for an average worker aged 30 today by $108,000. We are also providing new concessions for low-income earners and bigger contribution caps for older Australians with low super balances looking to make catch-up contributions. We are working hard to ensure that Australians have enough superannuation for retirement.

Together, these reforms will increase Australia's pool of superannuation by $85 billion over 10 years. This is a significant achievement. We are improving the lives of Australians now and into the future.

There has been a great deal of support for the MySuper product. Glenda Korporaal, from the Australian newspaper—not a journal that has taken to supporting Labor that often—reported on 6 July 2010:

The MySuper proposal, which is one of the basic recommendations of the report, should not be seen as controversial.

She went on to say:

MySuper is about having a standardised, low-frills, no-fee superannuation product available to every Australian worker as a basic option for their retirement plan.

Yet those in opposition and some super funds have been scaremongering. The consumers lobby Choice has said that more low-fee options were essentially good for workers. Yet the Leader of the Opposition, the member for Warringah, is mindlessly negative and opposes everything but has no real plan for building retirement incomes for workers. He acts out of political interest, not the national interest. More and more I notice in parliament the difference between those opposite, who stand for the privileged at the expense of workers, and Labor, who stand for the vulnerable. We know the Leader of the Opposition has extreme views on compulsory superannuation. He once described it as the 'biggest con job ever' and in the _Battlelines_—his book, for those who do not know—he outlined a plan to dismantle it and increase the age pension age to 70. There is no support for the vulnerable there. On all the big economic calls, like putting more money into the pockets of retirees, the Liberals get it wrong.

The Gillard Labor government are working hard to build a strong economy, a sustainable environment and a fair society that provides every Australian with the opportunity to prosper and succeed in life. Our first priority is keeping the economy strong, protecting jobs, driving new growth and creating opportunity for all so that no person is left behind. Labor are on the side of working people. That is why we are doing everything we can to look after families, especially at times in their lives when they need help. That is why Labor are raising superannuation from nine to 12 per cent for a more dignified retirement.

The world and the economy is changing. Australia faces many challenges and big opportunities in the years ahead: an ageing population, increased global competition, environmental degradation, keeping the economy strong beyond the mining boom, a future for manufacturing, and rapidly developing new technologies. If we do not face up to this changing world, if we put our heads in the sand, it will not be the well-off who get left behind; it will be the ordinary,
vulnerable Australians who will miss out—ordinary Australians like the working families in my electorate of Bass. These superannuation changes are the right step forward to address the challenge of the ageing population. Improving living standards for this and future generations of Australians means making the right decisions now. We are doing well, assisted by the mining boom and reforms of the past, but it will not last forever. You can dig something up only once, so we need to make sure that the benefits of the boom are fairly shared. We are determined to get the big things done and do what is right, putting the national interest first even when this is not the easy thing to do. Many Australians are concerned that they will be left behind by the boom and that some parts of the country are getting ahead while others struggle with rising prices and a lack of opportunity. There is a high demand for our mining resources, being driven by the strength and growth of Asian economies, along with our strong economic fundamentals, that is pushing the Australian dollar. That is why some people—families—can buy cheaper goods and cheaper petrol, but it also puts a lot of pressure on industries like manufacturing. Change presents opportunity. The global economy is changing, technology is changing and the climate is changing. We can and should grasp the job opportunities that they create. I believe no challenge is beyond Australians, and I believe the Gillard Labor government are up to the challenges right now and we can seize them and turn them into opportunities.

Because of actions that the Labor government took in the global financial crisis, we saved jobs and avoided recession. The fact is that the Australian economy is strong, with low unemployment, low debt and a strong budget. To meet the challenges of the future, Labor is pursuing policies Australia needs for the future: putting a price on carbon emissions for big polluters, building the NBN, sharing the benefits of the mining boom and increasing retirement savings through superannuation. Australians should rightly be proud of our nation's economy. We are making significant changes to super. This is an exciting time as Labor looks after the vulnerable and boosts the savings of ordinary Australians. I commend the bill to the House. *(Time expired)*

**Mr VAN MANEN** (Forde) (13:47): For a minute there I thought we were talking about Labor's attempt at economic brilliance, but we are actually talking about superannuation. We have listened to 10 minutes of an attempt to sell Labor's economic message but there is not much there to sell. You talked about the three per cent increase in super—

*Mr Lyons interjecting—*

**Mr VAN MANEN:** You are not paying for it; the employers are paying for it. With the effect of your economic policies on business and the economy in general, I wonder whether the supposed $108,000 increase in retirement benefits in 30 years time will actually eventuate, because there is certainly no guarantee with this government in power.

To return to the substance of the bill we are talking about today, the Superannuation Legislation Amendment (MySuper Core Provisions) Bill 2011, the superannuation fund industry has grown rapidly over the past few years and will continue to grow into the future by virtue of the sheer volume of funds being paid into it, even at the present levels of nine per cent. Superannuation was once thought of as a perk for the white-collar workers in large firms or in the Public Service. However, these days its benefits cover around 90 per cent of our working
population. According to APRA’s *Annual Superannuation Bulletin* issued in February this year, total superannuation assets increased by about 11.5 per cent during the year to 30 June 2011 to $1.3 trillion. Of this total, $810 billion are held in APRA regulated super entities and another $407 billion are held by self-managed super funds which are regulated by the ATO. The remaining $117 billion comprises exempt public sector super schemes and the balance of life office statutory funds.

Public sector fund assets increased by some 22 per cent during the year to June 2011 and the small funds, which include SMSFs, single-member approved deposit funds and small APRA funds increased by 11.5 per cent, industry funds by 11 per cent, retail funds by nine per cent and corporate funds by nearly four per cent. So we can see there are a wide range of providers of superannuation products in the marketplace that have a variety of members and are growing at different rates. The one thing that is common is that they are all growing in terms of funds under administration. So it is certainly moving from strength to strength.

Members of small funds held the largest average account balance of some $485,000 at June 2011, whilst corporate fund members held average account balances of somewhere around $98,000 and public sector funds, some $62,000. Industry fund members had an average of only $24,500. So there is quite a significant disparity in the average fund balances between various sectors in the superannuation industry. There are 27 million accounts for 10 million super fund members—that is, an average of two to three accounts per member. In my professional life before entering this place, I worked on one occasion to assist a client who had eight superannuation funds, but having clients with three to four funds was not uncommon.

This bill will introduce the new low-cost superannuation product known as MySuper, which will replace existing default superannuation fund products as outlined in the Super System Review 2011. The coalition has been consistent in supporting changes to superannuation in an effort to make the superannuation system more efficient, more transparent and competitive, with the ultimate objective being to improve the value for super fund members. With this primary objective in mind, we were concerned about the initial MySuper proposal that included an imposition of uniform pricing through legislation, as this would have created unnecessary inefficiencies and left many consumers worse off. At the end of the day, we need to ensure that the many changes made to existing laws benefit consumers—super funds members, in this case. The best way to maximise value for all members across all parts of the superannuation value proposition—that is, fees, fund performance and service—is to maximise the competitive tensions in an appropriately transparent system. Research by Chant West found that under a one-fee government mandated model some 750,000 Australians would have been forced to pay higher fees than they are currently paying. Chant West also points out that, with a small reduction in fund performance on the back of lower performance or lower risk, MySuper funds would very quickly wipe out any gain from lower fees.

Over the past 12 months there has been quite a debate going on in relation to these issues, and the government has thankfully now backed down from its original proposal to impose a uniform fee structure as part of the MySuper proposal. It is therefore now our understanding that the government will allow MySuper funds to offer differentiated fee structures. I would like to point out that
low-fee, no-frills super products have been available to consumers for some time now through both retail and industry superannuation funds. Therefore, in some respects, the creation of a MySuper product through legislation is thought of as an unnecessary interference with those existing products. However, what is proposed now is certainly an improvement on where we were a year ago.

There are, however, still some significant issues that the bill in its current form fails to address. These include a lack of transparency and competitiveness with default funds, in particular, industry funds. The definition on intrafund advice has not been adequately detailed or disclosed. The threshold for large employers is complex, unworkable and may have a number of unintended consequences, and the industry has pointed out that the reporting of large employer funds to APRA will be cumbersome, time consuming, unnecessary and costly.

This bill mandates that from 1 October 2013 only MySuper products can be used by employers to make default superannuation contributions for employees who have not chosen a fund. However, the government has failed to disclose who these funds will be. The decision on which funds were selected as default funds remains the prerogative of Fair Work Australia through a secretive, non-transparent and non-competitive process, a process that works against our objective of being able to improve the value for super fund members. The current process, which focuses heavily on the industry super funds, does not provide the transparency and competitiveness needed to achieve improved value for super fund members.

Back in August 2010 the government promised that a re-elected Gillard government would ask the Productivity Commission to design a transparent, evidence based and competitive process for selection of default funds under modern awards. As with many things, this is yet another broken promise from this Labor government. The closest we have come to this promise is another promise that the minister responsible for this bill will act on it in 2012. I have a newsflash for the minister: it is 2012. How much longer will he be trying to protect the current competitive advantage of the union-dominated industry super funds? The underlying intention behind the MySuper reforms are undermined without a competitively neutral marketplace. The selection of default funds should therefore be selected by the employer, and the government should remove the need for Fair Work Australia's capacity to do so.

The explanatory memorandum indicated that superannuation funds would be able to charge for expenses incurred in the provision of intrafund advice. This is a term commonly used to describe financial advice that a superannuation fund provides to its own members. However, neither the bill nor the explanatory memorandum defines what this will mean in the context of the legislation. Instead, the memorandum foreshadows that it will be explained in subsequent legislation. This is not acceptable—we need clarity and certainty—but this seems to be the hallmark of this government. For the purpose of clarity for the industry, this must now be disclosed to give that clarity and certainty to all involved in the super fund industry but in particular the members of super funds.

The advice fee is proposed to be bundled into an administration fee. The consequence, however, would be that this would be charged to all fund members, irrespective of whether they access such advice. I reiterate: is this really achieving the best outcome for members of super funds? This hidden fee or secret commission, if you want to call it that,
is completely inconsistent with the changes the government is seeking to impose on small business financial advisers through the Future of Financial Advice reforms. It appears that the minister has bowed to the pressure of the industry super fund network in introducing the provisions for intrafund advice.

The coalition will seek to amend the bill to ensure that no fees or personal financial advice can be bundled into an administrative fee for the purposes of the MySuper product and charged to all fund members irrespective of whether they access the service or not. These amendments do not prohibit MySuper funds from providing advice. They actually assist them in doing so, providing clear boundaries and removing some of the confusion. In the case of personal financial advice, it will be the person who accesses that advice who pays the fee, and not those members who do not use the advice service.

In regard to issues associated with larger employers, the coalition will seek to amend the bill by replacing the complex and unworkable threshold contained within this bill with a simple, easily quantifiable and effective test that defines a large employer as any employer with over 500 or more employees at the relevant time. Moving on to our next concern, as the current drafted bill would require a super fund with a MySuper licence to apply to APRA to provide super services to a large employer, the superannuation industry has argued strongly against this additional authorisation process, given that all funds offering tailored plans already need to provide a MySuper product. This is just more red tape from the government's red-tape factory. As the superannuation industry has pointed out, these additional processes will be cumbersome, time consuming, unnecessary and costly, and they will not add value to current members and consumers alike.

Most importantly, as previously stated, APRA should be able to continue to fulfil its role as the prudential regulator, which should be focused on risk governance without becoming entangled in commercial matters that affect neither factor. Trust is a word of enormous importance. Try running a bank, a business or an economy in the absence of confidence and trust, and you will know it cannot be done. As with all legislation, it is important to remember that good conduct is not dependent on governments, laws, regulatory bodies, civil courts or legal bodies. It is part of one's character and virtue and comes from—

The DEPUTY SPEAKER (Ms AE Burke): Order! It being 2 pm, the debate is interrupted in accordance with standing order 97. The debate may be resumed at a later hour.

CONDOLENCES

Edwards, Dr Harold Raymond 'Harry'

The DEPUTY SPEAKER (Ms AE Burke) (14:00): I inform the House of the death today of Dr Harold Raymond 'Harry' Edwards, a member of this House for the Division of Berowra from 1972 to 1993. As a mark of respect to the memory of Dr Harold Raymond 'Harry' Edwards I invite honourable members to rise in their places. Honourable members having stood in their places—

The DEPUTY SPEAKER: I thank the House.

QUESTIONS WITHOUT NOTICE

Carbon Pricing

Mr ABBOTT (Warringah—Leader of the Opposition) (14:01): My question is to the Prime Minister. Can the Prime Minister confirm that the government's own modelling shows that Australia's domestic
emissions will rise by eight per cent, not fall by five per cent, under her carbon tax?

Ms GILLARD (Lalor—Prime Minister) (14:01): What the government’s facts and figures show is, as a result of putting a price on carbon, we will cut carbon pollution by 160 million tonnes in 2020. The government will achieve what has been a bipartisan target about emissions reduction.

The Leader of the Opposition, of course, has continued day after day to misrepresent all aspects of carbon pricing: to misrepresent what it will achieve; to misrepresent who pays the price—it is of course large businesses that generate carbon pollution that will pay the price; to misrepresent the impacts on Australian households. Today he has even been out trying to scare cats and dogs about the impact of carbon pricing—out at the RSPCA telling poor old Fido and Fluffy a fairytale about how a cobra and a python is coming to get them! I can assure the Leader of the Opposition that on 1 July cats will still purr, dogs will still bark, and the Australian economy will continue to get stronger. We will continue to see jobs grow and we will see Australian families with the benefit of tax cuts, family payment increases and pension increases, and the Leader of the Opposition's fear campaign will collide with the facts, with the truth.

Mr ABBOTT (Warringah—Leader of the Opposition) (14:03): Madam Deputy Speaker, I ask a supplementary question. Can the Prime Minister confirm that we will only achieve our five per cent emissions reduction target by 2020 by buying almost 100 million tonnes of carbon credits from abroad in just that year at a cost of more than $3.5 billion in just that year?

Ms GILLARD (Lalor—Prime Minister) (14:03): The government's carbon pricing scheme is an internationally linked scheme. That is absolutely true. The reason for doing that is to ensure that Australian businesses can buy carbon abatement for the least possible cost. The Leader of the Opposition, to the extent that he has bothered at all to deal with a policy in this area—and because of his negativity he has not really dealt with a policy solution—has said that they would not internationally link any arrangements if he were ever Prime Minister. That is a recipe for ensuring that Australian businesses pay a greater cost per tonne of carbon pollution abatement than they would under an internationally linked scheme. The Leader of the Opposition is known for wandering around criticising the government's carbon price as too high. What, of course, he has never told—

The DEPUTY SPEAKER: The Prime Minister will resume her seat. The Manager of Opposition Business on a point of order?

Mr Pyne: The Prime Minister could not have been asked a more factual question. It simply relied upon an answer: yes or no.

The DEPUTY SPEAKER (Ms AE Burke): The Manager of Opposition Business will resume his seat! The Prime Minister will return to the question before the chair.

Ms GILLARD: The answer to the Leader of the Opposition's question is: yes, our scheme is internationally linked. That is best for Australian business. It gives them the lowest possible costs of adjustment. The Leader of the Opposition stands for a scheme which would charge Australian businesses a far higher price and as a result would impose on Australian households a bill of $1,300 per year. We stand for a lower cost scheme and a cleaner future. (Time expired)

The DEPUTY SPEAKER: The Leader of the Opposition is seeking to table a document?

Mr Abbott: Yes, it shows that Australia's domestic emissions rise from—
The DEPUTY SPEAKER: Is the Leader of the Opposition seeking to table a document?

Mr Abbott: 578 million to 621 million tonnes under the carbon tax.

The DEPUTY SPEAKER: The Leader of the Opposition will resume his seat! Is leave granted for the document to be tabled? Leave is not granted.

Asylum Seekers

Mr HAYES (Fowler) (14:06): My question is to the Prime Minister. Prime Minister, what is the government's position on a negotiated plan to help restore offshore processing of asylum seekers?

Ms GILLARD (Lalor—Prime Minister) (14:06): I thank the member for Fowler for his question. Yesterday the parliament marked its respects and its sense of grievance and tragedy about the loss of the lives of asylum seekers in the incident last week where an asylum seeker boat capsized. As we remarked to the House yesterday, we do not know for sure how many lives have been lost but it is a considerable number and I think understandably, both in this parliament and beyond, people have reacted with a sense of loss and suffering to this news. The government remains committed to working to try and address the asylum seeker issue, and in particular to try and put an end to the spectre of desperate people risking their lives at sea. We want to put an end to the evil trade of people smuggling and put an end to that kind of evil which seeks to profit so much from human misery. I think the Australian people are asking their political leaders at this time to put politics to one side. We have in the past had discussions with the opposition about trying to find a combined way forward on this issue. We did at an earlier point in time make an offer that the government's proposed solution of an arrangement with Malaysia be combined with the opposition's proposed solution of a centre in Nauru and that we do both. We also said to the opposition at that time that we would consider establishing a review into the efficacy of temporary visas in complementing these facilities, with mutually agreed terms of reference and a mutually agreed chairperson or expert panel. We offered to the opposition that we would look at strengthening the right of redress of asylum seekers transferred to Malaysia. We also said that we would look at including an examination of ways that we could have a greater involvement from UNHCR, the United Nations Human Rights Commissioner. We put this offer to the opposition some time back. I seek to confirm here in parliament today, as I confirmed publicly yesterday, that that offer certainly remains on the table and that I am willing to talk, and the government is willing to talk, to see if we can find a compromise that enables this parliament to realise what I think is supported by all of us—that is, that we see an end to this human misery and loss of life.

STATEMENTS ON INDULGENCE

Asylum Seekers

The DEPUTY SPEAKER (Ms AE Burke) (14:09): Is the Leader of the Opposition seeking indulgence?

Mr ABBOTT (Warringah—Leader of the Opposition) (14:09): Indeed I am, to respond to the Prime Minister.

The DEPUTY SPEAKER: Indulgence will be granted, but it will be short and to the point.

Mr ABBOTT: I will be very short and very to the point. I do want to assure the Prime Minister, the parliament and the Australian people that the opposition is prepared to accept the government's legislation if the government is prepared to
accept our amendment. That is our position today. It has always been our position.

Ms Marino interjecting—

Mr Ewen Jones interjecting—

The DEPUTY SPEAKER: The member for Forrest is denying her leader the call—as is the member for Herbert.

QUESTIONS WITHOUT NOTICE

Carbon Pricing

Mr ABBOTT (Warringah—Leader of the Opposition) (14:10): I have a question to the Prime Minister. Is the Prime Minister aware that the RSPCA will be forced to cut services to cover the costs of the carbon tax, estimated at $180,000 a year? Why is the Prime Minister failing to compensate some of Australia's household name charities and forcing them to cut their services as a result of the carbon tax?

Ms GILLARD (Lalor—Prime Minister) (14:10): As I have already advised the parliament earlier today, the Leader of the Opposition was out trying to scare cats and dogs. He has moved on from human beings and now he is trying to scare animals. Presumably tomorrow he will be out trying to scare Skippy the Bush Kangaroo, and the day after he will be out trying to scare Puff the Magic Dragon, and so it will go on. To the Leader of the Opposition, whose fear campaign is growing truly ridiculous day by day, can I advise him of the following facts, which his fear campaign, as usual, ignores. The Leader of the Opposition has never run into a fact that he was not prepared to discard in pursuit of his fear campaign, including trying to scare people at the RSPCA. The facts of the matter are these: we initiated in our carbon pricing package—our Clean Energy Future package—a $300 million fund, the Low Carbon Communities program, which is there to assist local councils and community organisations to adapt their energy use. We are encouraging charities like the RSPCA to consider applying for a grant under these programs.

Mr Pyne interjecting—

The DEPUTY SPEAKER (Ms AE Burke): The member for Sturt is warned.

Ms GILLARD: I am, in fact, advised that the RSPCA did not apply for the first round of the Community Energy Efficiency Program, which is part of the Low Carbon Communities program. I would certainly encourage the RSPCA to apply at a future time. This is a dedicated stream of funds to assist our not-for-profit sector, who do such great work. But the Leader of the Opposition, in raising this question today and in his media appearances a little bit earlier today, should not be trying, on top of all of the fear he has already tried to raise in the community, to generate this kind of fear amongst those who do great work in our not-for-profit sector. To the Leader of the Opposition I say: this fear campaign is growing truly ridiculous, and there is no better example than this one today.

Mr ABBOTT (Warringah—Leader of the Opposition) (14:13): Madam Deputy Speaker, I ask a supplementary question. Can the Prime Minister confirm that, of the 298 applications to the fund she referred to, only 63 received funding and 235 missed out? Why should the charities of Australia believe anything that this Prime Minister tells them?

Ms GILLARD: I thank the Leader of the Opposition for confirming that there is a stream of funds to assist charities. I hope that when he was out at the RSPCA today he explained to the RSPCA that there is that stream of funds available. I hope that he did
not say to anybody at the RSPCA, or to anybody publicly through his media appearance, that there was no support available for charities or that the RSPCA was not eligible for support. I hope he did not mislead people when he was outside the parliament, given that he has now come into the parliament and confirmed that the government has made provision to assist the not-for-profit sector. To the Leader of the Opposition—

Mr Abbott: Madam Deputy Speaker, I rise on a point of order. It was a simple question: why did almost 80 per cent of these charities miss out on funding?

The DEPUTY SPEAKER: The Leader of the Opposition will resume his seat. The Prime Minister is answering the question and has the call.

Ms GILLARD: This is a fund to which people can make application before being assessed. The RSPCA did not make an application in the earlier round. I certainly encourage them to do so in the future and I thank the Leader of the Opposition for coming into this parliament and undermining today's media stunt by himself. In fact, his fear campaign is now getting so hollow he cannot even manage to believe it for two hours in a row.

Media

Mr MURPHY (Reid) (14:14): My question is to the Minister for Infrastructure and Transport representing the Minister for Broadband, Communications and the Digital Economy. Will the minister outline for the House the role of the media in reporting the facts on an issue impartially, accurately and with integrity?

Opposition members interjecting—

The DEPUTY SPEAKER (Ms AE Burke): Order! The minister has the call and will be heard in silence.

Mr Christensen interjecting—

The DEPUTY SPEAKER: The member for Dawson will leave the chamber under 94(a).

The member for Dawson then left the chamber.

Mr ALBANESE (Grayndler—Leader of the House and Minister for Infrastructure and Transport) (14:15): I thank the member for Reid for his question and his ongoing interest in media issues. It is indeed vital that the media take seriously their responsibility to report the facts with honesty and integrity. The media's main role is to report the news, not to make the news. I know the vast majority of the press gallery here do their jobs with integrity each and every day right across the spectrum, but there are some examples that should serve as cautionary tales.

In 2009 the Godwin Grech affair, also known as Utegate, and broken by Steve Lewis of News Limited, showed that certain parts of the media were involved in the attempted sabotage of a democratically elected government. Time and the truth ultimately brought out the real story in that matter. Now we are seeing another example that should be taken extremely seriously. Members will recall the splash, again by Steve Lewis, on 20 April about allegations of sexual harassment against the Speaker—

Mr Danby interjecting—

The DEPUTY SPEAKER: Order! The member for Melbourne Ports is warned.

Mr Pyne: Madam Deputy Speaker, on a point of order. I refer you to page 505 of House of Representatives Practice, which states:

The convention is that, subject to the right of the House to legislate on any matter, matters awaiting adjudication in a court of law should not be brought forward in debate, motions or questions.
As this matter is before the Federal Court it is not in order.

The DEPUTY SPEAKER: The Manager of Opposition Business raises a very important order of subjudice. The issue in respect of the Speaker is currently before the courts.

Mr Stephen Smith: Madam Deputy Speaker, on the point of order, the subjudice rule applies as a result of the exercise of your own discretion. It is a case-by-case basis. The Leader of the House in his capacity as the Minister representing the minister for communications has not yet gone into any of those details. If he were to do that, my understanding is that these are matters which have been made public by the court itself, and as a consequence the balance of public interest would be to allow these matters to be considered by the House.

Mr Randall interjecting—

The DEPUTY SPEAKER: How about the member for Canning allowing me to get on with the business of the House? I will hear the Minister representing the minister for communications but I will state that I am mindful of the subjudice issues before the chair and that the issues are currently before the court. The minister has the call.

Mr Albanese: I am also very mindful of those issues, which is why I am referring to articles published online today as a result of a release of documents publicly by the court. An article in the Sydney Morning Herald titled "We will get him!": journalist's alleged texts to Slipper accuser' went online today—

Mr Pyne: Madam Deputy Speaker, on a point of order. The Leader of the House is referring to an affidavit lodged in the Federal Court. That is clearly a matter before the Federal Court and cannot be canvassed in the House.

The DEPUTY SPEAKER: The Leader of the House has the call. I will listen carefully but I am wary of the issues that are currently taking part in court action.

Mr Albanese: It is very clear that we need to draw a distinction and that people in the media need to recognise whether they are reporters or participants, observers or activists. There is an important distinction between the two that has to be upheld for the sake of the integrity of the media. The fact is that the first I knew about those allegations was when they were published in the Daily Telegraph. I am not surprised that, given the reports today outlining the active involvement prior to the publication of those allegations—

The DEPUTY SPEAKER: The Leader of the House will resume his seat.

Mr Pyne: Madam Deputy Speaker, on a point of order—

Mr Mitchell: You're sweating, Pyne.

The DEPUTY SPEAKER: The member for McEwen will leave the chamber under 94(a).

Ms O'Dwyer interjecting—

The DEPUTY SPEAKER: The member for Higgins might be close behind. The member for McEwen will leave the chamber under 94(a). This is a very important matter. I know everyone is hot under the collar about it but I think we should listen to it carefully.

The member for McEwen then left the chamber.

Mr Pyne: Madam Deputy Speaker, on a point of order. The Leader of the House is now canvassing the Commonwealth's case in the Federal Court action. He is clearly now taking the argument of the Commonwealth and putting it into the parliament. It is not in order—

The DEPUTY SPEAKER: The Manager of Opposition Business will resume
his seat. The difficulty with all these issues is that it is up to my discretion and the discretion of the chair. I ask the minister to conclude his answer.

Mr ALBANESE: I conclude by saying this is an issue which involves taxpayers directly, because we are talking about an issue that involves taxpayers' interests and whether when someone was on the taxpayers' payroll they were meeting in News Ltd—

The DEPUTY SPEAKER: The minister will resume his seat. The last part of the minister's answer will not be incorporated into Hansard as I had asked him to resume his seat.

Mr Pyne: Further to that, Madam Deputy Speaker, the Leader of the House attempted to table documents to include in the Hansard that are also subjudice, and I ask you to have them ruled from the record.

The DEPUTY SPEAKER: The Manager of Opposition Business will resume his seat. There is no issue of subjudice in respect of an article that is already in existence. I will seek advice afterwards about the incorporation into Hansard, as I had asked the minister to resume his seat.

Mr Albanese: I rise on a point of order, Madam Deputy Speaker. I table the document from the Sydney Morning Herald today.

Mr Pyne: Madam Deputy Speaker, if it is not in order for the Leader of the House to make remarks in the chamber and place them on the Hansard when they are subjudice, it certainly is not within his power to table those same remarks.

The DEPUTY SPEAKER: The Manager of Opposition Business will resume his seat. I will seek advice after question time about the incorporation of the document.

Carbon Pricing

Ms JULIE BISHOP (Curtin—Deputy Leader of the Opposition) (14:24): My question is to the Prime Minister. I refer the Prime Minister to her statement before the last election with respect to a carbon tax that: … first we will need to establish a community consensus for action.

Does the Prime Minister believe that she has established a community consensus for her carbon tax, or is her statement before the election as misleading as her promise that 'There will be no carbon tax under a government I lead'?

Ms GILLARD (Lalor—Prime Minister) (14:24): In answer to the Deputy Leader of the Opposition's question, what I believe is that we have established a way of ensuring that this nation has a clean energy future. We have established a way of this nation tackling climate change. We have established a way that this nation will join 850 million other people around the globe who are covered by carbon-pricing schemes. We will ensure that in our nation, which is an emissions-intensive economy, we at the lowest cost possible begin a journey of change to a cleaner energy future.

Ms Julie Bishop: On a point of order, Madam Deputy Speaker: the Prime Minister spoke of a community consensus on 13 occasions. How is that community consensus going? That is what we want to know.

Ms Gillard: I was asked a very broad question about what I believe, and I am taking the opportunity to explain it to the
Tuesday, 26 June 2012

House. I believe that it is important for our nation to protect our precious environment. I believe that climate change is being caused by carbon pollution. I believe our nation must address this challenge. I believe that pretending that this challenge will somehow fix itself is not only abdicating your responsibility to the current generation but also letting future generations down, our nation's children and grandchildren. Therefore I believe that it is important for our nation to start tackling this challenge, and from 1 July we will.

This is a need that was recognised very clearly by the former Howard government. The former Howard government did not seek to have the nation believe in denial of the climate change science. The former Howard government did not pretend to the Australian people that there was any other way of doing this effectively than carbon pricing. The former Howard government stood for a comprehensive emissions trading scheme—as did the Deputy Leader of the Opposition when she was a member of that government, as did the Leader of the Opposition when he was a member of that government, and as they have on many occasions since stood for carbon pricing.

But there was a moment of course when the opposition decided that their negativity was better for their politics than supporting a clean energy future. There was a moment when they decided their self-interest was more important than the nation's interest. There was a moment when they decided that the peddling of fear was more important than the statement of fact. There was a moment when they decided to let this generation of Australians down, the next generation and the generation beyond that. Well, the government has moved to put carbon pricing in place. The Leader of the Opposition's fear campaign runs into all of the facts on 1 July, and every hollow, irresponsible, negative campaign claim he has made will be exposed at that time as an untruth, always untrue and continuing to be untrue. (Time expired)

**Taxation**

Mr OAKESHOTT (Lyne) (14:28): My question is to the Prime Minister. Last week's GST distribution report highlighted the failure of a negotiated Commonwealth-state agreement on mining royalties and today the chair of the COAG Reform Council has raised a range of Commonwealth-state failures on reform. Prime Minister, I invite you to respond to both and to the underlying charge that Commonwealth-state reform processes have stalled, particularly in the area of tax reform for a better Australia.

Ms GILLARD (Lalor—Prime Minister) (14:28): I thank the member for Lyne for his question. I am aware of the comments that were reported in today's newspapers. In response I want to say the following. The GST and its distribution between states is the subject of a great deal of commentary, and one's perspective tends to be defined on where one lives. People in Western Australia will take one view and people in Tasmania and the Northern Territory another. We certainly believe that it is important around the nation that Australians get a comparable level of services, that you should not have your life's chances through the schooling system at a lesser standard in one part of the country than in another part of the country because state and territory governments have different revenue-raising capacities and different types of economies. That is why we have a formula to redistribute the goods and services tax. But I understand that this is controversial in parts of our country and could benefit from a thoroughgoing review, and that review is in train now, led by, amongst others, two former eminent state leaders, Nick Greiner and John Brumby.
We are continuing to work strongly on Commonwealth-state reform. We moved as a government shortly after we were elected from a focus on inputs—for example, whether a school had a flag on a flagpole—to a focus on outcomes—whether or not we were actually changing the life chances of children. We have made some major steps forward not only in education but also more recently in health and, at the last COAG meeting, in skills and skills development. We are moving to a system that enables people to have an entitlement to the first qualification that makes a difference to their life chances and to a university style HEC scheme for the more expensive upper-end qualifications.

Reform between a federal government and state and territory governments is never easy. It requires dedication and focus. We are continuing to work strongly with our state and territory counterparts. I believe we have a proud track record of getting things done. Whether it is more than an extra $16 billion into health with a profound set of reforms or the most recent skills package, we will continue to work to get the big reforms done.

On the government's agenda for the balance of this year will be a focus on the National Disability Insurance Scheme and a focus on the work arising from the David Gonski review of school funding. So there is certainly more to do. There is more to do in the tax area as well. We are working, following last year's tax forum, with our state and territory colleagues on tax too.

Mr OAKESHOTT (Lyne) (14:31): My supplementary question is to the Prime Minister. In light of your answer, will you reaffirm for the House exactly how you are now coordinating a reduction in the sheer number of inefficient state taxes?

Ms GILLARD (Lalor—Prime Minister) (14:32): To take the second part of the question first, arising out of last year's tax forum, a process commenced which involves the Deputy Prime Minister and federal Treasurer working with some state counterparts to identify inefficient state taxes and to commence discussion between the federal and state governments about them. To be fair to the states and territories, they have a limited tax base but there are concerns about the efficiency of some state taxes. That was work flowing from the tax forum last year in which the member participated.

On the question of royalties and the GST, the report we have received is the interim report. We will await the final report and respond to it at that point.

Clean Energy Finance Corporation

Mr NEUMANN (Blair) (14:33): My question is to the Treasurer. How will the passage of the Clean Energy Finance Corporation Bill help Australia's transition to a clean energy future?

Mr SWAN (Lilley—Deputy Prime Minister and Treasurer) (14:33): I thank the member for Blair for his question. Yesterday marked another very important milestone in securing Australia's future growth in a carbon constrained economy. We did see the passage through the Senate of the Clean Energy Finance Corporation Bill.

We on this side of the House understand that economies that will succeed in the 21st century will be those that are powered by clean energy, and of course a carbon price is the first step down that road. But we do have barriers in clean energy markets, and that is why the Clean Energy Finance Corporation is pretty important in removing those barriers to clean energy investment. The corporation
will have a robust investment mandate and will be required to deliver a targeted return.

But, of course, this is a measure that was opposed by those opposite. They would prefer to run around the country with their ridiculous *Rocky Horror Picture Show*. On Sunday morning will be waiting for the four horsemen of the apocalypse to go down the main road of Whyalla. We know what else will happen on Sunday morning: little puppies will be crying with pain. Every time this Leader of the Opposition has looked down the barrel of a camera, he has misled the Australian people. He was at it again yesterday. We were amused to learn from *7.30* that we had had another Oscar-winning performance from the Leader of the Opposition.

*Mr Hockey interjecting—*

_The DEPUTY SPEAKER (Ms AE Burke):_ The member for North Sydney is warned.

*Mr SWAN:* He has pretended to have a lover’s tiff with Clive Palmer, because he knows—

_Honourable members interjecting—*

*Mr Pyne:* Madam Deputy Speaker, I rise on a point of order. How can this have any bearing at all on the question he was asked about the Clean Energy Finance Corporation? It could not possibly be relevant.

_The DEPUTY SPEAKER:_ The Manager of Opposition Business will resume his seat. The Treasurer is responding to the question.

*Mr SWAN:* Clive Palmer told him to oppose the Clean Energy Finance Corporation Bill—and it has been a bad look, going into bat for billionaires over the battlers in Australia. We on this side of the House are going in to bat for families. Payments have been made to something like 1.3 million families. We have put out something like $1.5 billion, with permanent payments to come from March.

But the most important thing is that we will have on 1 July the tripling of the tax-free threshold—a very big tax reform which is going to look after battlers, those on low incomes and retirees. This is a very big initiative for all Australians. We know what those opposite want to do; they want to claw that back. They want to claw back that tripling of the tax-free threshold to give Clive Palmer a tax cut. It is okay for Clive Palmer to put his pollution in the air for free and it is okay for Clive Palmer to pump it into the Great Barrier Reef, but it is not okay for the battlers of Australia to get a tax cut by the tripling of the tax-free threshold. This opposition leader has sold himself to Clive Palmer and Gina Rinehart—

*Mr Pyne interjecting—*

*Mr SWAN:* We on this side of the House stand for the families of Australia.

_The DEPUTY SPEAKER:_ The member for Sturt will leave the chamber under standing order 94(a). The member for Sturt then left the chamber.

*Mr NEUMANN (Blair) (14:37):*_ I ask a supplementary question. The Treasurer has outlined the benefits of moving to a clean energy future. Can he explain what assistance people in my electorate are receiving during this transition?

*Mr SWAN (Lilley—Deputy Prime Minister and Treasurer) (14:37):*_ I thank the member for Blair for his question. We are assisting households in Blair to make the transition to a clean energy future. There are 14,300 families in Blair who have already received the advance payment totalling $3 million. From March there will be permanent increases in payments for families, pensioners and those on income support and, of course, from 1 July 47,000 people in Blair
will benefit from the tripling of the tax-free threshold. I will say that again: 47,000 people will benefit from that initiative. These are the battlers. These are the low-income earners. These are the self-funded retirees that will benefit from our tripling of the tax-free threshold. I am sure the people of Blair understand the importance of this assistance and they understand that the Leader of the Opposition wants to rip it out of their pockets so he can give a tax cut to his billionaire paymasters.

**DISTINGUISHED VISITORS**

The DEPUTY SPEAKER (Ms AE Burke) (14:38): I want to welcome into the House today representatives of the Australian Political Exchange Council—the 29th delegation from the United States of America. I welcome them to the House today. This is a very auspicious gathering. It is, as I said, the 29th, and amongst the group are many veterans from the United States. We pay respect to their service for their nation and for the world. We thank you for being here.

Honourable members: Hear, hear!

**QUESTIONS WITHOUT NOTICE**

**Carbon Pricing**

Mr BROADBENT (McMillan) (14:38): My question is to the Prime Minister. I remind the Prime Minister that the owners of Hazelwood Power Station have been forced to pump $652 million into the plant to keep it solvent because of the risks posed by the carbon tax. Given that the government modelling predicts the carbon tax will lead to a 71 per cent reduction in coal fired power generation, is the Prime Minister prepared for more bailouts like the one planned for Alcoa because of the carbon tax?

Ms GILLARD (Lalor—Prime Minister) (14:39): In answer to the member’s question, No. 1: the assistance provided to Alcoa as described in the parliament yesterday arises because of the particular circumstances of the aluminium industry in Australia at this time. Those circumstances were described by Alan Kranzberg, the managing director of this company, and I am sure the member is not meaning to imply that Alan Kranzberg, as manager, was saying anything other than the truth. I am sure he is not meaning to imply that. Mr Kranzberg made it perfectly clear that the circumstances of Alcoa were being determined by the falls we have seen in aluminium prices globally and by things like the high Australian dollar. He has specifically said—and I alerted the House to these statements yesterday—that the matter which he faced was not a matter about carbon pricing but a set of circumstances generally in the aluminium industry. I believe his words should be accepted by this parliament. They are absolutely the facts.

Second, on the question of Hazelwood, I alert the member to the fact that Hazelwood did announce a refinancing arrangement. This refinancing arrangement has been done through normal commercial arrangements. The suggestions have been in the media that somehow this is an emergency or there is some sense of bailout around it—and I believe the member may have repeated those words. This is a normal commercial arrangement and normal commercial refinancing which should actually speak to this parliament and speak more broadly about the way in which our electricity generation sector will have security as we move into carbon pricing. So the fear campaigning around this, like all of the other fear campaigning—the fear campaigning around jobs, the fear campaigning around cost of living, the fear campaigning around the circumstances of cats and dogs—by the Leader of the Opposition is absolutely untrue.
On 1 July, when the coal industry is still in operation, when electricity generation is still happening around the country, when people get their tax cuts and are spending their increased family payments and pensions, when people go to the shops and do not see the Leader of the Opposition's promised astronomical increase in the cost of living and when Whyalla is still on the map, the Leader of the Opposition's campaign will be exposed for the hollow sham it has been.

### Carbon Pricing

**Mr SYMON** (Deakin) (14:42): My question is to the Minister for Climate Change and Energy Efficiency and Minister for Industry and Innovation. Minister, how well have forecasts of the outlook for Australian businesses under carbon pricing performed? Why is it important that we look at the facts on this issue?

**Mr COMBET** (Charlton—Minister for Industry and Innovation and Minister for Climate Change and Energy Efficiency) (14:42): I thank the member for Deakin for his question. There is very strong investment in the Australian economy in full knowledge of the carbon price starting on 1 July, despite all of the efforts by the Leader of the Opposition to talk down the economy. The prophet of doom has been turning up at businesses around the country for months, predicting their demise under carbon pricing. We all know, of course, that when the Leader of the Opposition visited Peabody coalmine and forecast the death of the coal industry—it's death!—the very next day the company announced a $5 billion takeover. Some death!

I have had a look at a few other places that the Leader of the Opposition has visited, and there is quite an intriguing pattern emerging: it appears that, if the Leader of the Opposition visits your business and predicts doom, in fact you might boom. Have a look at some of the results. Last year, for example, he visited BHP Billiton's Mount Whaleback iron ore mine and said, of course, 'The carbon price—the end of the iron ore industry; terrible outlook.' But what actually happened after he left? BHP Billiton then announced it would invest $822 million in further expanding the ore body nearby—$822 million after the prophet of doom had been there.

Then the Leader of the Opposition went to Austal's Henderson shipyard and said it would be terrible: 'This is going to be significantly, terribly impacted by the carbon price.' What happened after he left? Since he left Austal has announced $400 million of new contracts for its facility at Henderson—$400 million in new business. He went on to Visy's Gibson Island recycling mill and said that it was going to be a victim of carbon price and the end of the mill. Yet since he left Visy has announced a $300 million waste-to-energy proposal, including a new plant at Gibson Island. This is what Anthony Pratt, Visy's Executive Chairman, had to say: I see clean energy as a source of future growth, energy and emissions savings and a whole new business division for Visy.

That was said by Anthony Pratt, the head of Visy, after the Leader of the Opposition had been there forecasting doom. We all know he has forecast the death of the coal industry, but $100 billion of extra investment is coming in. All we can hope is that, after his silly visit to the RSPCA today, it will forecast a better outcome for the little puppies and the little kittens in good care at the RSPCA.

**Mr SYMON** (Deakin) (14:45): Thank you, Madam Deputy Speaker, I ask a supplementary question. Minister, you have spoken about the investments being made with the full knowledge of the carbon price, are there any other examples?
Mr COMBET (Charlton—Minister for Industry and Innovation and Minister for Climate Change and Energy Efficiency) (14:46): I thank the member for Deakin, again. The member for McMillan, I am sure in very good faith, raised an issue earlier about the Latrobe Valley, and the Leader of the Opposition has visited the Latrobe Valley as well and forecast doom and gloom, death and destruction and the end of the Latrobe Valley. He has forecast the end of the entire region. But, today, just days before the carbon price is to commence, when you look through all the rubbish in the headlines at what has actually taken place, there has been $1.6 billion of refinancing in brown coal electricity generation in the Latrobe Valley. He forecast the death of the Latrobe Valley and there is $1.6 billion in refinancing.

Mr Chester interjecting—

The DEPUTY SPEAKER (Ms AE Burke): Order! The member for Gippsland is warned.

Mr COMBET: International Power and GDF Suez, the operators of Hazelwood and Loy Yang B, say, ‘We are pleased to announce the refinancing of our debt facilities.’ The new debt facility was well supported, particularly by the Australian and Asia-Pacific markets. So that is it: the death of the Latrobe Valley, but $1.6 billion in financing just days before the carbon price starts. AGL has invested in Loy Yang A power station and every one of these announcements is a statement of confidence in the economic future of that region.

Carbon Pricing

Mr TUDGE (Aston) (14:47): My question is to the Treasurer. I refer the Treasurer to his answer to my question last week when he said that there was ‘not a lot of truth’ to the Victorian Automobile Chamber of Commerce’s bulletin that found that air-conditioning gas would increase by $30 per kilogram due to the carbon tax. Given that the government's own carbon tax calculator on www.environment.gov.au calculates that the carbon tax on air-conditioning gas will increase the price of the gas by $30 per kilogram, does the Treasurer stand by his answer? (Time expired)

Mr SWAN (Lilley—Deputy Prime Minister and Treasurer) (14:48): I thank the member for his question because it is yet another example of all the exaggeration that we have seen from those opposite and all of the tall stories. I do not really take much at all of what those opposite say because it is generally misleading and it is inaccurate.

Mr Robb interjecting—

The DEPUTY SPEAKER (Ms AE Burke): The member for Goldstein is warned.

Mr SWAN: All of these matters will be tested by the ACCC and we will see where the truth lies. But I do take the words that have been uttered by the member, and this is what he had to say on 13 February 2007: … the Government’s role should be to create the market environment that will lead to the outcomes sought either through putting a price on CO₂ or placing a cap on how much CO₂ will be emitted …

Mr Tudge: For the benefit of the Treasurer, Madam Deputy Speaker, I seek leave to table this printout of the carbon tax calculator.

The DEPUTY SPEAKER: The member for Aston will resume his seat. Is leave granted to table the document?

Mr Albanese: As I have indicated to the opposition consistently, Madam Deputy Speaker, if they wish for something to be tabled, they should consult with the government beforehand, then we will give it full consideration.

Mr Tudge interjecting—
The DEPUTY SPEAKER: The member for Aston will resume his seat. The Leader of the House has the call.

Mr Albanese: They cannot be trusted to table what they say they have got.

The DEPUTY SPEAKER: I am assuming that was 'no', leave is not granted.

Ms Julie Bishop: Madam Deputy Speaker, is the Leader of Government Business seriously suggesting that we should tell him, in advance of question time, what documents we want to table?

The DEPUTY SPEAKER: The Deputy Leader of the Opposition will resume her seat.

Ms Julie Bishop interjecting—

The DEPUTY SPEAKER: The Deputy Leader of the Opposition will resume her seat.

Environment

Mr Adams (Lyons) (14:50): My question is to the Minister for Sustainability, Environment, Water, Population and Communities. Will the minister update the House on environmental programs the government is delivering to address the threat of climate change, what on-the-ground work is happening right now as a result of those programs and how have they been received in the community?

Mr Burke (Watson—Minister for Sustainability, Environment, Water, Population and Communities) (14:51): I want to thank the member for Lyons for drawing attention to the inclusion within the clean energy future package of the Biodiversity Fund. The Biodiversity Fund amounts to just under $1 billion over six years; the first round of that was settled some months ago and those projects are now off and running throughout the country. There was $271 million committed in the first round over six years and there were 313 projects throughout the country.

In the electorate of Lyons, if we go just to that one area in Tasmania, there are projects such as $2.2 million for a partnership of local community groups providing revegetation and connectivity in that sort of land care work that has been passionately held for so long. The concept of corridors is one that a number of groups throughout that part of Tasmania have got behind, and the member for Lyons has been helpful in making sure that the Southern Midlands Council and the northern Tasmanian natural resource management bodies are there working with farmers through land care projects, and also acknowledging some of the shifts that have happened in that part of Tasmania where, increasingly, there are significant landholdings being used as lifestyle properties rather than for productive use to make sure that that same sort of land care work can be continuing on those properties. So the member for Lyons can proudly say that those projects are happening in his electorate. He voted for them when he voted for the clean energy future package. He is now making sure that they are happening on the ground and, just as he voted for them and delivered for Tasmania, so too are there projects in other parts of Australia, where the local members voted against them and are promising at the next election that they want to see them abolished.

We go from one end of the country in the southernmost part of Tasmania to the northernmost parts of Australia, to the electorate of Leichhardt. There are $12.3 million of projects in the electorate of Leichhardt that were part of the first round alone of the Biodiversity Fund, which the member for Leichhardt voted against. There were $12 million worth of projects in the Far North which the member for Leichhardt will take to the next election with a promise to
abolish. These are projects such as the $3.6 million for the traditional owners of the Wik and Kugu areas of their lands to be involved in management of their parts of the Far North. There is the $2.8 million to Balkanu for Indigenous rangers in Hope Vale, something which the Leader of the Opposition should be somewhat aware of, in that his party goes to the next election promising to abolish that funding. There is Rainforest Rescue. Why is it any surprise that they are promising to abolish funding for the Daintree? They opposed the World Heritage listing of the Daintree all those years ago. And now the biodiversity work being done on the ground as part of the clean energy future package, they have voted against project by project, each and every one of them, and they go to the next election promising to abolish them.

**Carbon Pricing**

**Mr IRONS (Swan) (14:54):** My question without notice is to the Prime Minister. I refer the Prime Minister to this price list from Heatcraft, which shows refrigerant prices for 404(a) are rising from over 300 per cent—from $92 a kilogram to $377 a kilogram due to the carbon tax. Does the Prime Minister expect coolstore owners, food distribution centres, refrigeration and air-conditioning contractors, and the fishing industry to absorb this massive increase or pass it on to the consumers through higher prices?

**Ms GILLARD (Lalor—Prime Minister) (14:54):** I thank the member for the question. It enables me to explain to him both in respect of refrigerant gases, and generally, the way in which this will work. We had a discussion about this in question time yesterday when I was asked some questions about small businesses, and I think that it is very important that members of this parliament are out there giving people the facts, not making things up.

_Opposition members interjecting—_

**The DEPUTY SPEAKER (Ms AE Burke):** Order!

**Ms GILLARD: The facts are that there is a limited number of businesses that will pay a carbon price, well less than 500. They are the only businesses that will be required to directly pay the carbon price. When examples of small businesses have been raised with us, and the member raises an example of a small business now, they are not directly paying the carbon price._

_Opposition members interjecting—_

**Mr Dutton interjecting—**

**The DEPUTY SPEAKER:** Order! The member for Dickson is warned!

**Ms GILLARD:** We have always said to the Australian people that there would be a flow-through impact from carbon pricing into the costs of things that households buy, and most particularly we have pointed to the increase in household electricity, which will be on average around $3.30 a week, whereas on average household assistance is $10.10 a week.

**Mr Hartsuyker:** Madam Deputy Speaker, I rise on a point of order. This question was in relation to the increase in the cost of refrigerant gas resulting from the imposition of a carbon tax, and the Prime Minister should address the question.

**The DEPUTY SPEAKER:** Order! The Prime Minister is answering the question and has the call.

**Ms GILLARD:** In respect of small businesses, an example was raised yesterday about electricity. The member is raising a different example with me today. Yes, for small businesses there will be some price impacts, but it is very important to keep a sense of scale here and also the ability of
businesses with these price impacts to pass them on to consumers who are receiving the benefits of tax cuts, family payment increases and pension increases. Yesterday we had a lot of fear raised about electricity and small businesses. The Council of Small Businesses of Australia has advised the relevant minister, Minister Combet, that the electricity cost of a typical small retail business makes up less than two per cent of total costs and, if you work that all the way through, the Council of Small Businesses says that the typical small business power bill will increase by around $5 per week. On refrigerant gas costs, as the member would probably know, these are only used intermittently, not as a continuous cost.

Opposition members interjecting—

Ms GILLARD: Once again, there is a sense of scale that needs to be got into dealing with these price impacts. We are seeing time after time from the opposition exaggeration to try to raise fear. On 1 July we will see the truth.

Mr Irons: Madam Deputy Speaker, I seek leave to table the factual price list from Heatcraft which shows the price increases.

The DEPUTY SPEAKER: Is leave granted? The Leader of the House will come to the dispatch box and advise whether the document is to be tabled.

Mr Albanese: Perhaps he could give it to an attendant and they can bring it around and we can have a look at it. No.

Leave not granted.

Opposition members interjecting—

Mr Irons: I am waiting for an answer.

Honourable members interjecting—

The DEPUTY SPEAKER: Order! It is I who gets to decide who gets to stand up or not in this place, and helpful tips are wearing thin. The Leader of the House did say no. You might not have been able to hear it in the hubbub. The member for Swan has made the point and continual abuse of points of order will be dealt with.

Carbon Pricing

Mr PERRETT (Moreton) (14:59): My question is to the Assistant Treasurer and Minister Assisting for Deregulation. Why is it important that families and small businesses are properly informed about facts with the introduction of the carbon price?

Mr BRADBURY (Lindsay—Assistant Treasurer and Minister Assisting for Deregulation) (15:00): I thank the member for Moreton for his question. The carbon price will cut greenhouse gas emissions to help tackle climate change and will drive investment in clean energy so that we can build a stronger economy for the future. We all know that the impact of the carbon price will be approximately 0.7 per cent on prices on average. That means that prices will go up on average by less than 1c in the dollar. Power prices are expected to go up by around $3.30 per week on average, but we are providing households with assistance of up to $10.10 per week on average in the form of increases in family payments, increases in pensions and tax cuts.

We know that there has been a lot of misleading information disseminated about the carbon price. That is why we have provided the ACCC with $12.8 million to protect households and small businesses from people who jack up their prices and falsely blame those price rises on the carbon price. Customers and small businesses who have any concerns in relation to pricing can contact the ACCC. We have established a new hotline. We know that most businesses will do the right thing, but those businesses who do not will have to face the ACCC.
While the government is out there trying to crackdown on misleading claims, the Leader of the Opposition is out there giving the green light to businesses to jack up their prices and to falsely blame the carbon price. I see that in the last couple of days the Leader of the Opposition has written a letter to businesses and he has enclosed one of his dodgy Liberal Party pamphlets. This particular pamphlet—

Ms Julie Bishop: Madam Deputy Speaker, on a point of order on a question of relevance, the Assistant Treasurer is now talking about internal Liberal Party matters and I do not see how that is relevant to the question.

The DEPUTY SPEAKER (Ms AE Burke): Order! The Assistant Treasurer has the call.

Mr BRADBURY: Thank you, Madam Deputy Speaker. I am talking about this dodgy Liberal Party leaflet. This particular leaflet—

The DEPUTY SPEAKER: Order! The Assistant Treasurer will answer the question before the chair.

Mr BRADBURY: This particular leaflet at least is authorised. It is written and authorised by none other than the member for Dunkley. The Leader of the Opposition has written to businesses and has asked that this dodgy Liberal Party leaflet be put up in their windows. He wants to see businesses jacking up their prices and he says that putting this up in the window will tell customers that the prices have increased as a result of the carbon price. I would say to all businesses around Australia, be very careful and very wary of the Leader of the Opposition. Do not allow him to drag you into his cynical scare campaign because the consequences of that are very serious. Of course, I remind all businesses that, whatever you do, be very careful about making false or misleading claims because if you do mislead your customers you could face fines of up to $1.1 million. I would also say to all customers, look very carefully. Make sure that if anyone makes dodgy claims you pick up the phone and call the ACCC. (Time expired)

Carbon Pricing

Mr HOCKEY (North Sydney) (15:03): My question is to the Prime Minister. I remind the Prime Minister that Labor’s own carbon tax modelling assumes ‘comparable carbon pricing in other major economies from 2015.’ I also remind the Prime Minister that last week carbon market analysts at Thomson Reuters cut their forecasts for international carbon prices until 2020 by 59 per cent to just $4.30. Does the Prime Minister think $4.30 is comparable to the price that she is introducing at $23?

Ms GILLARD (Lalor—Prime Minister) (15:04): I thank the shadow Treasurer for his question and I thank him for the fact that in the past he has very clearly said things like, ‘Inevitably we will have a price on carbon, we will have to.’ He has proudly talked about how the Howard government were the initiators of the idea of an emissions trading scheme and how they went to an election promising it and so on. I thank the shadow Treasurer for his fulsome support of carbon pricing and, no doubt, it drives his interest in internationally linked carbon markets.

When we look at carbon pricing around the world, we obviously see a variety of prices in different schemes. We have seen volatility in prices in Europe. That is unsurprising, given we have seen volatility on all markets in Europe, given the nature of the economic circumstances there. What the government has done in addressing the starting price for our carbon pricing scheme is to work out the appropriate price to drive a
change in our economy to a clean energy future at the least cost. I am sure the shadow Treasurer is very distressed, given his support for emissions trading and carbon pricing, that instead of this most efficient, effective and least cost approach he is committed through the Leader of the Opposition—

Mr Hockey: Madam Deputy Speaker, on a point of order on relevance: the question was about the government's price of $23 a tonne and rising versus international prices of $4.30 a tonne.

The DEPUTY SPEAKER (Ms AE Burke): Order! The Prime Minister is addressing the question. She has the call.

Ms GILLARD: Madam Deputy Speaker, thank you. I was making the point that having a mechanism of carbon pricing, as the shadow Treasurer well knows, is always the most efficient approach as compared to the wasteful policy with higher cost that the Leader of the Opposition has committed his political party to. On prices around the world, the average EU price over the past four financial years comes in directly at A$23 a tonne. Over the next few years the Climate Institute expects Britain will have a carbon price of $24 to $30 a tonne; Sweden will have a price of $130 a tonne; Switzerland, $30 to $60 a tonne; Norway, $53 a tonne; Ireland, $24 to $37 a tonne—and the list goes on. And of course, as the shadow Treasurer would well know, we are seeing moves to emissions trading schemes in our region, including the recent decision by the Republic of Korea to move to an emissions trading scheme, the trialling of emissions trading schemes in provinces in China, and the list goes on. I say to the shadow Treasurer: he ought not to risk his own reputation by joining the Leader of the Opposition in this stupid, cynical, negative fear campaign. He has in the past stood up for carbon pricing; he should have the integrity to do it now.

Mr Abbott: Who's talking about integrity!

The DEPUTY SPEAKER: The Leader of the Opposition is warned! The member for Mackellar.

Mrs Bronwyn Bishop: Madam Deputy Speaker, I have a supplementary.

The DEPUTY SPEAKER: No, the opposition have used up their two supplementary questions. The member for Kingston has the call.

Regional Development

Ms RISHWORTH (Kingston) (15:08): My question is to the Minister for Regional Australia, Regional Development and Local Government and Minister for the Arts. How is the government spreading the benefits in our economy to support the regions? How are the regions responding to this investment?

Mr CREAN (Hotham—Minister for Regional Australia, Regional Development and Local Government and Minister for the Arts) (15:08): I thank the member for Kingston. I know what a champion she is not just for regional Australia but for her own community, and the initiatives we have put in there—the new library, the trade training centre—and the way the National Broadband Network is working for her is testament to that work. Hers is a region where, every time you go to it, it contrasts the negativity that you get in this House from that side of the chamber. Everywhere you go in the region you have people that are positive about the future—challenged by it, yes, but they see opportunity in it and they are not buying the fear campaign. In her home state this cannot be told better than by the city of Whyalla.

Mr Tony Smith interjecting—
The DEPUTY SPEAKER (Ms AE Burke): The member for Casey will leave the chamber under 94(a).

The member for Casey then left the chamber.

Mr CREAN: This, after all, was the city that the Leader of the Opposition went to on 27 April 2011 and had this to say:
Whyalla will be wiped off the map by ... carbon tax. ... Whyalla risks becoming a ghost town, an economic wasteland ... it's also true of Port Pirie ... Gladstone ... Hunter Valley ... Illawarra ... Kwinana ... Latrobe Valley, Portland ... There'd be nothing left under this bloke. This is the doom and gloom that he preaches.

But what are the facts? It is interesting that the leader has not been back to Whyalla since he made that prediction. I have been back four times and I have seen the magnificent growth that is taking place there. The rare earths industry—

Mrs Bronwyn Bishop: Madam Deputy Speaker, on a point of order, I refer you to page 553 of Practice which clearly states that it shall be an irrelevancy for the contrasting of government and opposition policies. Clearly, previous Speakers have been told the minister may not proceed. I would ask you to uphold that ruling.

The DEPUTY SPEAKER: The member for Mackellar will resume her seat. The minister has the call.

Mr CREAN: I was making a point about the rare earths industry, the port development, the fertiliser and nitrate plants. This is hundreds of jobs and billions worth of investment taking place. In fact, it is very interesting that today in the Whyalla Times we have 'Population on the rise in Whyalla'. Some ghost town, some wipe-out—and this is what the gloom and doom that the Leader of the Opposition preaches is all about! I would suggest that he stops the fear campaign, that he understands there is a responsibility on all of us in this chamber to face the challenges that this nation faces, but to do it constructively, do it with a spirit of enterprise, do it with a spirit of conviction and do it with a spirit of purpose and opportunity, not the fear campaign.

The Leader of the Opposition is a hollow man. The Leader of the Opposition stands for nothing. He opposes everything. What regional development wants is a positive constructive approach. They will get it from us, but they will not get from you.

Ms Gillard: I ask that further questions be placed on the Notice Paper.

AUDITOR-GENERAL'S REPORTS

Reports Nos 51 and 52 of 2011-12

The DEPUTY SPEAKER (Ms AE Burke) (15:11): I present the Auditor-General's Audit report No. 51, financial statement audit: interim phase of the audits of the Financial statements of major general government sector agencies for the year ending 30 June 2012, and Audit report No. 52, Performance audit: gate reviews for Defence capital acquisition projects.

Ordered that the reports be made parliamentary papers.

DOCUMENTS

Presentation

Mr ALBANESE (Grayndler—Leader of the House and Minister for Infrastructure and Transport) (15:12): Documents are tabled in accordance with the list circulated to honourable members earlier today. Details of the documents will be recorded in the Votes and Proceedings and I move:

That the House take note of the following documents:


Debate adjourned.

QUESTIONS TO THE SPEAKER

Media

Mr ALBANESE (Grayndler—Leader of the House and Minister for Infrastructure and Transport) (15:13): Deputy Speaker, for your consideration of whether it is appropriate to incorporate the tabling of the website in *Hansard*, for your information the Federal Court have put all the documents up on a special page on their website today, available for all to read.

Mrs Bronwyn Bishop: Madam Deputy Speaker, I raise a point of order. The point just raised by the Leader of the House does not address the question of whether it is appropriate to incorporate the tabling of the website in *Hansard*, for your information the Federal Court have put all the documents up on a special page on their website today, available for all to read.

The DEPUTY SPEAKER (Ms AE Burke) (15:13): I thank the member for Mackellar for her assistance. As I say, I will be seeking advice on whether it should be incorporated or not and I will take on board the information provided by both sides of the chamber.

Mr Albanese: Deputy Speaker, with every complaint, the Liberal and National parties show exactly that they are in this up to their necks. I understand their objection—

The DEPUTY SPEAKER: The Leader of the House will resume his seat. The Leader of the House is abusing the rights to come to the dispatch box.

BILLS

Federal Financial Relations Amendment (National Health Reform) Bill 2012

National Health Reform Amendment (Administrator and National Health Funding Body) Bill 2012

Assent

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

MATTERS OF PUBLIC IMPORTANCE

Carbon Pricing

The DEPUTY SPEAKER (Ms AE Burke) (15:14): Mr Speaker has received a letter from the honourable member for Dunkley proposing that a definite matter of public importance be submitted to the House for discussion, namely:

The adverse effect of the carbon tax on small business.

I call upon those honourable 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 BILLSON (Dunkley) (15:15): The small business community have been completely ignored by this Gillard government but are at the pointy end of the carbon tax. Nowhere has this government done any meaningful analysis on the impact of the world's largest carbon tax on the engine room of the Australian economy. If it were not bad enough for small business to be recording a 48 per cent increase in small business insolvencies over the last 12 months and a 95 per cent reduction in small business start-ups, an attack on enterprise, 14½ thousand employing small businesses now
not employing Australians right across our continent—a reduction in the share of private sector workforce engaged by small business—the government comes up with a cunning plan, a plan that has no greater adverse impact on any sector of the economy than the small business community, and that is the carbon tax.

This was the carbon tax that small business was promised it would not have to face. Remember those infamous words: 'There shall be no carbon tax under a government I lead'? Those were the words of the Prime Minister seeking re-election. Yet, just a few short years later, here we are, facing the world's largest carbon tax and also facing a further attack on the small business community that this government just seem not to care about.

You heard today the confused message of the government. They were saying how wrong it was for the coalition to highlight that small businesses will be faced with higher costs, how their input costs will go up, how the cost of refrigerants will go through the roof, how the cost of their inputs will also go up and how the cost of fuel and other crucial components of a small business doing its business will go up under Labor's carbon tax. We were told: 'No, no; that is wrong. You are just frightening people.' Yet, when it suited, when it was convenient for the government to come at exactly the same topic from another angle and say, 'Oh but there is compensation to account for these cost increases'—arising from the carbon tax that they have just gone on saying that small business was not going to face—we get a completely contradictory story from the government.

Little wonder then that the small business community is completely bewildered by what the government is up to. Many took the government at its word that small businesses would not have to plan for a carbon tax. Yet here they are, confronted with the world's largest carbon tax. Small business heard week after week about the carve-outs, and the compensation that everyone was going to get, and how this would be such a soft landing of a carbon tax, only to find now that the only people to miss out on any direct support whatsoever are the small business community. They have not got any of the hush money that is being dished out to Alcoa. They have not got any of the bailouts—the 'Let's hope that the economic and employment consequences of the carbon tax can be pushed further away from its introduction date'—payments.

Mr Perrett: Madam Deputy Speaker, I rise on a point of order. The term 'hush money' was mentioned yesterday and it was found to be not appropriate language. I ask that it be withdrawn.

Mr Billson interjecting—

The DEPUTY SPEAKER: The member for Dunkley does not have the call. The withdrawal of wording is often within the context. The member for Dunkley will be able to continue.

Mr BILLSON: Thank you, Sir. All the small business community—

The DEPUTY SPEAKER: 'Sir'? I think I might ask you to withdraw that!

Mr BILLSON: I am perpetually deferential! All the small business community have got is haranguing from this government—no direct assistance; just this verbal abuse that, if they dare put up their prices, they will have the full weight of the ACCC coming down on them and yet, at the same time, households are being told, 'Well, there might be price increases but we have compensated you for that.'

There has been no modelling done by this government on any impact of the carbon tax
on any small business type or size, on any goods or services that they provide, on any different business structure, on any supply chain, where the carbon tax builds and builds and builds at every step along the way.

Think of an ice-creamery in Hervey Bay. There they have to face a range of impacts. Let us talk about the dairy. The simple milking of the cows is going to have a carbon tax impact—an energy-intensive hot-water requirement to maintain hygiene. The freight costs will then get moved on. You then go beyond the dairy itself, once the cows have been milked, to process the milk—energy-intensive; perishable goods; refrigerant everywhere. It then may go on to an ice-cream manufacturer—same all over again: embedded energy costs of the earlier stages plus their own refrigerant, their own energy costs, their own transport costs, their own impact on packaging. It will build and it will build.

Because the ice-creamery that Mr Neville and I might run at Hervey Bay is a small one, we cannot buy directly from the manufacturer; it would probably go off to a midpoint, not directly from the producer of the ice-cream but a wholesaler, and then maybe on to someone else, and finally we might get that input. The world's largest carbon tax has built at every stage of that production process—has accumulated, has compounded. Hopefully there is a margin on top for the business so that they can stay afloat to go and employ people.

Then we face the consumers, who have heard the government go around saying, 'Only the top few hundred emitters will be paying the carbon tax.' No, that is wrong; we will all be paying the carbon tax. We will all be paying the carbon tax, and every small business will be hurt by the carbon tax. And where will their compensation come from? Well, there is none. There is no compensation whatsoever.

So what has the coalition had to do? The coalition has had to go out there and do the government's work for it, to explain that there are impacts in the supply chain and in the energy costs that are going to affect small business. It has been the coalition that has had to provide the small businesses with the assistance to communicate the very essence of the government's scheme—that these cost impacts will work their way through the system, that somehow people will only buy half an ice-cream rather than a full ice-cream, and the costs will be passed on but the consumer is being compensated.

Has the government bothered to explain that to anybody? Has the government sought to assure small businesses that the very design of its carbon tax is intended to push up their costs, is intended to have an impact on the supply chain, is intended to make refrigeration more expensive, and is intended to then be passed on, as the Prime Minister ultimately conceded in her contribution today? No, it has not done that at all. The government has gone out there trying to create a completely false impression of who is paying for the carbon tax and what it actually means for consumers. So we have had to do the government's work for it. It has done the ads, where the carbon tax dare not speak its name and there is a household assistance love just falling from the sky—apparently for no other reason than the benevolence of the government. You have then had no assistance from the Marcel Marceau of small-business ministers—never utters a word about the impact on a key area of our constituency. So the coalition has had to do it. The coalition has had to provide small businesses throughout Australia with an easily understandable, accurate, reliable and dependable explanation about the government's carbon tax.
The DEPUTY SPEAKER (Ms AE Burke): The member for Dunkley has used his props sufficiently.

Mr BILLSON: Oh, Madam Deputy Speaker, I have not even waved the grocery document around yet, or the dry cleaning one.

The DEPUTY SPEAKER: Yes, yes. The member for Dunkley can put away his props.

Mr BILLSON: There are more, and I would like to thank the government—

The DEPUTY SPEAKER: The member for Dunkley.

Mr BILLSON: for highlighting these very useful information documents.

The government has not done any modelling on the impact on small business. It has not provided any advice about how small business and its consumers will feel the pain of the carbon tax. It has then gone around accusing the opposition of making false claims, when we are actually providing the only reliable, accurate and dependable information that is out there. We then had the Assistant Treasurer having a go at me and the Leader of the Opposition, saying that these documents were misleading. That only lasted about an hour. When he came into this place he was very smart not to repeat that claim, because he knows it is not right. These documents are accurate and reliable, and they communicate the reality of the carbon tax impact on small business.

When we come to false claims, where do you start? Can you get past, 'There will be no carbon tax under a government I lead'? That is a whopper of a false claim, and it is lucky that the ACCC does not have a crack at prime ministerial statements. But it goes further than that. We have seen the Prime Minister assure, in her words, 'small business families and tradies' that there will be no impact on fuel, yet we know from the Australasian Convenience and Petroleum Marketers Association that that is not true either. They said that is simply not correct. There might have been a few freebie permits given for refining, but that is it. It is all the way through the movement of that fuel—its storage, its production and its distribution to the petrol sellers around the place. With the cost of running a service station, ACAPMA itemise every step along the way post the refinery process, where the carbon tax is going to push up the cost of production and put upward pressure on fuel. That is another false and misleading claim by the Prime Minister.

Then there was another one. Remember when the Prime Minister was in Brisbane and she said, 'I am sure most businesses will do the right thing, but if anyone dares put up their prices by more than one per cent they will be price gouging and we will send the ACCC after them'? People stopped and thought, 'Gee, that's interesting. Maybe the government has done some modelling that they have locked away along with the modelling for the taxation review that no-one can get a look at. Maybe it's just tucked away in a secret file.' So we ask the question: where did this claim come from? Where is the evidence to back it up? Where is the data, the analysis, to support what amounted to a prime ministerial decree on price movements arising from the carbon tax? Do you know where it is? It is not anywhere. It is not in here, in the dispatch box; I had a look and I could not find it in there. I have asked the small business minister to produce some in consideration in detail. There has been none. We have asked time and time again: where is the detail to substantiate that claim? The answer? There is none. There is no detail to substantiate what is the most blatant verbal haranguing the Prime Minister could give the
small business community—accusing them with no analysis of what the cap would be on price movements.

What is worse, she did not even accurately reflect the law. In Australia we have no law that mandates a cap on price movements and no requirement for people to disclose exactly why they have arrived at the price they have. If you do not like the price, you can go somewhere else. If you have decided that you want to structure your business from certain price points, you can do that. That is why we live in this market economy. Does the Prime Minister get that? No. The centralised view is that everything comes out of Canberra. She must think you have to approve it or something, but that is not the case.

The law actually says that small businesses, when they are making representations, cannot be false and misleading. What the Prime Minister did was falsely and in a misleading way incorrectly characterise the law to frighten and intimidate small business so that she can run around, saying, 'See, there is no impact. We were right with our wildly conservatively understated estimate of the price impact of the carbon tax. Look at that.' What is the consequence of that? What is the effect for small business in an already difficult trading environment, with wafer-thin margins, no sloppy profits to be found, costs going up everywhere and their own energy costs, all of which we have seen in government reports in which they have been understated over and over again?

Rent is going up, gas is up and electricity is up. They have never run a business and, since I have been the shadow minister, we have our fourth small business minister that we are going to have educate about what a small business is. I am happy to keep working at that but please help me. It is an enormous task because there is no early evidence that I have been successful in letting the minister know what the impact is on small business. Have a look at some of these documents. We are doing the government's work for them, communicating the very essence of the scheme, as they describe it, and then they accuse the coalition of doing the wrong thing. You should be doing that, Minister. That is what the shadow small business minister and the opposition leader would not have to do if the government were fair dinkum and had half an interest in the plight of small business in this economy.

It goes further. The Assistant Treasurer, after not repeating his unsubstantiated claim in the media today about the nature of these documents, has scurried off, but he has made a contribution elsewhere. I raised the impact of the carbon tax and what it would mean for Westfield Penrith. There is now a carbon tax escalation clause in the lease of their tenants, so you have tenants faced with having carbon tax escalation factors affecting their leases, their direct energy costs, and we could have a long conversation—and I hope we get the chance—about the impact of energy costs in off-peak rates. I have had small businesses say to me, 'We have had to structure our business because we are a heavy energy user and we do the bulk of our heavy energy use during the night because the tariff is lower.' We have heard this right around the country, and they will get an enormous increase in their costs.

When we talked about Penrith, and the member for Penrith, Mr Morrison: Lindsay.

Mr BILLSON: Thank you; the member for Lindsay.

Mr Morrison: Apparently it's near Darwin!
Mr BILLSON: Apparently it's south of Adelaide—a bit like the earlier question when we were talking about Whyalla.

The Assistant Treasurer said, 'The cost increase in electricity from the carbon tax would be only 0.2 per cent of overall expenditure of a typical small business, based on Treasury modelling.' What is this 'typical business'? We have not been able to find one. You might have noticed that we have visited quite a few lately, and we are trying to work out what this typical business is that has been subject to the invisible Treasury modelling that has not been released; it has probably been taken by Captain Emad on his travels. We do not know where that is, so we are saying, 'If that is the basis of your claim, produce some facts so that the small business community can actually see what's going on'.

What has not been produced is the evidence that the government has appreciated that its carbon tax will push up the price of electricity, gas, refrigeration, rents, produce and supplier costs. It builds, it compounds, it increases all the way through—and the small business men and women will have to face the customers who have had a diet of nonsense from the government about how only the top few hundred will be paying this tax and explain to them, 'No that is not right; we are all paying this tax'. That is why these publications are so important. I commend them to you, Madam Deputy Speaker, if you would like some of them to be circulated in your own electorate.

The DEPUTY SPEAKER: No, no.

Mr BILLSON: What is happening here is that the small business community know they have no friend in the government. They are not sure anyone in the government could recognise a small business. They have seen no evidence that the plight of small business, a crucial contributor to our economy and our communities, has featured at all in the government's consideration around the carbon tax. This carbon tax hurts no-one more than the small business community and the government should be condemned for their indifference. (Time expired)

Mr BRENDAN O'CONNOR (Gorton—Minister for Housing, Minister for Homelessness and Minister for Small Business) (15:30): The member for Dunkley sometimes thinks that the faster you talk and the more words you use in 15 minutes somehow provides a compelling case in advance of his particular resolution entitled: 'The adverse effect of the carbon tax on small business'. I listened closely to the member for Dunkley, but at no point did he really outline the case that there was a significant impost upon small business. In fact, this government has been very focused to ensure that small business was impacted in a very negligible way by pricing carbon. The last thing we will do is be lectured to by the opposition who, when in government, imposed the GST upon the small business community. The last thing I really need is a lecture from the member for Dunkley on how to look after small business, given the efforts by the Howard government to turn every small business in this country into an unpaid tax collector. So I need not have any lectures from those opposite. Even when I go around the country and speak to small businesses and ask them about government regulation, the first thing out of their mouths about the concerns they have in relation to government was the imposition of the GST and its impact upon small business. So I hardly need any lectures from the member for Dunkley or the Leader of the Opposition in relation to how we look after small business in this country.

With that in mind, this government wants to ensure that the small business community
would not have any imposts placed upon them in relation to pricing carbon in the context of this very important reform. As the Prime Minister and others have said, it is important that we bring about this reform for this country so that we do reduce carbon and see some structural change in our economy, because we are a high carbon emitter. That is important. At one point in time every Liberal leader and Labor leader supported a market based approach to pricing carbon. Indeed, Prime Minister Howard supported a market based approach to pricing carbon. Malcolm Turnbull and Brendan Nelson did. And, of course, Tony Abbott, the current Leader of the Opposition, did at one point support a market based approach to pricing carbon when it suited him, and when it suited him to do otherwise he chose to wage one of the most reckless and negative scare campaigns this country has ever seen upon Australians and, in particular, on the small business community. I find that rather offensive and very unfortunate.

But I do believe that the small business community are very sensible, hard-working Australians and when the facts reveal themselves from 1 July they will realise that the myths and the untruths told by the Leader of the Opposition and by the member for Dunkley and others will be exposed and the truth will reveal itself. We do this important reform knowing it is difficult but knowing it is essential, and we do this knowing that we are in a very good economic situation. It is important to make that point because we wanted to ensure that small business are able to cope with these changes, negligible as they are, upon them. Just remember this: no reporting on carbon; no requirements to report to government; no tax to be paid; no tax to be collected; and, indeed, in relation to the CPI, a 0.7 per cent impact. For that reason, there are some follow-through on costs, but they are relatively negligible. They are about one-quarter of the costs associated with the GST. We are not even taking into account, of course, all those other imposts that were applied by the Howard government on the small business community.

Can I remind the House that we do have a very good economic conditions? We are returning the budget to surplus—that is very important—to provide confidence both here and overseas about the state of our economy. We are one of the very few developed nations that can even make that point about returning the budget to surplus. We have relatively low unemployment, around five per cent, and an increasing participation rate in our economy. We have very good economic growth and the lowest official cash rate that we have seen at any time under the Howard government. We have seen a reduction in the official cash rate in the last couple months of 75 basis points. What does that mean for small business? That means it provides them with greater opportunities to access loans, because interest rates are falling. And, of course, we have seen contained inflation. To see lower unemployment and contained inflation in this way is truly remarkable in the context of other developed nations around the world who are confronted with double-digit unemployment, inflation and some very serious challenges to their economies.

What we also did in order to ensure we provided support for small business arising out of the budget is that we announced a number of initiatives that we believe small businesses will embrace and indeed are embracing. Firstly, we introduced the instant asset tax write-off, which allows for assets purchased up to $6,500 and instant depreciation of 100 per cent after the first year. This has been well received by small business, really providing opportunities for cash flow. Indeed, I should add that because the depreciation is paid in the first year it
reduces depreciation schedules, which will ensure far less paperwork for small businesses. That is very important for those microbusinesses where they are doing most of their own bookwork and they do not want to have to fill out forms unnecessarily.

The other thing we are doing is introducing the loss carry-back scheme. This is a scheme that has been very well received by incorporated businesses, 90 per cent of which are small businesses. This will allow for businesses to reclaim tax they have paid up to two years earlier when they make a loss or reinvest in their company—perhaps to substantially upgrade their equipment or to reduce energy consumption. This is a very important initiative. It not only provides opportunities for about 110,000 companies, particularly small businesses, to invest and innovate but also creates confidence in the small business sector to invest, and that is important for our economy and for the small business community generally.

I would also like to say that, for two-thirds of small businesses, we have seen the trebling of the tax-free threshold to $18,200—remembering that two-thirds of small businesses are not incorporated and they too, therefore, will benefit from that initiative. This is literally taking one million Australians out of the tax system. This is something that is remarkable, and no other government would be trying this on at this time—certainly amongst the developed nations—because they would not be able to do it. But good economic handling and good fiscal management have created the environment for the Reserve Bank to apply monetary policy. We are seeing some very good arrangements and a very good economic environment in which small business can thrive.

That is not to say there are not challenges. Those challenges, of course, include the high Australian dollar, and it is for that reason that we have had these initiatives targeting small business in sectors of our economy that are not doing as well as, of course, the mining sector. This is, I think, a very important thing to note. I should also add that there is also the instant asset tax write-off for vehicles, under which businesses can receive a write-off of up to the first $5,000 of a company vehicle. These initiatives combined provide great opportunities for small businesses in Australia.

I heard a lot of bluster from the member for Dunkley, but the facts are these: there are no direct taxes that apply to small business. The misinformation that is being spread by the member for Dunkley and others is, of course, untrue. In relation to energy costs the Treasury, of course, have done their modelling and the average energy cost of a small business is two per cent of overall costs, and there will be a 10 per cent increase on that two per cent—0.2 per cent of overall costs to a small business. Of course we would expect those modest or negligible prices to be able to be passed on to the consumers. Why? Because we have managed through this effort to make sure that pensioners, parents and students are provided with cash payments, and we have also ensured that from 1 July workers will receive tax cuts, and in most cases they are ongoing. So I think it is really important to note that the government has taken account of the small business situation to ensure that they are not having to report to government, that they are not having to apply or collect a tax and that they will be compensated for the modest cost that will be passed on because they will be able to increase, very modestly, those prices.

The 0.7 per cent CPI increase that was shown by the modelling done by Treasury has now been affirmed by many, many other bodies, including other governments. We
saw when the Western Australian government handed down its budget that it too confirmed that there would be a 0.7 per cent increase to CPI. We have seen that now with other governments, confirming the Treasury's modelling that that is indeed the increase to inflation. That is, as I say, very manageable, given the economic circumstances that we are in.

That has not, of course, stopped the opposition trying to scare people in, I think, a very irresponsible way. There is no doubt in my mind when I look at some of the indicators insofar as consumer confidence and business confidence are concerned that, whilst—I think legitimately—some concerns have arisen as a result of what is happening in Europe and the United States, the efforts by the opposition to effectively spread untruths throughout the community have had a big impact upon consumer confidence. I think that is an irresponsible act by the opposition. It is irresponsible, I think, to trash your own country's economy. It is irresponsible to say things that are not true and to suggest that things will happen when they will not happen. To suggest for a moment that a community can be used as a prop—that Whyalla can be used by the Leader of the Opposition as a prop so he can say that they will be wiped off the map—is an irresponsible act by the Leader of the Opposition, and it goes to the character of the Leader of the Opposition. To suggest that a country town that is growing economically and, as the Minister for Regional Australia, Regional Development and Local Government said in question time, is growing in population will be wiped off the map is an irresponsible, reckless and destructively negative thing to say in relation to that very important community, as is the case with his references to other communities throughout this country. It says more about the Leader of the Opposition than it does about anything else that he is willing to do that.

But he is not alone in his efforts to misrepresent the facts as they stand. The member for Dunkley has been making a case that there have been 18,000 regulations created to hurt small business. Not only is this number ridiculous—an outrageous exaggeration of new regulation in order to, I guess, scare people—but the fact is that they are counting a multitude of regulations that have no impact on small business at all. Indeed, nearly 40 per cent of the number quoted refer to tariff concession orders and airworthiness directives. These are the things that the member for Dunkley puts in his media statements to suggest that somehow we are further regulating small business—a complete and utter mistruth and myth that is seeking to scare small business. These are some of the other regulations that the member for Dunkley has also included in the 18,000. For example, he says that an instrument that implements the ban on big banks engaging in anticompetitive price signalling, with a clear consequent benefit for small business, is one of the regulations which are an awful thing being introduced by the government. Indeed, he also says that Select Legislative Instrument 2011 No. 125 amends measurement regulations so that point-of-sale systems and other measuring instruments may be patent approved for use of trade. If a system is approved once, it is approved for all potential users. This is a clear efficiency to business. However, the member is putting them in with the 18,000 regulations. This is all about the scare campaign waged by the Leader of the Opposition. He should hang his head in shame. (Time expired)

Mr HARTSUYKER (Cowper) (15:45): I welcome the opportunity to speak on this matter of public importance because it is indeed a very important matter. The future of
small business is a very important matter not only for the entire country but also particularly for regional Australia, which does not have the large employers that the city has. So many of the jobs in the regions are generated by small business.

I believe the minister is a decent man but, unfortunately, I do not believe he understands small business. I do not think he goes and talks to the people on the street, on the high street, in the shopping centres and in the factories who are making it happen. These are the people who work 100 hours a week, who have mortgaged their houses to run a small business, who employ people and who worry day and night whether their business will survive. What is the assistance they get from this government? They get a massive new tax.

Small business has been caught in a bind for some time, with increasing costs and flat and falling revenues. What is the government's answer to that? It is a massive new tax. I was stunned, in fact, when the government proposed a carbon tax that was supported by the member for Lyne and the member for New England—two members who represent regional seats, who represent areas highly dependent on small business and who should know better. The reality is, because of this government every power point has been turned into another department of the tax office. Every time a small business uses power it is effectively paying the carbon tax. It is an untruth to try to claim that only the 500 largest companies pay this tax; every small business in this country pays this tax. Every small business is being hindered in its efforts to create employment by this tax. Every small business is being made less competitive by this tax, and this government, the member for Lyne and the member for New England should hang their heads in shame.

When I go around my electorate I hear people who are very worried. They worry whether their business is going to be able to continue. They tell me they are just hanging on. They tell me they need to get rid of this government. Consumer confidence is low and business confidence is low, and what assistance do they get? They get a great big new tax.

I was talking to Russell Greenwood, a butcher in my electorate. He is hardworking—works seven days a week—employs people and pays his way, and what does he get from this government? He gets a new tax. When I visited Russell he said: 'I've been speaking to a lot of small businesses in this town and, I suppose, as far down as Wollongong and further along the eastern seaboard, and everyone feels the same way. The carbon tax is just going put more and more costs on small business and, besides that, by and large big ones as well. It will end up and turn out really hurting people, so as far as I'm concerned it's going to put people out of jobs. It's going to put a strain on businesses—as if the costs of running a small business aren't bad enough already. I think that the backbone of this country is small business, and if this carbon tax goes ahead, well, it's going to crucify and close a lot of stores which are already closing. People are finding it very hard out there in this economy, and I think it's just going to get worse and worse if this carbon tax goes ahead.' I think Russell has pretty much summarised the thoughts of many small businesspeople.

I talked to the owner of another business, who asked not to be named, and they said: 'The increase in the cost of doing business is killing us. We're reducing our opening hours. We're trying to cut costs. The introduction of the carbon tax will probably be the final straw for us. We have no choice but to lay off staff. At the moment we are looking to
cut seven jobs from our business.' How is that helping Australians? We know this carbon tax will not work. We know our emissions will rise and that the pain of small business will also rise.

The government is trying to claim that only 500 companies will pay the tax, but we heard in question time today that refrigerant R404A is going to be hit by a massive carbon tax that will increase the cost of the gas from $92.88 per kilo to $377.71 per kilo. That is a massive increase. Faircloth & Reynolds, an air-conditioning business in Coffs Harbour, which is in my electorate, has six vans and employs a combination of experienced operators and apprentices. Dave Reynolds told me that it will cost an extra $4,000 to stock each van. That is an extra cost being put on this business by this government. The government says only 500 companies will pay that, but that is about as credible as the claim, 'There will be no carbon tax under a government I lead.'

Mr John Cobb: There will be no government either.

Mr HARTSUYKER: Absolutely, the member for Calare. Small businesses are already attempting to cut costs.

Government members interjecting—

Mr HARTSUYKER: Those on the other side might well laugh at the plight of small business, but those businesses are not looking as forward to the introduction of this tax on 1 July as those opposite are, I can tell you they are not. They do not want to be driven out of business by the government's incompetence. The thing about the Labor Party is it just does not get small business. It just does not get how hard it is to make a profit because probably none of them over there have ever made a profit. They have only ever had a union salary which comes in every fortnight, no questions asked—not like the people who are in small business who have to struggle to make it pay. They have to do a job, get paid for it and make a profit, and what do those opposite do to help? They tax them with the carbon tax. They try to tell us that it is not going to affect the cost of petrol, but who is going to believe that? Who believes that there will be no energy used in the production, distribution and retailing of petrol? Who believes that?

Mr John Cobb: Or the diesel used to transport it.

Mr HARTSUYKER: Or the diesel used to transport it. What we are going to see is a rise in the cost of petrol and a rise in the cost of diesel because of the carbon tax imposed by this government.

Transport industries are doing it tough. I was talking to Graeme Nicholson, from Nicholson & Page Transport in Maclean, who told me that the additional cost of the carbon tax will hit his small trucking operation hard. He said: 'It might be all right for road freight companies with the benefit of large, diversified logistics and storage operations but for smaller operators solely focused on long-haul transport the impact on their bottom line would be significant.' These operators are also facing an increase in the road user charge from this government. This government does not have a clue about the impact of this tax and the impact of increased costs on small business.

We need to encourage small business. I heard the minister talk about a range of government measures allegedly to assist small business. The best thing this government could do is not to implement this tax. The best thing this government could do is to call an election and hand over to someone who can run the economy—hand over to the opposition, because we could restore business confidence. We could restore consumer confidence, because they are concerned about your competence. One
of the biggest factors in the economy at the moment is that the Australian people do not believe this government has the capacity to make the correct decisions on behalf of Australia. That is being reflected right throughout the economy.

We see people in small business doing their very best to keep their costs down. We see this government doing their very best to push costs up. On 1 July in my electorate we will see electricity prices increase by almost 20 per cent, half of which is due to this government's carbon tax. We have to encourage small business. We have to assist small business in what it does best—that is, employing people and creating wealth, particularly in the regions where small business is so important. The thing we must not do is restrict small business and retard its ability to employ people. This government has proven time and time again that it does not understand small business. If it is not more red tape, it is more taxes. If it is not more taxes, it is more bad decision making. This is just a prime example of that.

The Independents should hang their heads in shame at the fact they are supporting this government to implement this tax that is going to be so damaging in regional and rural Australia. In fact, on the weekend we are going to have a preselection in Lyne, and the people of Lyne will see a National Party candidate appointed. From this weekend on the people of Lyne will have a pretty clear choice—they will have a choice between a candidate who will pledge to repeal this tax, pledge to take the pressure off small business, and the member for Lyne who is keen to introduce this tax that is going to increase over time. This tax is going to put more and more impost on small business and is going to be jacked up to $350 a tonne, by the government's own modelling, by 2050.

The government and the Independents have no shame. They are going to crucify small business. It is about time this government handed over to the coalition to manage the economy strongly, get small business confidence up, get confidence in regional Australia up, so that small business can get on with its job of employing people.

Mr DREYFUS (Isaacs—Cabinet Secretary, Parliamentary Secretary for Climate Change and Energy Efficiency and Parliamentary Secretary for Industry and Innovation) (15:54): I am very pleased to rise today to speak on this matter, because as everyone in this House knows, whether they admit it or not, for many months there has been a shameful scare campaign on the carbon price led by the Leader of the Opposition. We have a Leader of the Opposition who has been running around the country making false and misleading statements about the impact of the carbon price. We have a Leader of the Opposition who has been running around the country making false and misleading statements about the impact of the carbon price. We have a Leader of the Opposition, and many of his colleagues in the opposition as well, talking down the economy. We heard a bit more of that from the member for Cowper, undercuts business certainty, making false claims, making dishonest claims. We have heard that Whyalla is going to be a ghost town. We have heard the coal industry is going to die. We have heard that price rises will be unimaginable. These are claims that are hollow, they are false, they do a grave disservice to our nation, and they are not befitting of the leader of a major political party.

Just now the member for Cowper mentioned Wollongong. I was in Wollongong on Friday, as it happens, addressing a business forum and addressing a forum of councils. I have addressed business forums right around the country and what I have found repeatedly is that when we lay out the facts—when we actually dispel the fog of misinformation that has been
created by this opposition who have no interest in telling the truth about the carbon price, have no interest in explaining what the actual modest price impacts are going to be—and the facts are put before businesspeople in this country, usually there is an acceptance and an understanding. Indeed, from many businesspeople in this country who understand that the future of this country lies in our developing a low-carbon economy there is support for the carbon price.

This Leader of the Opposition has been caught out writing to small businesses, again trying to conscript small businesses to his scare campaign. The Leader of the Opposition has been caught out writing to small businesses around the country trying to scare them about the impact of the carbon price, trying to give them the green light to jack up prices. He has written to butchers, he has written to bakers and next, no doubt, he will be writing to candlestick makers. That is because no part of this economy is safe from this opposition. Even the 1,900 jobs that regrettably will be lost from the Fairfax media organisation have been attributed by this opposition—specifically by Senator Brandis in the other place—to, wait for it, the carbon price. The loss of 1,900 jobs that, it has been said, are going from the Fairfax media organisation has been attributed to the carbon price as well, and that is the kind of nonsense that the opposition has been going on with for many months, and no doubt they will continue to go on with it for months to come.

It is not the first time that the Leader of the Opposition has tried to enlist butchers in his scare campaign. His conscription of a butcher last year was when he visited a butcher’s shop in Sydney. Then the butcher told the Sydney Morning Herald—and I will use this as an example of the misinformation that we have had—that his electricity bill was around $22,000 per year and the revenue of his business was around $2.1 million per year. Some pretty simple arithmetic tells you that that means that electricity represents around one per cent of the turnover of that particular butcher’s business, and the electricity cost increase from the carbon price would represent around 0.1 per cent of turnover. This is the nub of this claim: to pass on that cost increase—the primary cost increase that is the increase in electricity cost of 10 per cent, because every other cost from the carbon price is far, far lower, so I am just dealing with the major cost increase of 10 per cent—the butcher would have to increase the price of an $11 packet of mince by approximately 1c. That is right: he would have to increase the price of an $11 packet of mincemeat by approximately 1c. But of course that does not stop this Leader of the Opposition running around trying to scare pensioners, scare small businesses, scare anyone in the community that he can get hold of. That is why it is to be expected, given his conduct over the last several months, that the Leader of the Opposition is encouraging small businesses to increase their prices and put signs in their windows, authorised by the member for Dunkley, blaming the carbon price. The Leader of the Opposition should know full well that if businesses make false claims they run the risk of breaching the competition law and could expose themselves to a $1.1 million fine. The member for Dunkley should be very careful holding up his misleading piece of paper.

The opposition leader does not care; the member for Dunkley does not care. They do not care about small business. They do not care about potentially exposing butchers, potentially exposing bakers, potentially exposing even candlestick makers or any other small business that they can conscript to their campaign. They do not care about
potentially exposing them to large fines if they act as suggested in the Leader of the Opposition’s letter. All the Leader of the Opposition wants to do and the member for Dunkley wants to do is use small business as a political pawn, to co-opt small businesses into playing a role in the misinformation campaign that the opposition is determined to conduct.

The fact is that small business will not even pay the carbon price. A range of large polluters is going to be paying the carbon price and the list of those polluters was finalised on 15 June. There may yet be some other businesses that, by the development of their business, become liable to pay the carbon price but the list as it stands is around 294 entities, firms and councils. For small business, which will not be paying the carbon price, the government has put in place a large range of measures to support small businesses and to help them grow and prosper.

There may be some increases to electricity prices. We have never hidden that but they will be modest. I say ‘may’ because it depends on the use that is made by businesses of electricity, the choices that they make.

Mr Billson interjecting—

Mr DREYFUS: We are talking about small business. The member for Dunkley seems to have forgotten that. If businesses invest in energy efficiency and reduce their energy costs then they could be better off overall with lower energy bills because they choose to invest in energy efficiency. Businesses around the country are increasingly understanding that an investment in energy efficiency will save money in the long term—again, not something the member for Dunkley wishes to understand.

Of course there is concern about electricity costs in the community. That concern arises from the fact that we have had very steep rises in electricity costs over the last few years. But we have, regrettably, a Leader of the Opposition and colleagues with him in the opposition, including the member for Dunkley, who wish to hysterically attribute all manner of ills to the carbon price, a carbon price that has not even started yet.

I want to put the electricity price impact of the carbon price in context. There will be inserts in bills in most states that will explain this to consumers and might, in fact, dispel some of the nonsense we have had from the opposition. According to Treasury analysis, of every $100 that is to be spent on household electricity bills in the next financial year 2012-13, $51 will pay for the poles, wires and transmission towers; $20 will pay for the wholesale cost of generating electricity; $20 will go to retail costs, consumer service and programs for energy efficiency and renewables; and $9 will go to the carbon price. That is why it is so important to put in context what these price rises mean and that is why it is so important that the debate in this place should be based on actual facts.

We have had from the Leader of the Opposition and those with him nothing but misinformation about the impact on small business, nothing but misinformation about the impact on the economy generally. In five days we will have a carbon price in this country and we will be well on the way to a measured, carefully crafted transition to a low-carbon economy. It is a policy that will help the Australian economy adapt to change and to grow while leaving a cleaner and more prosperous future for our children and for their children. It is a policy that we on this side of the House are very proud of. It will be looked back on as a watershed in
Australian economic history when we set this country on the path to the low-carbon economy that our people deserve. It is a plan which is central to Australia's economic competitiveness. In decades to come, low-pollution technologies will be crucial. *(Time expired)*

**Mr EWEN JONES** (Herbert) (16:05): I rise to speak on this most important matter of public importance. I find it incredibly ironic that Labor's Minister for Small Business is also the Minister for Homelessness. That says it all for me as to where their heads are at when it comes to this. The best thing is that when you lose the lot, when they force you out with this carbon tax, when they force you out that with all the regulations, you only have to keep the one phone number. You will only have to ring the one minister. He will still look after you all the way through.

The minister stood there and said to us it is only going to affect small business in a negligible way. Look out the window, mate. He says we are in good economic condition. Can you look out the window and see that small business is hurting. Can you walk through the shopping centres and see the shops that are closed. Can you walk through the industrial estates and see the sheds that are shut, the fences that are locked, the 'for lease' signs up in those places. You will see that there are sections of our economy, sections of my community, sections of this country which are doing it very tough.

The minister stood there and said that the cash rate is incredibly low. He said it is lower than in the Howard years. Who is paying the cash rate? I looked up my mortgage this morning. My mortgage rate is nowhere near the cash rate. I spoke to five small businesses in relation to their overdrafts and their loans. Not one of them was paying the cash rate, not one. The interest rates on all their loans were lower in the Howard years for their business loans than they are now. The banks are not even lending to small businesses at the moment. It is high risk lending.

I have a good friend who made his pile when Pardon won the cup. He started his business soon after I came to Townsville. He was a boilermaker by trade but he started a transport business. He has since retired. He said to me the other day: 'You know, the way this government is at the moment, I couldn't do what I did again. There's no way in the world that I could start a business, make it run—especially in transport with trucks and cranes. I couldn't make it run. I couldn't get a small business up today, because nobody would lend me the money to start off with. It's too dear. It's too hard. There's too many forms all the way through.'

The parliamentary secretary stood there and said the Leader of the Opposition goes to butcher shops. I was at my butcher's on Friday. He has been told by his power supplier of a 22 per cent power rise. It used to be $80 to fix a refrigerator that was broken and needed to be re-gassed. It is now up to nearly $300 because of the carbon tax on refrigeration. The parliamentary secretary stands there and says it is not going to hurt—that it is not going to hurt because it does not matter; it is a negligible effect because you will not pay it. What is the point of the carbon tax if it is not to drive up electricity prices, if it is not to make other forms of energy more competitive? It has to hurt; otherwise, why would you change? Otherwise, why is this government throwing money at people all over the place? The parliamentary secretary stood there and said that small business will not even pay it. He did it with a straight face, which I thought was admirable!
He said the big polluters pay it. Of course the big polluters are charged, but they pass it on. All business charges it on to the end user. Remember those people you are throwing the money out the window at? They are the ones who will pay it. They are the ones who will go into the ice-creamery at Hervey Bay and ask for a half scoop of ice-cream. A half scoop of ice-cream at Hervey Bay! Who has ever heard of it?

Every business in my electorate pays rates and has the rubbish collected in Townsville. My council, the Townsville City Council, have been named as one of those councils that will be exposed to the carbon tax. I am writing to the council to ask them to write to both state and federal governments about their liability. The state government forced the twin cities of Townsville and Thuringowa to amalgamate. I want to find out whether, if they were still separate councils, they would be liable for the carbon tax. If so, what compensation can they expect from both levels of government; if not, why not? The Townsville City Council have used Treasury's modelling alone, which says there will be $3.5 million to $5 million a year on the dump alone, and that is before the council turn on a light, start a car, start a truck, fill a hole in a road, start a bus, turn on a streetlight, mow a lawn or turn a sprinkler on along the Strand. It is before any of that, and that is all subject to electricity and all going to cost. Every bit of it will attract the carbon tax and every bit of it will have to be paid for. The Townsville City Council are receiving no compensation, so what will the council have to do? They will have to either withdraw services or increase rates, but the council with their new mayor, Jenny Hill, have said that they want a freeze on residential rates. Does that promise extend to the commercial rates paid by small business in Townsville? I think not.

Council charges are just one area where small businesses will cop it in this toxic carbon tax. Everywhere the small business men turn they will be faced with the increased charges and costs due to the carbon tax. Michael Burge owns a grocery store in Townsville. He is quoted in the Townsville Bulletin as saying:

'It's concerning from a business perspective because we know this decision will carry added costs for us that we will have to pass on to the consumer.'

'It's not just a blanket tax on store owners, it will be felt through all levels of business.'

'All our suppliers have a power bill and will be forced to pass on any input costs associated with the carbon tax on to us as well.'

Christina Hughes was quoted as saying:

'The Government pretends they're going to change the environment with this tax. It's not going to do anything but throw out the future of young families.'

I want to tell you a story of Michael, a young man who started his own business in Townsville as a refrigeration mechanic just 12 months ago. The cost of the carbon tax on HC gases raises re-gassing costs from $80 to $250. He has been building a business for the last 12 months, but he knows those customers he has held will be shocked. They will have to check on prices. There will be people out there who will do stuff for nothing. He says that, due to the raised costs, he will invariably be faced with delays in payment and a rise in bad debts, and these affect his cash flow. He has just bought his first house and his wife is pregnant with their first baby. What does he do? What does he say? He said to me, 'I'll see if I can hold on till we can get rid of this lot.' All he is hoping for is that he can get rid of this government.

Mark Bogiatiss is a third-generation drycleaner in Townsville. G N Dry Cleaners have spent over $5 million in becoming more efficient with water, electricity and
chemicals. He has specifically invested $900,000 on lowering his emissions and reducing his carbon footprint. But, hey—he gets $6½ thousand back! He knows that he is expecting a $24,000 rise in power alone this year. His accountants, PricewaterhouseCoopers, still cannot tell him what his exposure to the carbon tax is, and it is only five days away. He does not know. Apart from power he does not know the cost of chemicals, the cost of transport, the cost of uniforms, the cost of all this stuff that goes into his small business. PricewaterhouseCoopers, one of the biggest accountancy firms in the world, cannot tell him what his exposure to this carbon tax is.

He employs hard workers, often immigrants and first-generation Australians. He knows he will have to cover costs, but he also knows that others in the industry will undercut him to stay in business. There have already been cases. 'If you start a downward spiral, it will be hard to stop it,' he says. 'My father said they have survived fire, famine, flood and Labor governments; but, mate, this is such a bad tax and will not do anything for anyone.'

I want to tell you about a steel fabricator in Townsville. They have been told that their suppliers of steel and gas will raise costs by at least 10 per cent. They spend $80,000 on electricity and are expecting a rise of at least 20 per cent, or $16,000. They have an annual turnover in excess of $20 million. They are expecting an overall hit to their bottom line of $2 million at 10 per cent—and that, my friends, is ridiculous.

There is a painter down the road with 160 tonnes of Vietnamese steel in his yard meant to build Queensland cyclone shelters. He missed a job on price. He said to me: 'If we miss it on price now, how much more competitive are we going to be when the carbon tax comes in? How much more competitive can we possibly be?' I said to him: 'Don't come to me with problems; come to me with solutions. If you could do anything to your business, what would you do to it?' He said, 'You want to know for real?' I said yes. He said: 'I'd change my name to Holden. That way—if I changed my name to Holden, Ford, Toyota, OneSteel, BlueScope or Alcoa—I would get compensation, but I am a small business in Townsville and I get nothing.'

The AWU and the marginal seats of Labor get all the compensation. You have Wayne Hanson of the AWU, not Tony Abbott, the Leader of the Opposition, who said that Whyalla would be wiped off the map. And hey presto—hundreds of millions of dollars for the steel industry went straight in there. Fantastic! Paul Howes said 'Not one job will be lost because of the carbon tax.' Hey presto—$300 million went straight to the Illawarra. It was money for Alcoa in a Labor marginal seat. How much for small business in Townsville? Absolutely nothing.

To have a government sit there and tell us we are tilting at windmills and everything is just ridiculous. This government know what they are doing here. This is not about saving the planet; this is about saving their own political hide—and they should be condemned for it.

Ms BRODTMANN (Canberra) (16:15): Sorry, Mr Deputy Speaker Georganas, I am just a bit speechless after listening to the member for Herbert on the Armageddon that will prevail as a result of the carbon price. What nonsense! If they were not competitive now, then they are never going to be competitive. What nonsense! We have seen those opposite run scare campaigns in recent weeks on regional Australia. We have seen those opposite run scare campaigns, as we heard today from the member for Herbert, on Fairfax. They have avoided scare campaigns
on pannacotta, but I think that is probably next week's job. We have seen today those opposite run scare campaigns on homeless cats and dogs. So, it was only a matter of time before we saw them running a scare campaign on small business.

This government is committed to helping small business be part of a move to a clean energy future and part of a clean energy future for Australia. I want to set some facts straight because the amount of nonsense that has been floating around this afternoon in this chamber is breathtaking and it makes me speechless. The carbon price mechanism is not a tax on households and small businesses. Fact—small businesses do not pay a carbon price. Fact—small businesses do not have to fill in a single form as part of the carbon price reform. The member for Herbert, I think you were in small business before you came into this chamber, as were a number of your colleagues.

Ms BRODTMANN: Mr Deputy Speaker. Those opposite will recall the amount of form-filling any small business had to do in 2000 when the GST came in which made us realise that, basically, the GST was extraordinary. Every month we had to fill out a form about how much we had made and then pay tax to the ATO. There are no forms for small business attached to this carbon price.

Fact—the carbon price is paid by fewer than 500 of our largest emitters for each tonne of pollution they produce. Some of these emitters, as we have always acknowledged, will pass on their costs. The Treasury modelling shows that the average price impact across the economy is only 0.7 per cent. It is true that small businesses will largely experience this price impact through higher energy costs. There are three important issues in relation to this. The cost increases for small businesses are modest, these costs can be passed through to consumers, and the government will provide support to small businesses—and I will outline those later in my speech.

Data provided to the government by the Council of Small Business Australia—and I saw Peter Strong this morning at a business breakfast-lunch—shows that the electricity cost of a typical small retail business makes up less than two per cent of total costs. On the basis of the Treasury modelling the cost increase of the carbon price will therefore be only 0.2 per cent of overall expenditure of the typical small business, not the Armageddon predicted by the member for Herbert. In addition, New South Wales electricity distributors have provided data to the Independent Pricing and Regulatory Tribunal that the typical small business uses around 10 megawatts of electricity each year. When we apply the Treasury modelling electricity price impact to the IPART usage data, we find that carbon price would increase the typical small business power bill by around $5 per week. That is hardly the Armageddon that the member for Herbert is predicting. That works out to be about $20 a month and about $240 a year.

This modest cost increase can be passed through to consumers. That is why the government are providing assistance to households in the form of tax cuts, and increases to the pension, to family tax benefits and other payments. It is because costs are passed through the consumers. Nine out of 10 households, as we have said many, many times, will receive some assistance. We are also protecting consumers and small businesses by investing in an ACCC hotline so that if they are being overcharged they can get in touch with the ACCC hotline and report it.
The government are strongly committed to assistance and support to small business. We have introduced an increase in the small business instant asset write-off to $6,500. This provides an immediate income tax deduction for small businesses for the cost of depreciating assets. There is no limit to the number of items that can be written off in a financial year. To compare what will happen under this instant asset write-off process, if you buy a new $3,000 computer for business use after 1 July 2012, you will be able to write off its entire cost at tax time. Under the old arrangements you would only be able to write off $450 in the first year. Together these new tax breaks for small businesses are worth more than $3.7 billion over the next four years. That is significant savings for small business and significant cash in small business bank accounts as a result of this asset write-off. In addition, we have introduced a range of other small measures. This asset write-off is a particularly valuable policy initiative because it can help in many ways, as I said with the computer purchase, but also it gives an impetus for small businesses to invest in energy efficiency that can reduce electricity bills.

The whole community would be better served by the Leader of the Opposition and those opposite, including the member for Herbert, by telling the truth for a change. Come Sunday morning, rest assured, I will be able to go down to my local newsagent and buy my obligatory rocky road and the newsagent will still be open. I will be able to go to my local IGA, my local milk bar, and buy my milk and the shop will still be open. There will not be an Armageddon, a locked up and barren streetscape. The shops will be open, they will be vibrant and they will be operating. The world will not come to an end.

I just want to talk about some of the experiences that I have when I wander around and talk to small businesses in the community. I do not get the Armageddon that is painted by the member for Herbert—quite the contrary, actually. Recently I did a business walkaround. I do them regularly, once a week when we are not sitting. I went into the butcher in Garran. His business is going very, very well and the issues he raised with me were local government issues. He was very grateful for a development that was taking place down the road. I know that some residents in the area have problems with that development, but he was grateful because it was bringing more people into his business. I also went to the baker in the Garran shops. They have their own set of challenges in terms of competing with supermarkets, but they are challenges that they were facing. Unfortunately, there were not any candlestick makers at the Garran shops, but I will keep my eyes open and next time I will go and try to hunt down a candlestick maker in Canberra and have a chat with them.

In Canberra we have nearly 15,000 small businesses in my electorate alone. Recently I also went to the Torrens shops. At the Torrens shops the issues that were raised with me were lighting and the facilities around the shops. Every business there suggested that business was steady—again, not the Armageddon painted by the member for Herbert.

This morning, as I mentioned before, I saw Peter Strong from COSBOA and I chatted with a number of small business leaders here in Canberra. The issues that they raised with me were government procurement and the difficulty of small businesses actually getting access to government procurement. There was not one conversation, not one mention of the carbon price.
There is a lot more that Labor is doing in supporting small business. We can mention the instant asset write-off of $6½ thousand. We have also extended the Small Business Advisory Services, established a Small Business Commissioner, and established the Superannuation Clearing House. We have standardized business registrations, saving businesses $1,000. Labor has introduced a number of measures to help, support and provide assistance to small business. Come 1 July, there will not be the Armageddon that the member for Herbert predicts. I can assure the member for Herbert of that.

What small businesses in Canberra do have to worry about is a repeat of the experiences of 1996. Remember 1996 here in Canberra when 15,000 Public Service jobs were lost? Those opposite are predicting between 12,000 and 20,000 Public Service job losses, although the number keeps going up. If you want to see an adverse impact on small business in Canberra, that is what you get. (Time expired)

Mr ALEXANDER (Bennelong) (16:25): I thank you for the opportunity to speak on this issue which is certainly a matter of public importance. This is a discussion on both the impact of the carbon tax on small business and also on the approach that this government takes towards economic policy. In August 1986 President Ronald Reagan was quoted as saying to a White House Conference on Small Business:

Government's view of the economy could be summed up in a few short phrases: If it moves, tax it. If it keeps moving, regulate it. And if it stops moving, subsidize it.

This has great currency with our own government today, who will in six days time have imposed the world's largest and most far-reaching carbon tax.

Small business is struggling. Last year the Australian Bureau of Statistics released some data on the health of the small business sector across the country. The research found that 31,528 small business operators across the nation shut their doors between the 2007 and 2010 elections. The average number of closures per electorate was 210. Coming in at more than double this was my electorate of Bennelong, with 453. This equates to 3.2 businesses closing their doors each and every week, or nearly one every two days, costing our local community up to 1,800 jobs under three years of Rudd and Gillard. Forty-five per cent of these businesses were in the retail sector, 22 per cent in wholesale, and 15 per cent in manufacturing. To top it off, this survey period concluded just about the time that our Prime Minister looked down the camera lens and made her solid affirmation to the Australian people: 'There will be no carbon tax under a government I lead.'

Yet with the gap in our two-speed economy becoming ever greater, there is still some slight movement from those small businesses left gasping for air. I can just hear the shouts from the ministerial corridors, 'The body still moves. Better slap another tax on it!' The Australian Chamber of Commerce and Industry Index of Expected Economic Performance recently reported eight consecutive quarters of decline until finally detecting a slight increase last month. ACCI Director, Greg Evans, commented:

The Survey clearly shows that trading conditions remain challenging for Australian businesses in non-mining related sectors, with small businesses reporting the worst performance.

Small business can expect further headwinds in coming months following the escalating economic and political turmoil in Europe, the possibility of a slowdown in China and the damaging economic impact of the carbon tax.

All we are left to ask is: could there be any worse time for the introduction of a carbon tax?
Small business will be hit the worst because they must pay for the tax at every single step in their production cycle. The fish-and-chip shop owner will pay the carbon tax from the minute the trawler fills up its diesel tanks to go out to sea, through the machinery that processes and cleans the fish, the refrigeration costs that are set to skyrocket, right through to the delivery to the shop and the lights that need to flash outside the front door to attract passers-by. The butcher, the baker and the local fruit and veg store will all be whacked with higher charges that compound throughout the cycle from paddock to plate. The retailers that struggle so much against cheap online sales that are not subject to the GST or the carbon tax, will now have to struggle even further.

Small businesses operate on very slim margins in a highly competitive environment and do not have the same ability to pass higher charges on to their customers. Local businesses in my Bennelong electorate have told me of discussions with their accountants to calculate the extra costs they will be forced to pay. Lyn Bridle, Director of the Epping Floral Centre, said to me:

We are very worried about the costs of the carbon tax—both on our fridges that use a lot of power to keep flowers fresh and also on the extra charges that growers will pass onto us. We fear that the customer will not accept a price hike and therefore we will be forced to absorb these extra costs. This will make it even harder to maintain a profitable local business in the current economic climate.

Discretionary retail sales have already slowed. The introduction of a carbon tax will increase our costs which will further hamper our ability to create employment opportunities. The Labor Party tries to portray itself as the party that protects jobs. It astounds me that they have not yet learnt that creating business conditions that act like a python squeeze on small business will deny them the opportunity to create jobs in the first place. Last time I checked it is pretty hard to protect something that does not exist.

There is no compensation to small business to try to defray these new cost burdens. Of course, this government did promise them a one per cent tax cut but now even that has been taken away. The government has been very keen to promote that compensation is being paid to households. The *Oxford Dictionary* defines compensation as:

something, typically money, awarded to someone in recognition of loss, suffering, or injury …

So the government's own policies and their own marketing recognise that they are causing loss, suffering or injury to the people they are elected to represent and protect. Of course, this is done under the guise of an environmental initiative, yet the government's own modelling shows that Australian carbon emissions will continue to go the same way as the carbon tax—up and up and up. Yet if insult and injury is not enough, the government policy still expects to see the occasional breath in the small business body. As President Reagan predicted, they yell out with fervour, 'Quick, regulate it!'

New figures have confirmed that Bennelong businesses and community organisations are dealing more with red tape than ever before. Since the start of 2008, this Labor government has added over 18,000 new regulations. That equates to 11 new regulations every day for 4½ years. We all remember the government's 2007 election promise of 'one in, one out', meaning that any new regulation would be offset by the repeal of another. Instead only 86 regulations have been repealed. That is one for every 210 new regulations introduced. Red tape chokes the life out of local businesses and community groups. The Productivity
Commission has estimated that the rewards for Australia to cut red tape would be worth up to $12 billion a year. We can only hope that these kinds of savings can one day be brought about by a future government lest this government needs to start subsidising it.

We, on this side of the House, stand united in our support of small businesses and in support of creating the strongest possible operating environment for businesses to be profitable, to grow, to employ new staff, to create wealth in the community and, finally, to allow people to be able to afford to do something to help our environment. These results will come from positive proactive policies. In my own electorate I have launched the Bennelong Village Businesses campaign. This campaign is designed to support local businesses and to promote the great benefits of advice, service and quality dispensed by local business owners passionate and knowledgeable about their wares. The campaign aims to develop collaboration to establish our villages as a vital and valuable component of our local communities and to increase foot traffic to the villages. We champion small business in the face of this government that taxes where there is life, regulates if life may still exist and then subsidises when business dies.

The unfairness to small businesses is that there is no compensation for the damage done through this tax and overregulation while life exists. When they close their doors for the last time, there will be nothing left to subsidise. Compensation is paid in a legal context when a damages claim is determined through an action that is judged to have intentionally caused damage, the quantum of which can be reliably demonstrated. The term in the budget papers this year to describe the damages claim that will come from the live cattle export industry was referred to as an ‘unquantifiable liability’. This government is an unquantifiable liability for small business through this most comprehensive tax that will impact every one of us. This government is an unquantifiable liability for all Australians.

Mr FITZGIBBON (Hunter—Chief Government Whip) (16:34): What a strange political environment we find ourselves in. We all, for example, agree that we need to do something about paid parental leave in this country. We all agree that we need to do something about managing the resources boom so we slow down the fast lane and speed up the slow lane. We all agree that we need to do something about the tragedy that we see unfolding before us with respect to boat people. We all agree that we need to do something about climate change. I really want to underscore that last point because everyone knows that Tony Abbott is committed to the same greenhouse gas reductions as we are on this side.

The strange thing is that we cannot agree on how we do all of these things. Of course, I could have cited many more examples. We cannot agree on paid parental leave. We cannot agree on the resources boom. We cannot agree, sadly, on refugees and we certainly cannot agree on climate change. But it is even worse than that because, in my view, the Leader of the Opposition does not want to agree. He identifies a problem, he says he is on board to fix it but, by virtue of his opportunism, he does not want to fix it. He does not want it to go away. Every time there is a boat and every time there is an opportunity to blame an industry downturn, for example, on carbon, he takes that opportunity. He sees opportunism in the plight of others and that is a real tragedy.

The aluminium industry, an industry in Australia being dramatically adversely affected by two things in particular: the high value of the Australian dollar and a plummeting of aluminium prices on world
markets. I think the price has plummeted by 60 per cent since 2008. You do not have to be a genius to work out, when you add the appreciation of the dollar, that it is a pretty hefty blow on the aluminium industry. To make it worse, when the aluminium industry is affected by these things he seeks to capitalise on the demise of the industry and, of course, the job losses. And there was no greater example than with Norsk Hydro's plant at Kurri Kurri in my electorate. The bad news for the Leader of the Opposition is that my electorate understand that Norsk Hydro has been struggling for a long, long time and losing money for a long, long time—and we have not had a carbon price, if the opposition have not noticed. Hydro would be closing whether we were having a carbon price or we were not having a carbon price. This is the crime of the Leader of the Opposition: he wants to mislead and then capitalise. He is doing it again this week with Alcoa.

Alcoa have indicated to the government that with some assistance they might survive the onslaught of the Australian dollar and low aluminium prices. What is making the Alcoa deal critical is the willingness of the Victorian government to talk turkey on electricity contract prices. We can help Alcoa, having been asked, if the Victorian government joins with us on power prices. Hydro is a completely different situation. Both the Minister for Industry and Innovation, who is also Minister for Climate Change and Energy Efficiency, and I have been to Hydro management on a number of occasions and, very early in the piece, we said, 'What can we do as a government to help?' In my case I said, 'Do you want me to take your plight to ministers to see what assistance might be available—co-investment, for example?' I was very quickly and plainly told: 'Thank you very much—they are very courteous people, the Norwegians—'you could throw hundreds of millions of dollars at us tomorrow, it's not going to change our business model. It's not going to suddenly reduce the value of the Australian dollar. It's not going to suddenly increase global aluminium prices.'

They said, and these are my words, not theirs: 'You're not going to make our plant bigger and therefore give it bigger scale'—as we know, around the world there are huge plants opening and economies of scale are important—and you're not going to overnight modernise our plant. We've been here a long time, it's relatively old technology, even though the company has invested significantly in recent years to try to remain competitive.' I repeat, those last sentences were my words, not theirs, but they made it very clear both to the industry minister and to me that there was nothing we could do to help. Yet the opposition leader comes in here this week and rails against the government for having the audacity to help Alcoa but not help Norsk Hydro. I am sure, because they are a courteous lot, that Hydro will not be coming out and criticising the opposition leader—but, gee, I bet they feel like it.

People like the member for Paterson have been running around the Hunter saying it is all about politics and the marginality of seats. My political margin in Hunter is 12½ per cent or thereabouts. The Alcoa plant is located in the electorate of Corio, the electorate of the Parliamentary Secretary for Foreign Affairs, Richard Marles. The last time I checked, his margin was 13 per cent. How dare the opposition leader and his follower suggest that this is a political decision, that we would determine the fate of hundreds of people and an industry in our country based on the marginality of seats. It would be offensive if I was on 12 and Richard Marles was on two, but it is even more offensive when it is not even factually
correct in terms of our political margins. How dare they! The opposition leader, who has been making a fool of himself running around the country with his scare campaign, would be much better served by, for example, getting behind our jobs market on 18 July in the Hunter, where we will match employers with prospective employees, most of whom will be coming from the now mothballed Hydro plant. They are the sorts of positive things the opposition leader could be doing, rather than carping on and on about the carbon price and, in doing so, talking the economy down, not up.

We have an unemployment rate in the Hunter of about 3.9 per cent. HunterNet, the networking organisation that represents manufacturers, has informed us that right now there are about 1,000 manufacturing jobs in the Hunter waiting to be filled. We have a more diverse economy than ever before, a very low unemployment rate and huge investment prospects, with money flowing into the mining industry in particular, so we are well placed to absorb those jobs. It is very disappointing that Norsk Hydro found it necessary to take this decision; indeed, it is disappointing that in their view there was nothing the government could do to assist, but we certainly offered. As a community we will get on with it. I will be talking up my local economy and the prospects for those who have lost their jobs, not talking it down, like the member for Paterson is inclined to do, following the lead of his parliamentary leader, of course. I will be out there helping people make a transition into another job, not doing what the member for Paterson in particular is trying to do: to scare them into believing that their working life is over, as an opportunity to blame the current Labor government.

I should say something about the specifics of this matter of public importance. I have said in this place many times before that there are three important things a government should do as a priority for small business. The first is to grow the economy, which we are doing, unlike the rest of the modern world. The second is to keep the price of money or interest rates low, and we are doing that better than anyone else in the world. The third thing is to get out of the way. Red tape is the biggest fear for small business and this government is working hard to keep small business red tape to a minimum.

I have been here 16 years and I remember doing something—not unlike those on the other side are doing—with respect to the GST, saying it was going to 'kill' this person and 'kill' that person. I have matured and learnt from my mistakes. We all know now that a consumption tax in this country was necessary, but that does not mean that at the time I did not have some real fears about how the GST would impact on small business. And guess what? Small business still tell me on a daily basis that the GST is killing them because they remain unpaid tax collectors. They will remain unpaid tax collectors, and they are making a fantastic contribution to the Australian economy in doing so. But let us not kid ourselves that, as necessary as a consumption tax was in this country, there is not some pain for small business.

With respect to the carbon price, we are putting in place offsets, of course—in particular, tax breaks for the small business community. Hypocrisy is alive and well on the other side of the House. (Time expired)

The DEPUTY SPEAKER (Ms Rishworth): Order! This discussion has now concluded.
BILLS

Statute Stocktake (Appropriations)
Bill (No. 1) 2012

Tax Laws Amendment (Investment Manager Regime) Bill 2012

Reference to Federation Chamber

Mr FITZGIBBON (Hunter—Chief Government Whip) (16:45): by leave—I move:

That the bills be referred to the Federation Chamber for further consideration.

Question agreed to.

Tax Laws Amendment (Managed Investment Trust Withholding Tax)
Bill 2012

Second Reading

Debate resumed on the motion:

That this bill be now read a second time.

The DEPUTY SPEAKER (Ms Rishworth) (16:45): In accordance with the resolution agreed to yesterday, I shall now proceed to put the question on the motion moved by the Assistant Treasurer on which a division was called for and deferred in accordance with standing orders. No further debate is allowed. The question is that the bill be now read a second time.

The House divided [16:50]

(The Deputy Speaker—Ms AE Burke)

Ayes..........................73
Noes............................69
Majority......................4

AYES

Adams, DGH
Bandt, AP
Bowen, CE
Brodtmann, G
Butler, MC
Champion, ND
Clare, JD
Combet, GI
Danby, M
Elliot, MJ
Emerson, CA
Fitzgibbon, JA
Georganas, S
Gillard, JE
Grierson, SJ
Hall, JG (teller)
Husic, EN (teller)
Jones, SP
Kelly, MJ
Leigh, AK
Lyons, GR
Marles, RD
Melham, D
Murphy, JP
Oakeshott, RJM
O’Neill, DM
Parke, M
Piibersek, TJ
Rishworth, AL
Rudd, KM
Shorten, WR
Smith, SF
Snowdon, WE
Symon, MS
Thomson, KJ
Wilkie, AD
Zappia, A

NOES

Alexander, JG
Andrews, KL
Billson, BF
Bishop, JI
Broadbent, RE
Chester, D
Ciobo, SM
Coulton, M (teller)
Dutton, PC
Fletcher, PW
Frydenberg, JA
Gash, J
Haase, BW
Hawke, AG
Irons, SJ
Jones, ET
Kelly, C
Ley, SP
Marino, NB
Matheson, RG
Mirabella, S
Moylan, JE
O'Dowd, KD

AYES

Ferguson, LDT
Garrett, PR
Gibbons, SW
Gray, G
Griffin, AP
Hayes, CP
Jenkins, HA
Katter, RC
King, CF
Livermore, KF
Macklin, JL
McClelland, RB
Mitchell, RG
Neumann, SK
O'Connor, BPJ
Owens, J
Perrett, GD
Ripoll, BF
Roxon, NL
Saffin, JA
Sidebottom, PS
Smyth, L
Swan, WM
Thomson, CR
Vannvakainou, M
Windsor, AHC

AYES

Andrews, KJ
Baldwin, RC
Bishop, BK
Briggs, JE
Buchholz, S
Christensen, GR
Cobb, JK
Crook, AJ
Entsch, WG
Forrest, JA
Gambaro, T
Griggs, NL
Hartsuiker, L
Hunt, GA
Jensen, DG
Keenan, M
Laming, A
Macfarlane, JE
Markus, LE
McCormack, MF
Morrison, SJ
Neville, PC
O'Dwyer, KM
Chamber

Prentice, J
Ramsey, RE
Robb, AJ
Roy, WB
Schultz, AJ
Secker, PD (teller)
Smith, ADH
Stone, SN
Truss, WE
Turnbull, MB
Vasta, RX
Wyatt, KG

Pyne, CM
Randall, DJ
Robert, SR
Ruddock, PM
Scott, BC
Simpkins, LXL
Southcott, AJ
Tehan, DT
Tudge, AE
Van Manen, AJ
Washer, MJ

D’Ath, YM
Ferguson, MJ
Rowland, MA

Hockey, JB
Somlyay, AM
Abbott, AJ

Question agreed to.
Bill read a second time.

Third Reading

Mr BRADBURY (Lindsay—Assistant Treasurer and Minister Assisting for Deregulation) (16:55): by leave—I move:
That this bill be now read a third time.
Question agreed to.
Bill read a third time.

Superannuation Legislation Amendment (Stronger Super) Bill 2012

Superannuation Supervisory Levy Imposition Amendment Bill 2012

Returned from Senate

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

Consumer Credit and Corporations Legislation Amendment (Enhancements) Bill 2011

Second Reading

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

Mr SHORTEN (Maribyrnong—Minister for Financial Services and Superannuation and Minister for Employment and Workplace Relations) (16:57): The Consumer Credit and Corporations Legislation Amendment (Enhancements) Bill 2011 continues the government’s commitment to protecting Australian consumers who take on credit and delivers part 1 of phase 2 of the COAG national credit reforms.

This bill delivers on five areas of credit reform. First, the government has identified short-term small amount lending as an area which has been long overdue for regulatory reform. People who take out these loans generally have low incomes or are financially marginalised. The high and largely uncontrolled cost of these loans can exacerbate the financial problems of these borrowers to the point where they find themselves stuck in a cycle of debt.

This bill, including the parliamentary amendments, introduces significant protections for consumers. These protections include Australia’s first ever national interest rate cap on loans. The cap on costs of loans

Income Tax (Managed Investment Trust Withholding Tax) Amendment Bill 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.

Third Reading

Mr ALBANESE (Grayndler—Leader of the House and Minister for Infrastructure and Transport) (16:56): by leave—I move:
That this bill be now read a third time.
Question agreed to.
Bill read a third time.
of less than $2,000 and the one-year duration have been increased following the review by the Parliamentary Joint Committee on Corporations and Financial Services and the Senate Standing Committee on Economics.

The amendments that are being proposed are such that they will set these matters at a level which allows for a viable industry to continue. It is these small amount credit contracts that have caused much pain in the Australian community. Indeed, the member for North Sydney himself described these loans in 2001 as 'part of the twilight zone of Australian finance'.

Other protections include tailored responsible lending obligations that address the position of borrowers who have already defaulted or who make repeated use of small amount credit contracts. The government will also introduce through regulation the concept of a protected earnings amount, which will provide that, where social security payments are a borrower's predominant source of income, repayments on any short-term small amount loan will be restricted to a maximum of 20 per cent of their income. The government believes these laws, as amended, will strike the right balance between allowing a viable and regulated credit industry to provide credit to consumers in need and at the same time providing safeguards to protect the interests of these consumers. The measures in relation to short-term, small-amount lending have been a hotly contested area of public policy debate. I would like to thank the consumer movement and the credit industry for their respective contributions. The government realises that on both sides of the debate there are further issues that have been raised, and we remain committed to an ongoing and sensible discussion on policy development. However, from the perspective of both consumers and the credit industry, it is important that there is certainty in relation to existing policy settings, and this bill provides that certainty.

Secondly, the bill implements the government's election commitments in relation to reverse mortgages. The new laws will introduce a statutory protection against negative equity as well as targeted disclosure requirements. These amendments will maintain public confidence in reverse mortgage providers. They will also give seniors who are thinking of taking out a reverse mortgage better information to assist them in making such an important financial decision.

Thirdly, the bill amends the National Consumer Credit Protection Act 2009 to ensure greater regulatory consistency between consumer leases and credit contracts. This will alleviate the disparity that currently exists between these products and resolve the problems arising from this regulatory arbitrage through the use of leases.

The fourth area of reform is a number of specific improvements, including improving the capacity of borrowers to obtain variations to their repayments when they are in financial hardship and restricting the use of terms such as 'financial counsellor' to minimise the risk of consumers being misled.

Together, these four areas of reform are important in strengthening consumer rights under the credit regime, and Australians will be the better for them.

Finally, this bill also makes a minor technical change to the Australian Consumer Law.

Through this bill, the government is moving to improve the position of consumers when they use credit and to protect vulnerable borrowers. These reforms build on the government's phase 1 consumer credit reforms, which introduced a licensing regime and responsible lending obligations...
on lenders and brokers. They reflect a continued commitment by the government to make lenders more accountable, for the benefit of all Australians. This legislation is a very important step in helping the financially vulnerable. This is an issue that the government considers every day, across multiple portfolios. That is why the Minister for Social Inclusion asked the Social Inclusion Board to include financial inclusion. It is why this government has given $20.7 million to the no-interest loans program to help those in need to reduce their energy bills. It is why the Attorney General will be introducing privacy reforms later this year that will make it easier for consumers to access and correct credit information held about them and to regulate the use of personal information for direct marketing. It once again reaffirms that this government is getting on with business, passing important legislation and protecting the most vulnerable.

Question agreed to.
Bill read a second time.
Message from the Governor-General recommending appropriation announced.

Consideration in Detail
Bill—by leave—taken as a whole.

Mr SHORTEN (Maribyrnong—Minister for Financial Services and Superannuation and Minister for Employment and Workplace Relations) (17:04): I present a supplementary explanatory memorandum to the bill and seek leave to move government amendments (1) to (20) and (22) to (70) on sheet BV249 and government amendment (1) on sheet BV273 together.

Leave granted.

Mr SHORTEN: I move:
(1)Title, page 1 (line 2), omit "corporations", substitute "consumer protection".
(2)Clause 1, page 1 (line 6), omit "and Corporations".
(3)Clause 2, page 2 (table item 2), omit the table item, substitute:
| 2. Schedule 1 | 1 March 2013. | 1 March 2013 |
| 2A. Schedule 2, Part 1 | The day after this Act receives the Royal Assent. |
| 2B. Schedule 2, Part 2 | 1 March 2013. | 1 March 2013 |
| 2C. Schedule 2, items 12 to 14 | 1 March 2013. | 1 March 2013 |
| 2D. Schedule 2, item 15 | The day after this Act receives the Royal Assent. |
| 2E. Schedule 2, items 16 to 18 | 1 March 2013. | 1 March 2013 |
| 2F. Schedule 2, items 19 and 20 | The day after this Act receives the Royal Assent. |
| 2G. Schedule 2, items 21 and 22 | 1 March 2013. | 1 March 2013 |
| 2H. Schedule 2, item 23 | The day after this Act receives the Royal Assent. |
| 2I. Schedule 2, items 24 to 26 | 1 March 2013. | 1 March 2013 |
| 2K. Schedule 3 | 1 March 2013. | 1 March 2013 |
| 3. Schedule 4 | 1 July 2013. | 1 July 2013 |
| 4. Schedule 5 | 1 March 2013. | 1 March 2013 |
| 4A. Schedule 6 | The day after this Act receives the Royal Assent. |
(4)Clause 2, page 2 (table item 3), omit the table item, substitute:
| 3. Schedule 4 | 1 July 2013. | 1 July 2013 |
| 4. Schedule 5 | 1 March 2013. | 1 March 2013 |
| 4A. Schedule 6 | The day after this Act receives the Royal Assent. |
(6)Clause 2, page 2 (table item 5), omit the table item, substitute:
5. Schedule 7

A single day to be fixed by Proclamation.

However, if the provision(s) do not commence within the period of 12 months beginning on the day this Act receives the Royal Assent, they commence on the day after the end of that period.

(7) Schedule 1, item 1, page 3 (line 12) to page 4 (line 5), omit subsections 72(2) to (4), substitute:

Note: If the debtor gives the credit provider a hardship notice, there may be requirements (beyond those in section 88) that the credit provider must comply with before beginning enforcement proceedings—see section 89A.

Further information

(2) Within 21 days after the day of receiving the debtor's hardship notice, the credit provider may give the debtor notice, orally or in writing, requiring the debtor to give the credit provider specified information within 21 days of the date of the notice stated in the notice. The information specified must be relevant to deciding:

(a) whether the debtor is or will be unable to meet the debtor's obligations under the contract; or

(b) how to change the contract if the debtor is or will be unable to meet those obligations.

(3) The debtor must comply with the requirement.

Note: The credit provider need not agree to change the credit contract, especially if the credit provider:

(a) does not believe there is a reasonable cause (such as illness or unemployment) for the debtor's inability to meet his or her obligations; or

(b) reasonably believes the debtor would not be able to meet his or her obligations under the contract even if it were changed.

Notice of decision on changing credit contract

(4) The credit provider must, before the end of the period identified under subsection (5), give the debtor a notice:

(a) that is in the form (if any) prescribed by the regulations and records the fact that the credit provider and the debtor have agreed to change the credit contract; or

(b) that is in the form (if any) prescribed by the regulations and states:

(i) the credit provider and the debtor have not agreed to change the credit contract; and

(ii) the reasons why they have not agreed; and

(iii) the name and contact details of the approved external dispute resolution scheme of which the credit provider is a member; and

(iv) the debtor's rights under that scheme.

Civil penalty: 2,000 penalty units.

(5) The credit provider must give the notice before the end of the period identified using the table.

Period for giving notice

<table>
<thead>
<tr>
<th>If:</th>
<th>The period is:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>21 days after the day of receiving the hardship notice</td>
</tr>
<tr>
<td>2</td>
<td>28 days after the stated date of the notice under subsection (2)</td>
</tr>
<tr>
<td>3</td>
<td>21 days after the day of receiving the information</td>
</tr>
</tbody>
</table>

Regulations may prescribe shorter periods for credit contracts

(6) The regulations may provide for subsections (2), (3), (4) and (5) to have effect in relation to credit contracts prescribed by the regulations as if a particular reference in subsection (2) or (5) to a number of days were a reference to a lesser number of days prescribed by the regulations.

(8) Schedule 1, item 6, page 5 (lines 17 to 19), omit "paragraph 72(2)(b), in response to the current hardship notice, stating that the credit provider does not agree to negotiate a change to",
substitute "paragraph 72(4)(b), in response to the current hardship notice, stating that the credit provider and debtor have not agreed to change".

(9) Schedule 1, item 6, page 5 (lines 20 and 21), omit "lessor gives the notice under paragraph 72(2)(b)", substitute "credit provider gives the notice under paragraph 72(4)(b)".

(10) Schedule 1, item 15, page 12 (line 16), omit "represent", substitute "make an unconditional representation".

(11) Schedule 1, item 16, page 12 (line 21), omit "represent", substitute "make an unconditional representation".

(12) Schedule 1, item 19, page 13 (line 8), omit "represent", substitute "make an unconditional representation".

(13) Schedule 1, item 25, page 14 (line 17) to page 15 (line 3), omit section 160A, substitute:

160A  Guide to this Part
This Part has a number of miscellaneous rules that require responsible lending conduct when engaging in credit activities or particular types of credit activities. Some of these rules apply to a person even if the person is not required to be licensed.

Division 2 prohibits licensees from making particular representations when providing a credit service to a consumer.

Division 3 prohibits a person (whether licensed or not) from giving false or misleading information in the course of engaging in a credit activity.

Division 4 may require a credit provider or lessor (whether licensed or not) to give notice when, and in some cases before, giving an employer of a debtor or lessee an authorisation by the debtor or lessee to make deductions from amounts payable by the employer to the debtor or lessee.

(14) Schedule 1, item 25, page 17 (after line 27), at the end of Part 3-6A, add:

Division 4—Giving authorisation for deductions by employer of debtor or lessee

160E  Requirements for giving authorisation to employer

(1) This section applies to a credit provider or lessor giving, or intending to give, an employer of a debtor or lessee who is party to a credit contract or consumer lease with the credit provider or lessor an instrument that:

(a) was made by the debtor or lessee; and

(b) authorises the employer to:

(i) make one or more deductions from one or more amounts payable by the employer in relation to the performance of work by the debtor or lessee; and

(ii) pay the deductions to the credit provider or lessor.

Credit provider or lessor must give statement to employer

(2) If the credit contract or consumer lease is of a kind prescribed by the regulations, the credit provider or lessor must give the employer a statement, in the form prescribed by the regulations for that kind of contract or lease, with the instrument.

Civil penalty: 2,000 penalty units.

Credit provider or lessor must give 7 days' notice to defaulting debtor or lessee

(3) If the debtor or lessee is in default under the credit contract or consumer lease, the credit provider or lessor must give the debtor or lessee at least 7 days' notice, in a form prescribed by the regulations, of the intention of the credit provider or lessor to give the instrument to the employer.

Civil penalty: 2,000 penalty units.

(4) To avoid doubt, subsection (3) does not apply if there are not regulations in force prescribing a form for the purposes of that subsection.

Subsections (2) and (3) do not apply to some credit contracts

(5) Subsections (2) and (3) do not apply in relation to a credit contract for the provision of credit relating to the provision of goods or services to the debtor in connection with the debtor's remuneration, or other benefits, for the debtor's employment.

[employer payment authorisation]

(15) Schedule 2, item 2, page 25 (line 25), omit "less than", substitute "or below".

(16) Schedule 2, item 5, page 26 (after line 26), after paragraph (a) of the definition of bridging finance contract in subsection 204(1), insert:
the term of the contract is 2 years or less; and

(17) Schedule 2, item 10, page 29 (line 8), after "show the consumer in person", insert ", or give the consumer in a way prescribed by the regulations,"

(18) Schedule 2, item 13, page 36 (line 15), after "failing", insert ", when the debtor occupies the reverse mortgaged property,"

(19) Schedule 2, item 13, page 36 (line 23), at the end of paragraph 18A(3)(d), add "within 3 years after the payment became due"

(20) Schedule 2, item 20, page 41 (lines 1 to 4), omit paragraph 86E(a)

(22) Schedule 4, page 53 (before line 5), before item 1, insert:

1A At the end of paragraph 335A(1)(a) Add:

(iv) sections 23A, 31A, 31B, 39A and 39B of the National Credit Code

(23) Schedule 4, item 12, page 55 (line 29) to page 56 (line 2), omit paragraph 31A(1)(a), substitute:

(a) a permitted establishment fee;

(24) Schedule 4, item 12, page 56 (lines 11 to 15), omit subsection 31A(2), substitute:

1A) Despite subsection (1), a small amount credit contract must not impose or provide for a permitted establishment fee if any of the amount of credit to be provided under the contract is to refinance any of the amount of credit provided to the debtor under another small amount credit contract.

Permitted establishment fee

2) A permitted establishment fee is a fee or charge the amount of which must not exceed 20% of the adjusted credit amount in relation to the small amount credit contract.

(25) Schedule 4, item 12, page 56 (line 19), omit "2% of", substitute "4% of"

(26) Schedule 4, item 12, page 56 (after line 19), after section 31A, insert:

31B Credit provider or prescribed person must not require or accept payment of a fee or charge in relation to a small amount credit contract etc.

(1) A credit provider, or a person prescribed by the regulations, must not require or accept payment by the debtor of a fee or charge in relation to:

(a) a small amount credit contract; or

(b) the provision of the amount of credit under a small amount credit contract; or

(c) a thing that is connected with a small amount credit contract or the provision of the amount of credit under such a contract.

Criminal penalty: 100 penalty units.

(2) Subsection (1) does not apply if the fee or charge is:

(a) a fee or charge that may be imposed or provided for by the small amount credit contract under section 31A; or

(b) a fee or charge prescribed by the regulations.

(3) If a credit provider or person contravenes subsection (1):

(a) the debtor is not liable (and is taken never to have been liable) to make the payment to the credit provider or person; and

(b) the debtor may recover as a debt due to the debtor the amount of any payment made by the debtor to the credit provider or person.

(27) Schedule 4, item 13, page 57 (after line 22), after section 32A, insert:

32AA Prohibition relating to the annual cost rate of credit contracts—later increases of the annual percentage rate etc.

(1) If:

(a) a credit provider is a party to a credit contract (other than a small amount credit contract or bridging finance contract); and

(b) the credit provider is not an ADI; and

(c) either or both of the following things (the varied matters) occur after the contract is entered into:

(i) the annual percentage rate under the contract increases;
(ii) an amount referred to in subsection 32B(3) that is prescribed by the regulations increases;

the credit provider contravenes this subsection if the annual cost rate of the contract would have exceeded 48% at the time the contract was entered into if that or those varied matters had been taken into account at that time for the purposes of calculating the annual cost rate of the contract.

(2) A credit provider must not contravene subsection (1).

Criminal penalty: 50 penalty units.

(28) Schedule 4, item 13, page 58 (line 8), omit the formula, substitute:

$$\sum_{j=0}^{n} \frac{A_j}{(1 + r)^j} = \sum_{j=0}^{n} \frac{R_j + C_j}{(1 + r)^j} - F$$

(29) Schedule 4, item 13, page 58 (after line 14), after the definition of $C_j$ in subsection 32B(2), insert:

$F$ is:

(a) if the credit contract is a medium amount credit contract—$400 (or such other amount as is prescribed by the regulations); or

(b) if the credit contract is not a medium amount credit contract and an amount is prescribed by the regulations in relation to the contract—that amount; or

(c) otherwise—$0.

(30) Schedule 4, item 13, page 58 (line 15), omit "necessary", substitute "necessarily".

(31) Schedule 4, item 13, page 59 (after line 22), after subsection 32B(4), insert:

(4A) Despite subsection (3), the regulations may provide that a specified amount, or an amount included in a specified class, is not an amount referred to in paragraph (3)(a) or (b).

(32) Schedule 4, item 15, page 61 (after line 5), after paragraph 39A(2)(b), insert:

(ba) if some or all of the amount of credit (the refinanced amount) is to refinance some or all of the amount of credit provided by the credit provider to the debtor under another small amount credit contract—the refinanced amount; or

(33) Schedule 4, item 15, page 61 (after line 26), after section 39B, insert:

39C Credit provider must do prescribed things if a default in payment by direct debit occurs

(1) If:

(a) the amount of repayments under a small amount credit contract are to be paid by way of direct debit; and

(b) the direct debit has been authorised by the debtor; and

(c) a default in the payment of an amount of a repayment occurs;

the credit provider must do the things prescribed by the regulations.

Criminal penalty: 50 penalty units.

(2) In this section, direct debit has the same meaning as in section 87.

(34) Schedule 4, items 16 and 17, page 61 (lines 27 to 33), omit the items, substitute:

16 At the end of subsection 111(1) of the National Credit Code

Add:

; (j) subsection 32A(1);

(k) subsection 32AA(2).

17 After paragraph 111(2)(f) of the National Credit Code

Insert:

(fa) subsection 32A(1);

(fb) subsection 32AA(2);

(35) Schedule 4, item 20, page 62 (lines 18 to 25), omit the definition of adjusted credit amount in subsection 204(1), substitute:

adjusted credit amount, in relation to a small amount credit contract, means the first amount of credit that is, or is to be, provided under the contract.

Note: Some amounts are to be disregarded in working out the first amount of credit (see subsection (3)).

(36) Schedule 4, page 62 (after line 32), after item 22, insert:
22A Subsection 204(1) of the National Credit Code

Insert:

medium amount credit contract: a credit contract is a medium amount credit contract if:

(a) the contract is not a continuing credit contract; and

(b) the credit provider under the contract is not an ADI; and

(c) the credit limit of the contract is:

(i) at least $2,001 (or such other amount as is prescribed by the regulations); but

(ii) not more than $5,000 (or such other amount as is prescribed by the regulations); and

(d) the term of the contract is at least 16 days but not longer than 2 years (or such other number of years as is prescribed by the regulations); and

(e) the contract meets any other requirements prescribed by the regulations.

(37) Schedule 4, page 63 (after line 13), at the end of the Schedule, add:

27 At the end of section 204 of the National Credit Code

Add:

(3) In working out the first amount of credit that is, or is to be, provided under a small amount credit contract for the purposes of the definition of adjusted credit amount in subsection (1), the following amounts are to be disregarded:

(a) if some or all of the amount of a fee or charge (the fee amount) payable in relation to the contract forms, or is to form, part of the first amount of credit that is, or is to be, provided under the contract—the fee amount;

(b) if subsection 39A(1) is contravened in relation to the contract—the prohibited credit amount;

(c) any other amount prescribed by the regulations.

(38) Schedule 4, item 24, page 63 (line 6), omit "paragraph 31A(1)(b)"; substitute "subsection 31A(2)".

(39) Schedule 5, item 18, page 73 (lines 9 to 31), omit subsections 177B(2) to (4), substitute:

Note: If the lessee has given the lessor a hardship notice, there may be extra requirements (beyond those in section 179D) that the lessor must comply with before beginning enforcement proceedings—see section 179F.

Further information

(2) Within 21 days after the day of receiving the lessee's hardship notice, the lessor may give the lessee notice, orally or in writing, requiring the lessee to give the lessor specified information within 21 days of the date of the notice stated in the notice. The information specified must be relevant to deciding:

(a) whether the lessee is or will be unable to meet the lessee's obligations under the lease; or

(b) how to change the lease if the lessee is or will be unable to meet those obligations.

(3) The lessee must comply with the requirement.

Note: The lessor need not agree to change the consumer lease, especially if the lessor:

(a) does not believe there is a reasonable cause (such as illness or unemployment) for the lessee's inability to meet his or her obligations; or

(b) reasonably believes the lessee would not be able to meet his or her obligations under the lease even if it were changed.

Notice of decision on changing consumer lease

(4) The lessor must, before the end of the period identified under subsection (5), give the lessee a notice:

(a) that is in the form (if any) prescribed by the regulations and records the fact that the lessor and the lessee have agreed to change the consumer lease; or

(b) that is in the form (if any) prescribed by the regulations and states:

(i) the lessor and the lessee have not agreed to change the consumer lease; and

(ii) the reasons why they have not agreed; and

(iii) the name and contact details of the approved external dispute resolution scheme of which the lessor is a member; and

(iv) the lessee's rights under that scheme.
Civil penalty: 2,000 penalty units.

(5) The lessor must give the notice before the end of the period identified using the table.

<table>
<thead>
<tr>
<th>Period for giving notice</th>
<th>The period is:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 The lessor does not require information under subsection (2)</td>
<td>21 days after the day of receiving the hardship notice</td>
</tr>
<tr>
<td>2 The lessor requires information under subsection (2) but does not receive any information in compliance with the requirement</td>
<td>28 days after the stated date of the notice under subsection (2)</td>
</tr>
<tr>
<td>3 The lessor requires information under subsection (2) and receives information in compliance with the requirement</td>
<td>21 days after the day of receiving the information</td>
</tr>
</tbody>
</table>

Regulations may prescribe shorter periods for consumer leases

(6) The regulations may provide for subsections (2), (3), (4) and (5) to have effect in relation to consumer leases prescribed by the regulations as if a particular reference in subsection (2) or (5) to a number of days were a reference to a lesser number of days prescribed by the regulations.

(40) Schedule 5, item 24, page 84 (lines 18 to 20), omit "paragraph 177B(2)(b), in response to the current hardship notice, stating that the lessor does not agree to negotiate a change to", substitute "paragraph 177B(4)(b)".

(41) Schedule 5, item 24, page 84 (line 23), omit "paragraph 177B(2)(b)", substitute "paragraph 177B(4)(b)".

(42) Schedule 6, item 4, page 97 (line 18), omit "and Corporations".

(43) Schedule 6, item 4, page 97 (line 24), omit "and Corporations".

(44) Schedule 6, item 4, page 99 (line 4), omit "inserted by", substitute "added by item 11 of".

(45) Schedule 6, item 4, page 99 (line 6), omit "that Schedule", substitute "that item".

(46) Schedule 6, item 4, page 99 (line 8), after "inserted by", insert "item 12 of".

(47) Schedule 6, item 4, page 99 (line 10), omit "that Schedule", substitute "that item".

(48) Schedule 6, item 4, page 99 (line 12), after "inserted by", insert "item 13 of".

(49) Schedule 6, item 4, page 99 (line 14), omit "that Schedule", substitute "that item".

(50) Schedule 6, item 4, page 99 (line 16), after "added by", insert "item 15 of".

(51) Schedule 6, item 4, page 99 (line 18), omit "that Schedule", substitute "that item".

(52) Schedule 6, item 4, page 99 (line 20), after "made by", insert "items 16 and 17 of".

(53) Schedule 6, item 4, page 99 (line 22), omit "the Schedule", substitute "those items".

(54) Schedule 6, item 4, page 99 (line 24), after "inserted by", insert "item 18 of".

(55) Schedule 6, item 4, page 99 (line 26), omit "that Schedule", substitute "that item".

(56) Schedule 6, item 4, page 99 (line 30), after "inserted by", insert "item 20 of".

(57) Schedule 6, item 4, page 99 (line 32), omit "that Schedule", substitute "that item".

(58) Schedule 6, item 4, page 100 (line 3), after "made by", insert "item 21 of".

(59) Schedule 6, item 4, page 100 (lines 4 and 5), omit "that Schedule", substitute "that item".

(60) Schedule 6, item 4, page 100 (line 7), after "inserted by", insert "item 22 of".

(61) Schedule 6, item 4, page 100 (line 9), omit "that Schedule", substitute "that item".

(62) Schedule 6, item 4, page 100 (line 11), after "added by", insert "item 23 of".

(63) Schedule 6, item 4, page 100 (line 13), omit "that Schedule", substitute "that item".

(64) Schedule 6, item 4, page 100 (line 15), after "inserted by", insert "item 26 of".

(65) Schedule 6, item 4, page 100 (line 17), omit "that Schedule", substitute "that item".

(66) Schedule 6, item 4, page 100 (lines 18 to 24), omit Part 4, substitute:
Part 4—Schedule 3 (short-term and small amount credit contracts) to the amending Act

20 Paragraphs 124A(1)(b) and 133CA(1)(b) of the National Credit Act

Paragraphs 124A(1)(b) and 133CA(1)(b) of the National Credit Act, as inserted by Schedule 3 to the amending Act, apply in relation to short-term credit contracts entered into before, on or after the commencement of that Schedule.

(67) Schedule 6, item 4, page 100 (line 27), omit "31A, 39A and 39B", substitute "31A, 31B, 39A, 39B and 39C".


(69) Schedule 6, item 4, page 101 (after line 4), at the end of Part 5, add:

21A Section 32AA and paragraphs 111(1)(k) and (2)(fb) of the new Credit Code

Section 32AA and paragraphs 111(1)(k) and (2)(fb) of the new Credit Code, as inserted by Schedule 4 to the amending Act, apply in relation to credit contracts entered into on or after the commencement of that Schedule.

(70) Schedule 7, page 102 (lines 1 to 20), omit the Schedule, substitute:

Schedule 7—Lay-by agreements etc.

Competition and Consumer Act 2010

1 Subsection 96(1) of Schedule 2
Omit "consumer goods", substitute "goods".

2 Subsection 96(2) of Schedule 2
Omit "consumer goods", substitute "goods".

3 Subsection 96(3) of Schedule 2
Omit "consumer goods" (wherever occurring), substitute "goods".

4 Subsection 96(4) of Schedule 2
Omit "consumer goods", substitute "goods".

5 Subsection 97(1) of Schedule 2
Omit "consumer goods", substitute "goods".

6 Subsection 97(2) of Schedule 2
Omit "consumer goods", substitute "goods".

7 Subsection 97(3) of Schedule 2
Omit "consumer goods", substitute "goods".

8 Section 98 of Schedule 2
Omit "consumer goods" (wherever occurring), substitute "goods".

9 Subsection 103(1) of Schedule 2
Omit "consumer goods", substitute "goods supplied to a consumer".

10 Subsection 188(1) of Schedule 2
Omit "consumer goods", substitute "goods".

11 Subsection 189(1) of Schedule 2
Omit "consumer goods", substitute "goods".

12 Subsection 189(3) of Schedule 2
Omit "consumer goods", substitute "goods".

13 Subsection 190(1) of Schedule 2
Omit "consumer goods", substitute "goods".

14 Paragraph 190(2)(c) of Schedule 2
Omit "consumer goods", substitute "goods".

15 Subsection 191(1) of Schedule 2
Omit "consumer goods", substitute "goods".

16 At the end of Schedule 2
Add:

Chapter 6—Application and transitional provisions

Part 1—Application and transitional provisions relating to the Consumer Credit Legislation Amendment (Enhancements) Act 2012

288 Application of amendments relating to lay-by agreements

The amendments made by items 1 to 8 and 10 to 15 of Schedule 7 to the Consumer Credit Legislation Amendment (Enhancements) Act 2012 apply to lay-by agreements entered into on or after the commencement of those items.

289 Application of amendment relating to repairs

The amendment made by item 9 of Schedule 7 to the Consumer Credit Legislation Amendment (Enhancements) Act 2012 applies to notices to be given in relation to the repair of goods accepted on or after the commencement of that item.

290 Saving of regulations relating to repairs
Despite the amendment made to subsection 103(1) of Schedule 2 to the Competition and Consumer Act 2010 by item 9 of Schedule 7 to the Consumer Credit Legislation Amendment (Enhancements) Act 2012, regulations that:

(a) were made for the purposes of that subsection; and

(b) were in force immediately before the commencement of that item;

continue in force (and may be dealt with) as if they were made for the purposes of that subsection as amended by that item.

(1) Schedule 3, page 46 (line 1) to page 52 (line 7), omit the Schedule, substitute:

Schedule 3—Short-term and small amount credit contracts

National Consumer Credit Protection Act 2009

1 Subsection 5(1)

Insert:

short-term credit contract: a credit contract is a short-term credit contract if:

(a) the contract is not a continuing credit contract; and

(b) the credit provider under the contract is not an ADI; and

(c) the credit limit of the contract is $2,000 (or such other amount as is prescribed by the regulations) or less; and

(d) the term of the contract is 15 days or less; and

(e) the contract meets any other requirements prescribed by the regulations.

2 Subsection 5(1)

Insert:

small amount credit contract: a credit contract is a small amount credit contract if:

(a) the contract is not a continuing credit contract; and

(b) the credit provider under the contract is not an ADI; and

(c) the credit limit of the contract is $2,000 (or such other amount as is prescribed by the regulations) or less; and

(d) the term of the contract is 15 days or less; and

(e) the debtor's obligations under the contract are not, and will not be, secured; and

(f) the contract meets any other requirements prescribed by the regulations.

3 At the end of section 111

Add:

Division 7 prohibits a licensee from providing credit assistance to a consumer in relation to short-term credit contracts. It also imposes requirements on a licensee who makes representations about providing credit assistance in relation to small amount credit contracts.

4 After subsection 117(1)

Insert:

(1A) If:

(a) the credit contract is a small amount credit contract; and

(b) the consumer holds (whether alone or jointly with another person) an account with an ADI into which income payable to the consumer is credited;

the licensee must, in verifying the consumer's financial situation for the purposes of paragraph 115(1)(d), obtain and consider account statements that cover at least the immediately preceding period of 90 days.

(1B) Subsection (1A) does not limit paragraph (1)(c) of this section.

5 After subsection 118(3)

Insert:

(3A) If the contract is a small amount credit contract (the relevant contract) and either of the following apply:

(a) at the time of the preliminary assessment:

(i) the consumer is a debtor under another small amount credit contract; and

(ii) the consumer is in default in payment of an amount under that other contract;

(b) in the 90-day period before the time of the preliminary assessment, the consumer has
been a debtor under 2 or more other small amount credit contracts;

then, for the purposes of paragraph (2)(a), it is presumed that the consumer could only comply with the consumer's financial obligations under the relevant contract with substantial hardship, unless the contrary is proved.

6 After subsection 123(3)

Insert:

(3A) If the contract is a small amount credit contract (the relevant contract) and either of the following apply:

(a) at the time the licensee provides the credit assistance:

(i) the consumer is a debtor under another small amount credit contract; and

(ii) the consumer is in default in payment of an amount under that other contract;

(b) in the 90-day period before the time the licensee provides the credit assistance, the consumer has been a debtor under 2 or more other small amount credit contracts;

then, for the purposes of paragraph (2)(a), it is presumed that the consumer could only comply with the consumer's financial obligations under the relevant contract with substantial hardship, unless the contrary is proved.

7 At the end of Part 3-1

Add:

Division 7—Special rules for short-term and small amount credit contracts

124A Prohibition on providing credit assistance in relation to short-term credit contracts

Prohibition

(1) A licensee must not provide credit assistance to a consumer by:

(a) suggesting that the consumer apply, or assisting the consumer to apply, for a short-term credit contract; or

(b) suggesting that the consumer apply, or assisting the consumer to apply, for an increase to the credit limit of a particular short-term credit contract with a particular credit provider.

Civil penalty: 2,000 penalty units.

Offence

(2) A person commits an offence if:

(a) the person is subject to a requirement under subsection (1); and

(b) the person engages in conduct; and

(c) the conduct contravenes the requirement.

Criminal penalty: 50 penalty units.

124B Licensee who makes representations about credit assistance in relation to small amount credit contracts must display information etc.

Requirement

(1) If a licensee represents that the licensee provides, or is able to provide, credit assistance to consumers in relation to small amount credit contracts:

(a) the licensee must display information in accordance with the regulations at a place prescribed by the regulations; and

(b) the licensee must ensure that any website of the licensee complies with the requirements prescribed by the regulations.

Civil penalty: 2,000 penalty units.

Offence

(2) A person commits an offence if:

(a) the person is subject to a requirement under subsection (1); and

(b) the person engages in conduct; and

(c) the conduct contravenes the requirement.

Criminal penalty: 50 penalty units.

8 After subsection 130(1)

Insert:

(1A) If:

(a) the credit contract is a small amount credit contract; and

(b) the consumer holds (whether alone or jointly with another person) an account with an ADI into which income payable to the consumer is credited;

the licensee must, in verifying the consumer's financial situation for the purposes of paragraph 128(d), obtain and consider account statements
that cover at least the immediately preceding period of 90 days.

(1B) Subsection (1A) does not limit paragraph (1)(c) of this section.

9 At the end of subsection 131(1) (before the note)
Add:
Civil penalty: 2,000 penalty units.

10 Subsection 131(2) (penalty)
Repeal the penalty.

11 After subsection 131(3)
Insert:
(3A) If the contract is a small amount credit contract (the relevant contract) and either of the following apply:
   (a) at the time of the assessment:
      (i) the consumer is a debtor under another small amount credit contract; and
      (ii) the consumer is in default in payment of an amount under that other contract;
   (b) in the 90-day period before the time of the assessment, the consumer has been a debtor under 2 or more other small amount credit contracts;

then, for the purposes of paragraph (2)(a), it is presumed that the consumer could only comply with the consumer's financial obligations under the relevant contract with substantial hardship, unless the contrary is proved.

13 After Part 3-2B
Insert:
Part 3-2C—Licensees that are credit providers under credit contracts: additional rules relating to short-term and small amount credit contracts
Division 1—Introduction
133C Guide to this Part
This Part has rules that apply to licensees who are, or are to be, credit providers under short-term credit contracts and small amount credit contracts. It applies in addition to the general rules in Part 3-2.
Division 2 prohibits a licensee from entering into, or increasing the credit limit of, short-term credit contracts. It also imposes requirements on a licensee who makes representations about entering into small amount credit contracts and prohibits a licensee from entering into, or offering to enter into, small amount credit contracts in certain circumstances.

Division 2—Short-term and small amount credit contracts
133CA Prohibition on entering, or increasing the credit limit of, short-term credit contracts
Prohibition
(1) A licensee must not:
   (a) enter a short-term credit contract with a consumer who will be the debtor under the contract; or
   (b) increase the credit limit of a short-term credit contract with a consumer who is the debtor under the contract.

Civil penalty: 2,000 penalty units.
Offence
(2) A person commits an offence if:
   (a) the person is subject to a requirement under subsection (1); and
   (b) the person engages in conduct; and
(c) the conduct contravenes the requirement.

Criminal penalty: 50 penalty units.

133CB Licensee who makes representations about small amount credit contracts must display information etc.

Requirement

(1) If a licensee represents that the licensee enters into, or is able to enter into, small amount credit contracts with consumers under which the licensee would be the credit provider:

(a) the licensee must display information in accordance with the regulations at a place prescribed by the regulations; and

(b) the licensee must ensure that any website of the licensee complies with the requirements prescribed by the regulations.

Civil penalty: 2,000 penalty units.

Offence

(2) A person commits an offence if:

(a) the person is subject to a requirement under subsection (1); and

(b) the person engages in conduct; and

(c) the conduct contravenes the requirement.

Criminal penalty: 50 penalty units.

133CC Licensee must not enter into a small amount credit contract if the repayments do not meet the prescribed requirements

Requirement

(1) A licensee must not enter into, or offer to enter into, a small amount credit contract with a consumer who will be the debtor under the contract if:

(a) the consumer is included in a class of consumers prescribed by the regulations; and

(b) the repayments that would be required under the contract would not meet the requirements prescribed by the regulations.

Civil penalty: 2,000 penalty units.

Note: For example, the regulations may provide that the amount of a repayment must not exceed a specified percentage of the consumer's income.

Offence

(2) A person commits an offence if:

(a) the person is subject to a requirement under subsection (1); and

(b) the person engages in conduct; and

(c) the conduct contravenes the requirement.

Criminal penalty: 50 penalty units.

14 Paragraph 180(1)(b)

Repeal the paragraph, substitute:

(b) the engaging in the activity contravenes any of the following:

(i) section 29 (which requires the holding of a licence);

(ii) section 124A (which prohibits the provision of credit assistance in relation to short-term credit contracts);

(iii) section 133CA (which prohibits credit providers from entering into short-term credit contracts etc.).

15 After section 335

Insert:

335A Review relating to small amount credit contracts

(1) The Minister must cause an independent review of the following matters to be undertaken as soon as practicable after 1 July 2015:

(a) the operation of the following provisions:

(i) subsections 117(1A), 118(3A), 123(3A), 130(1A), 131(3A) and 133(3A) of this Act;

(ii) Division 7 of Part 3-1 of this Act;

(iii) Part 3-2C of this Act;

(b) whether a national database of small amount credit contracts should be established;

(c) whether any additional provisions relating to small amount credit contracts should be included in this Act and/or the National Credit Code.

(2) The review must be undertaken by 3 persons who, in the Minister's opinion, possess appropriate qualifications to undertake the review.
(3) The persons who undertake the review must give the Minister a written report of the review.

(4) The Minister must cause a copy of the report to be tabled in each House of the Parliament within 15 sitting days of that House after the day on which the report is given to the Minister.

(5) The report is not a legislative instrument.

Last year, I introduced the Consumer Credit and Corporations Legislation Amendment (Enhancements) Bill 2011. The government is committed to ensuring that all Australians get a fair deal when they use credit. The enhancements bill introduces significant reforms which further this commitment. Since its introduction, the enhancements bill has been subject to reviews by the Parliamentary Joint Committee on Corporations and Financial Services and by the Senate Economics Legislation Committee. The government has also conducted lengthy and detailed consultations with stakeholders. I wish to record my appreciation to Treasury, ASIC and my own office in these matters of consultation.

The amendments that I have moved today implement changes arising out of this process. These amendments improve the effectiveness of the bill and they fall into three categories. The first category is amendments in relation to short-term, small-amount lending and the cap on costs. The enhancements bill introduces Australia's first national cap on costs in relation to credit contracts. The government is committed to increasing the opportunities for financial inclusion for low-income consumers, including by ensuring that credit is provided at a cost that does not increase their financial difficulties. This reform will provide significant social and economic benefits to these consumers. Reducing the extent to which low-income consumers need to regularly borrow amounts such as $300 or $500 can only assist their financial position, with consequent benefits to the Australian community generally. The government is retaining the model for small-amount credit contracts in the enhancements bill of only allowing an upfront fee and a monthly fee. However, the level of fees is to be doubled. The government is satisfied that this will result in an ongoing, viable small-amount lending industry, but one in which exploitative or inefficient lenders will need to change their business models.

The other change has been the introduction of responsible lending obligations to replace prohibitions such as on a lender refinancing a small-amount credit contract. The new obligations provide a more targeted and effective response by seeking to improve lending standards rather than having a prohibition which may only encourage avoidance. The responsible lending obligations will include a presumption that a small amount credit contract would be unsuitable where it would be the borrower's third such loan in the last three months. This is an important change as repeated use of this type of credit within a very short time period would be a likely indicator that the borrower was in financial hardship, and a further loan would therefore not be suitable. The implementation of this obligation as a presumption allows lenders to provide further credit where they can demonstrate the facts that displace the presumption. This gives lenders additional flexibility relative to a prohibition.

Given the likely impact of these reforms, it is considered desirable to expressly amend the bill to introduce a requirement for a review of the operation of a cap after it has been in force for two years. This will enable consideration of the effect of the reforms and of matters such as the level of the cap and whether there is a need to address avoidance
techniques that may be developed in response to caps.

The second category of amendments are in relation to reverse mortgages. The government has worked closely with both the reverse mortgage industry and consumer groups in relation to the reverse mortgage reforms included in the bill. This cooperative exercise identified a number of minor refinements that could be made, and these are introduced in these amendments. Firstly, changes are made to provide for greater flexibility in relation to the options for brokers and lenders providing projections to consumers of their future equity under different scenarios. Lenders have raised concerns that they need greater certainty about their right to, if necessary, sell a consumer's property because of a failure to comply with a contract. As a result, there have been changes to narrow the scope of the terms that specify conduct that cannot be relied upon as defaults or results in the sale of a borrower's home. Finally, there is a minor change to the definition of 'reverse mortgage' to ensure it does not include classes of contracts that should be regulated differently to reverse mortgages.

Other amendments are made to address three other topics: hardship variations, unconditional representations and employer payment authorities. I will address each of these in turn. With regard to hardship variations, the government is amending the hardship provisions in the enhancement bill to make it easier for consumers to make hardship applications when they cannot meet the repayments under their contract. It is in the interests of both parties that the terms of the contract be varied where this would mean default and court action. The government has also taken into account the concerns of industry by introducing a requirement on consumers to provide information to their credit provider or licensee and by changing the operation of the penalties for noncompliance.

We also seek to make amendments about representations about the consumer's eligibility to enter into a contract. The enhancement bill introduced a measure prohibiting the holder of an Australian credit licence (Extension of time granted) from representing to a consumer that they were eligible to enter into a contract until a suitability assessment has been completed. The amendment clarifies, consistent with the government's original intention, that a licensee can use a term such as 'pre-approved' provided that the representation is suitably qualified, for example by making clear the difference between pre-approval and final approval.

Further, the government is introducing amendments in relation to employer payment authorities. These are authorities under which the consumer agrees that repayments can be made directly from their salary before they receive it in their hand. The improper use of these authorities can exacerbate a consumer's financial difficulties. The amendments will involve a new division under the bill that provides a regulation-making power to prescribe notices to give the consumer or the employer notice of relevant matters where they seek to rely on such payments.

In summary, the enhancements bill proposes a series of reforms that will improve the position of consumers and enhance the integrity of Australia's credit industry. The basic framework of the bill is sound. However, it is a wise government that continues to consult extensively, and our consultation has seen the government proposing a number of amendments. These amendments will maximise the opportunities for financial inclusion for marginalised consumers.
I note that some in the consumer movement have requested a ban on concurrent loans. The government has decided not to put that amendment at this point. We agree there is a need to regulate concurrent loans; however, we do not consider that prohibition is the best way to do it. The use of presumption as to unsuitability together with a protected earnings amount for Centrelink dependent borrowers provide a more targeted response by placing the onus on credit providers to justify why additional credit will not result in substantial hardship. We will also develop regulations about avoidance which help address the concurrent loan issue and prevent the splitting of loans.

Furthermore, there has been a proposal from the consumer movement that we propose a hard limit of only two loans per person every 90 days. We have a presumption around three loans which means that there is a trigger point which forces further inquiry by the lender. There is also a presumption that if a borrower is in default then it is not a responsible loan. Our preferred option is, again, the use of presumptions as to unsuitability, placing the onus on credit providers to justify why additional credit will not result in substantial hardship.

Finally, the government will be supporting the amendment that there would be no securitisation for loans under $2,000. We have considered this issue carefully and we agree with the view put by the consumer movement that lenders, should they take security in respect of small amount contracts, should not have the benefit of the higher charges under the 20/4 cap. The definition of these contracts will be changed to reflect this.

Mr HOCKEY (North Sydney) (17:13): I welcome the new-found wisdom of the government. I only wish that on a series of other bills the government would display similar wisdom, in the words of the minister, in consulting the general community. The ones that come to mind are those in relation to the mining tax, the carbon tax, managed investment trusts withholding tax and, given the ministers at the table, Minister Shorten and Minister Bowen, people-smuggling—all displays of a lack of wisdom. The minister just eulogised himself, put himself on a pedestal for his newfound wisdom in consulting widely. If wisdom is the benchmark, I would urge him to encourage his colleague at the table to display similar wisdom. And I would urge him to, given that we are being so gracious as to—

Mr Shorten interjecting—

Mr HOCKEY: I would urge him to indulge me in this regard. The coalition will not oppose the Consumer Credit and Corporations Legislation Amendment (Enhancements) Bill 2011. The government, with its amendments, has acknowledged the flaws in the original bill that was presented to this parliament. We only wish that on so many other bills it also recognised its own flaws before proceeding with ramming bills through the parliament.

The government was forced back to the drawing board by the unanimous recommendations of the Parliamentary Joint Committee on Corporations and Financial Services. So not even the Labor Party's own people could bring themselves to support the original bill. This committee recommended that the government revisit the payday lending changes and undertake further consultation with industry. Under pressure, the government has agreed to increase the caps for small-amount credit contracts, shorten the term for small-amount credit contracts from 24 months to 12 months, increase establishment fees from 10 per cent
to 20 per cent, increase the interest rate per month from two per cent to four per cent, allow an additional $400 fee to be charged for midtier loans between $2,000 and $5,000 and remove multiple-contract prohibitions on lenders under certain circumstances, and it has committed to prohibit loans with a term of 15 days or less by regulation.

These changes represent a significant concession to industry and recognise the great job done by my colleague Senator Mathias Cormann in identifying a whole range of problems with the original bill.

Mr Bowen interjecting—

Mr HOCKEY: Well, mate, you are working on the votes with your colleague next to you at the table, and the Attorney-General is over there, so you could turn around after 10 minutes and work on her vote as well. I would encourage you to focus more on your votes than worry about our votes. The proposed government amendments address many of the concerns raised by stakeholders during the parliamentary committee process. Those concerns included: the proposed caps on fees and interest charged on payday and small-amount loans would be uneconomic and would lead to many current participants withdrawing from the market; many of the businesses that could close down are small family owned and operated businesses—not that the government has not tried to close those down before; the reduction in the availability of payday and small-amount loans would result in many people not having access to the existing finance they rely on to meet unexpected expenses; and the banks have not participated in payday and small-amount lending for some time because it is uneconomic for them to do so and they will not re-enter the market to fill the gap if existing providers go out of business. The amendments also recognise the reduction in legitimate licensed payday and small-amount lenders. That reduction may encourage unlicensed and illegal operators to enter the market, which would reduce consumer protection. The amendments address those concerns.

The new caps on fees and interest charges will ensure that the vast majority of short-term lenders will remain commercially viable. Small family owned and operated businesses will not be adversely impacted, and that is hugely important. People who rely on these types of loans, which are not provided by banks, other than, arguably, through the credit card process, will continue to access the finance they rely on to meet unexpected expenses. And the ongoing viability of legitimate regulated providers will discourage the growth of unlicensed and illegal operators whose entry into the market would reduce consumer protection. (Extension of time granted)

While some of the provisions may not have been implemented by the coalition in government—and in my second reading speech I identified why, because we were doing the heavy lifting on getting the referral of the corporations power from the states to the Commonwealth, which was something that needed to be done; and, I might add, at the time, regarding the referral of power, the opposition—

Mr Shorten interjecting—

Mr HOCKEY: The minister should listen to this history, because he was still in shorts at the time that this was being negotiated. The Attorney-General would be interested as well. When the former Attorney-General Daryl Williams and I negotiated the referral of power from the states to the Commonwealth, I recognised that it was the two Labor Premiers who supported the referral of power.

Mr Shorten interjecting—
Mr Bowen interjecting—

Mr HOCKEY: This is the only accolade you are going to get from me, so you should listen.

The DEPUTY SPEAKER (Ms Rishworth): Order! The member for North Sydney will refrain from interjecting across the table.

Mr HOCKEY: I am trying to help. It was your now cabinet colleague Premier Bob Carr and it was the Premier of Victoria at that time, Steve Bracks, who were most willing to work cooperatively with John Howard and me regarding the referral of power. The most difficult person was the Liberal Attorney-General from Western Australia, Peter Foss, who I saw on the ABC last night. I have no fond memories of his attempt to reinstitute a national companies and securities commission with a head office in Perth in order to avoid having a single Corporations Law regime. However, great things come out of Perth to this place, and Senator Mathias Cormann and his staff are classic examples of that, because they have been able to negotiate through the intransigence of the government to get a great outcome for consumers.

With the amendments that are being proposed, the coalition will not oppose the bill. The bill also introduces statutory protections and the provision of reverse mortgages, including a statutory protection against negative equity, and more detailed and prescriptive disclosure requirements. Those measures were in the original bill. They are not opposed by the coalition and are supported by industry.

Given that we have the Leader of the Government in the House, I want to illustrate to the Leader of the Government in the House how this is a great example of the coalition working to improve poor legislation put up by the government. It is particularly pleasing that when the government, from time to time—under well-informed and astute ministers that occasionally have a brief moment of clarity, like the Minister for Financial Services and Superannuation in this instance—do listen to the coalition they get it right. The minister should take this message to his colleagues. He should turn to his colleague on his right, the Minister for Immigration and Citizenship, and say, 'You should work with the coalition in relation to the boats. You should listen to them. And, when the coalition moves amendments, be wise and accept them.' And he should turn to the Minister for Infrastructure and Transport behind him and point out to the minister that, when the coalition offers well-informed, well-researched and well-consulted amendments to bills, the government should accept them, because we seek to improve the legislation. Here is a classic example where the government comes in, with poor legislation that represents the incompetence of the government in relation to policy, then the coalition works within a framework to improve the legislation and you get a great outcome—and there are no divisions. So we come together when the government listens to the coalition, because there is a wealth of knowledge on this side of the House and there is an ability to improve legislation for the betterment of all the Australian people.

The DEPUTY SPEAKER (Ms Rishworth): The question is that the amendments be agreed to.

Question agreed to.

Bill, as amended, agreed to.

Third Reading

Mr SHORTEN (Maribyrnong—Minister for Financial Services and Superannuation and Minister for Employment and Workplace Relations) (17:23): by leave—I move:

That this bill be now read a third time.
Question agreed to.
Bill read a third time.

BUSINESS

Rearrangement

Mr ALBANESE (Grayndler—Leader of the House and Minister for Infrastructure and Transport) (17:24): I move:

That business intervening before order of the day No. 7, government business, be postponed until a later hour this day.

Question agreed to.

BILLS

National Broadcasting Legislation Amendment Bill 2010

Consideration of Senate Message

Bill returned from the Senate with amendments.

Ordered that the amendments be considered immediately.

Schedule of the amendments made by the Senate

(1) Schedule 1, item 12, page 5 (after line 15), after subsection 12(5A), insert:

(5AA) However, so far as subsection (5A) relates to a person who:

(a) is a former member of a Parliament or a Legislative Assembly referred to in that subsection; or

(b) was a senior political staff member;

that subsection applies only for the period of 12 months beginning on the day the person ceased to be a member of that Parliament or Legislative Assembly or a senior political staff member.

(2) Schedule 1, item 12, page 5 (before line 16), before subsection 12(5B), insert:

(5AB) A person who:

(a) is a former member of a Parliament or a Legislative Assembly referred to in subsection (5A); or

(b) was a senior political staff member;

must not be appointed as a Director referred to in paragraph (1)(b) or (c) unless, in accordance with Part IIIA, the Nomination Panel has nominated the person for the appointment.

(3) Schedule 1, item 15, page 13 (line 22), at the end of subsection 24X(2), add “Those reasons must include an assessment of that person against the selection criteria.”.

(4) Schedule 1, item 15, page 14 (line 3), at the end of subsection 24X(4), add “Those reasons must include an assessment of that person against the selection criteria.”.

(5) Schedule 1, item 24, page 16 (after line 10), after subsection 17(2A), insert:

(2AA) However, so far as subsection (2A) relates to a person who:

(a) is a former member of a Parliament or a Legislative Assembly referred to in that subsection; or

(b) was a senior political staff member (within the meaning of the Australian Broadcasting Corporation Act 1983);

that subsection applies only for the period of 12 months beginning on the day the person ceased to be a member of that Parliament or Legislative Assembly or a senior political staff member (within the meaning of that Act).

(6) Schedule 1, item 24, page 16 (before line 11), before subsection 17(2B), insert:

(2AB) A person who:

(a) is a former member of a Parliament or a Legislative Assembly referred to in subsection (2A); or

(b) was a senior political staff member (within the meaning of the Australian Broadcasting Corporation Act 1983);

must not be appointed as a non-executive Director referred to in paragraph 8(aa) or (b) unless, in accordance with Part 3A, the Nomination Panel has nominated the person for the appointment.

(7) Schedule 1, item 29, page 19 (line 27), at the end of subsection 43B(2), add “Those reasons must include an assessment of that person against the selection criteria.”.
Mr ALBANESE (Grayndler—Leader of the House and Minister for Infrastructure and Transport) (17:24): I move:

That the amendments be agreed to.

The government supports the amendments that were moved by both the opposition and the Australian Greens. The Senate Environment and Communications Legislation Committee report on the National Broadcasting Legislation Amendment Bill 2010 commented that a waiting period before former politicians and senior staffs become eligible for public appointment would be appropriate. A waiting period would be consistent with other Australian government policies such as the Lobbying Code of Conduct, which provides that former ministers and parliamentary secretaries may not engage in lobbying activities relating to any matter with which they had official dealings within 18 months of leaving office and a 12-month waiting period for former political staff agency heads, senior public servants and others.

The Australian Greens have advised that their proposed amendment works in conjunction with the opposition's amendment. This amendment strengthens the statement of reasons that must be tabled in parliament by the executive if any person, other than a former politician or senior staff member, is recommended for appointment by the Prime Minister or a minister, as the case requires. This is consistent with the government's commitment to strengthen the independence and integrity of the ABC and SBS boards and to facilitate greater transparency and parliamentary scrutiny of the selection and appointment of candidates to the boards.

Mr TURNBULL (Wentworth) (17:26): This bill was amended in the Senate, with the support of the opposition, to reduce the cooling-off period to a more seemly one. The opposition supports the amendments accordingly and supports the bill.

Question agreed to.

Income Tax (Managed Investment Trust Withholding Tax) Amendment Bill 2012

Deferred Division

The DEPUTY SPEAKER (Ms AE Burke) (17:28): Earlier today I put the bill without going through the deferred division. My apologies; we will return. The question is that this bill be now read a second time. The opposition earlier today moved for a division to be called, so we will now call for a division. The Leader of the House?

Mr ALBANESE (Grayndler—Leader of the House and Minister for Infrastructure and Transport) (17:27): I just wonder whether the opposition, having recorded their opposition now, through this process, might choose to withdraw the division.

Mr Hockey interjecting—

The DEPUTY SPEAKER (Ms AE Burke): My apologies; it was my mistake earlier today. We will call the division. The question is that this bill now be read a second time.

The House divided. [17:32]

Ayes ...................... 73
Noes ....................... 69
Majority ................. 4

AYES

Adams, DGH
Bandt, AP
Bowen, CE
Brodtmann, G
Butler, MC
Champion, ND
Clare, JD
Combet, GI
Danby, M
Elliot, MJ

Albanese, AN
Bird, SL
Bradbury, DJ
Burke, AS
Byrne, AM
Cheeseman, DL
Collins, JM
Crean, SF
Dreyfus, MA
Ellis, KM

CHAMBER
AYES

Emerson, CA
Fitzgibbon, JA
Georganas, S
Gillard, JE
Grierson, SJ
Hall, JG (teller)
Husic, EN (teller)
Jones, SP
Kelly, MJ
Leigh, AK
Lyons, GR
Marles, RD
Melham, D
Murphy, JP
Oakeshott, RJM
O’Neill, DM
Parke, M
Piibersek, TJ
Rishworth, AL
Rudd, KM
Shorten, WR
Smith, SF
Snowdon, WE
Symon, MS
Thomson, KJ
Wilkie, AD
Zappia, A

Ferguson, LDT
Garrett, PR
Gibbons, SW
Gray, G
Griffin, AP
Hayes, CP
Jenkins, HA
Katter, RC
King, CF
Livermore, KF
Macklin, JL
McClelland, RB
Mitchell, RG
Neumann, SK
O’Connor, BPJ
Owens, J
Perrett, GD
Ripoll, BF
Roxon, NL
Saffin, JA
Sidebottom, PS
Smyth, L
Swan, WM
Thomson, CR
Vannvakinou, M
Windsor, AHC

NOES

Prentice, J
Ramsey, RE
Robb, AJ
Roy, WB
Schultz, AJ
Secker, PD (teller)
Smith, ADH
Stone, SN
Truss, WE
Turnbull, MB
Vasta, RX
Wyatt, KG

Pyne, CM
Randall, DJ
Robert, SR
Ruddock, PM
Scott, BC
Simpkins, LXL
Southcott, AJ
Tehan, DT
Tudge, AE
Van Manen, AJ
Washer, MJ

PAIRS

D’Ath, YM
Dutton, PC
Ferguson, MJ
Abbott, AJ
Rowland, MA
Somlyay, AM

Question agreed to.
Bill read a second time.

Third Reading

Mr BRADBURY (Lindsay—Assistant Treasurer and Minister Assisting for Deregulation) (17:37): by leave—I move:

That this bill be now read a third time.

Question agreed to.
Bill read a third time.

Financial Framework Legislation Amendment Bill (No. 3) 2012

First Reading

Bill and explanatory memorandum presented by Ms Roxon.

Bill read a first time.

Second Reading

Ms ROXON (Gellibrand—Attorney-General and Minister for Emergency Management) (17:38): I move:

That this bill be now read a second time.

Introduction

The Financial Framework Legislation Amendment Bill (No. 3) 2012 responds to the decision handed down by the High Court...
on 20 June 2012 in the matter of Williams v Commonwealth.

In that case the High Court invalidated the National School Chaplaincy Program.

A majority invalidated payments under the program on the ground that they were not supported by the executive power of the Commonwealth.

Successive governments have proceeded on the basis that no specific legislative authorisation was required for programs over and above the appropriation acts. However, in Williams, a majority of the High Court held that legislative authority is necessary for some spending.

This bill provides the necessary legislative authority.

Spending programs may be at risk despite the fact that money has already been appropriated by the parliament. The bill will ensure that the parliament's intentions in appropriating funding for programs are given effect.

The programs supported by the bill include the National School Chaplaincy and Student Welfare Program. This program is widely supported for its assistance for students. The government is committed to maintaining the funding for the chaplaincy program.

The bill also amends the Financial Management and Accountability Regulations of 1997 to include a new schedule which specifies relevant grants and programs.

This is a prudent approach in the light of the new requirement identified by the High Court, and it is designed to ensure administrative certainty.

But this approach does not involve any departure from the government's continuing commitment to funding a broad range of important community programs.

And it must be recognised that the Williams decision has no implications for Commonwealth agreements and payments which are already authorised by legislation; for example, benefits under the social security legislation and funding for private schools under the Schools Assistance Act 2008.

The decision also has no implications for Commonwealth agreements with and grants to the states, including grants in relation to health, education, transport, roads and the environment.

Agreements and payments for the ordinary services of government are also unaffected by the decision.

No remedial action is necessary in relation to these agreements and payments.

**Williams v Commonwealth**

The Williams case involved a challenge to the constitutional basis for the Commonwealth's activities and expenditure in relation to the National School Chaplaincy Program.

A majority of the High Court invalidated the making of payments by the Commonwealth under the chaplaincy program on the ground that they were not supported by the executive power of the Commonwealth. In particular, four of the justices did so on the basis that the Commonwealth executive government could not enter into agreements and make payments under the chaplaincy program without legislative authority. Appropriation legislation was not sufficient; nor was section 44(1) of the Financial Management and Accountability Act of 1997.

The government is committed to maintaining funding for community programs, including the National School Chaplaincy Program and its successor program. The National School Chaplaincy
Program and its successor program have delivered very valuable services for the benefit of students across Australia.

This program needs to be put on a firm legal basis as a matter of urgency, to enable payments to resume for the benefit of schools and students relying on the program.

Williams also has implications for the validity of Commonwealth spending programs that are not supported by legislation other than an appropriation act, where there may be a constitutional need for legislative support to be provided.

As I have already noted, many Commonwealth spending programs and agreements are already authorised by legislation—this includes most payments to individuals, and the Williams decision has no implications for such programs and agreements.

I have also already noted that the Williams decision has no implications for Commonwealth grants to the states or for agreements and payments for the ordinary services of the government.

Despite this, there remain a significant number of other spending programs and arrangements that are not supported by legislation other than an appropriation act. This bill will provide such legislative authority for those programs and arrangements.

These programs range from helping children with autism through to overseas aid payments. They include a number of payments to veterans that are not part of the social security system. They include a wide range of different programs such as industry development programs, environmental programs, education programs and health programs.

Every person who sits in parliament and wants to be part of a government has strong reason to support this bill which allows governments both now and in the future to fund important work for the Australian community.

Overview of the bill

Let me provide an overview of the bill. The Financial Framework Legislation Amendment Bill (No. 3) 2012 will amend the Financial Management and Accountability Act 1997 to establish clear legislative authority for the Commonwealth to make payments in relation to particular programs, grants and arrangements. Transitional provisions in the bill protect programs, grants and arrangements in place before the bill commences.

It is critically important that recipients of Commonwealth grants and other payments who act in good faith consistently with the arrangements under which those payments are made should not be left in any doubt about the validity of the payments. The government has been careful to identify grants and programs where a question might be raised about the need for legislative authority.

Schedule 1 to the bill

Schedule 1 of the bill inserts a new section 32B into the FMA Act to provide the requisite statutory authority for Commonwealth spending, where no other legislative authority exists. It will empower the Commonwealth to make, vary or administer arrangements or grants under which public money is, or may become, payable, if the arrangements or grants or programs are specified in regulations.

The bill thus provides a mechanism for regulations to be made to provide legislative support for both existing programs currently identified which may require legislative support and also for future programs. The bill also makes clear that the power to make arrangements and grants is exercisable...
subject to compliance with the requirements of the FMA Act. The proposed amendments thus require ministers or officials to stay within the accountability regime established by the FMA Act and instruments made under it.

Schedule 1 also clarifies that the proposed amendments will not, by implication, narrow the executive power of the Commonwealth. The schedule provides that decisions under the proposed amendments to the FMA Act are not decisions to which the Administrative Decisions (Judicial Review) Act 1977 applies. That act has never applied to Commonwealth spending decisions of the kind to which the proposed amendments apply, and it is appropriate that this continues to be the case.

**Schedule 2 to the bill**

Schedule 2 to the bill proposes to amend the Financial Management and Accountability Regulations 1997 to specify particular grants or programs, in accordance with the proposed amendments to the FMA Act which I have already outlined. The schedule contains 427 grants and programs, including the National School Chaplaincy and Student Welfare Program.

In keeping with a generally prudent approach, many of the matters prescribed in the schedule have been included out of an abundance of caution.

The bill will ensure these grants and programs have specific legislative authority over and above the appropriation acts. Direct amendment of the regulations by legislation is an efficient means of providing support, with the direct authority of the principal act, for the wide variety of relevant grants and programs provided by governments. This technical approach has been adopted in other circumstances where amendments to details appropriately set out in regulations may be required as a matter of urgency.

**Conclusion**

This bill is a measured, appropriate and necessary response to the Williams decision.

It will ensure that the government can maintain funding for important community programs, including the National School Chaplaincy and Student Welfare Program.

It has been designed to address the new requirement for specific legislative approval of spending programs identified by the High Court.

Before I commend the bill to the House, might I just put on record my thanks to the many staff and officials in the Attorney-General's Department and the Department of Finance and Deregulation, many of whom worked very long hours, including through the night last night, to ensure that this security can be provided to those who are recipients of grants from the Commonwealth and provide extraordinary benefit within the community. I commend the bill to the House.

Leave granted for second reading debate to continue immediately.

**Mr KEENAN** (Stirling) (17:47): The Financial Framework Legislation Amendment Bill (No. 3) 2012 is presented by the Attorney-General as an urgent response by the government to the High Court's decision in Williams v The Commonwealth, which was handed down last Wednesday. That decision found that funding for the National School Chaplaincy and Student Welfare Program, which the opposition strongly supports, was beyond the executive power of the Commonwealth because it was not supported by an act of parliament and was therefore not a valid exercise of the executive power of the Commonwealth under section 61 of the Constitution.

I should stress that the only Commonwealth program which the High
Court's decision invalidated was the chaplaincy program. However, the language and reasoning of those justices who comprised the majority in the Williams decision have potentially far-reaching implications for other Commonwealth programs which rely upon the exercise of executive power without appropriate statutory authorisation.

The solution proposed by the government is to amend the Financial Management and Accountability Act 1997 to provide for the validation of a large number of Commonwealth programs and grants. This is proposed to be done by regulation. In all, some 11 types of Commonwealth financial assistance grants and some 416 programs providing for the payment of Commonwealth moneys is set out in the draft regulation, with which the opposition has only just been supplied. I should say at once that the opposition has grave concerns about the legal validity of this approach which the government has adopted. I should also record that the request by the shadow Attorney-General, Senator Brandis, to be provided on a confidential basis with a copy of the Commonwealth's legal advice was refused by the Attorney-General.

The opposition's concerns relate to the method adopted by the bill, the essence of which is to insert into the Financial Management and Accountability Act a new section, section 32B, which purports to validate any grant or payment of Commonwealth moneys which may be identified by regulation. This is done by providing that, if apart from this subsection the Commonwealth does not have the power to make, vary or administer a grant payment and the grant or payment is specified in regulations, then the Commonwealth has the power to make the grant or payment. Eleven forms of grant and 116 categories of program payments are set out in the draft regulation that—again, I stress—we have just been supplied.

The opposition is far from satisfied that this umbrella form of statutory validation is effective to satisfy the constitutional lacuna which the High Court identified in the Williams case. Nor are we satisfied that the proposed section 32B in its application to each particular grant or program payment is supported by any of the section 51 heads of power, although in respect of many grants or payments it may be.

The whole point of the Williams case was to decide that the executive cannot spend public money without legislative authority and parliamentary scrutiny, and it seems to the opposition hardly sufficient to meet the test which the majority of the justices prescribed for valid expenditure to specify a schedule of grants and payments and merely declare them to be valid.

The approach adopted is particularly inapt, given the programs are to be specified merely by regulation. It was the fact that the chaplaincy program was established only by executive order which resulted in its invalidity. It seems, in short, that there is an element of circularity in the Commonwealth's legal reasoning. To make matters even worse, the power to make regulations, which will bring particular programs within the general validation provisions of the proposed section 32B, may themselves, as a result of the proposed section 32D, be delegated by the minister to an official in any agency, which means in effect any public servant no matter how junior.

The government's response to a High Court decision to invalidate a particular program because it was established by executive action rather than legislation is to say that all programs are validated so long as they are identified in a regulation and that
regulation does not even have to be made by a minister but can be delegated to any officer of any agency. This hardly seems to us to be an adequate response. Our preliminary view is that it does not overcome the constitutional problem identified in the Williams case. Nor is the opposition satisfied with the manner in which the government has dealt with us in seeking to address this issue. Although the High Court handed down its decision last Wednesday, the first approach to the opposition by the government was yesterday, some three working days after the judgment, when the Attorney-General invited the shadow Attorney-General to a briefing after question time and outlined in broad terms the approach the government was proposing to take. It was at that meeting that the shadow Attorney-General's request to examine the government's legal advice was refused. We understand and accept that ordinarily the government does not provide its legal advice to the opposition even on a confidential basis, but this should be a bipartisan matter. The very purpose of the briefing was to request bipartisanship, which the opposition is very ready to extend. On other recent occasions when the government has sought bipartisanship from the opposition following a High Court decision striking down important legislation or executive decisions—for instance, the finding that the Australian Military Court was ultra vires in Lane v Morrison in 2009, or in respect of draft offshore processing legislation following the decision in the Malaysia solution case last year—the government either gave the opposition access to its legal advice or actually published it. The opposition fails to understand why a government seeking a bipartisan solution to a problem which has arisen not from a political controversy but from a High Court decision would decide to take a different course in this particular case.

When Senator Brandis met the Attorney yesterday afternoon, the opposition was promised a draft bill by late yesterday evening or early this morning. In the event, an initial draft was received just before 9 am this morning. It was replaced later in the morning by another draft which contained certain important differences. Neither the shadow cabinet nor the opposition's leadership group has had a chance to examine the draft. Prior to the introduction of the bill by the Attorney-General a few minutes ago, the opposition had yet to see a final iteration of this bill. As a result, the opposition is effectively going into this debate blind, having had only a matter of hours to consider the draft legislation and therefore not having had the opportunity to consider each of the more than 400 categories of grants and payments to which it applies and not having had the opportunity of examining the legal advice underpinning the government's approach, which seems to us, on the preliminary view of the shadow Attorney-General, to be, for the reasons I have already mentioned, an inadequate response to the High Court's judicial reasoning.

Notwithstanding all of this, the opposition understands the government's desire to move urgently in order to validate these various grants and program payments. Notwithstanding our serious doubts about the legal efficacy of the government's approach and our disappointment that the government—whether through contempt of the parliament or just sheer incompetence—did not engage the opposition days earlier and give us the opportunity to consider our response with appropriate care, we will not stand in the way of the government's attempts to deal, at least in a preliminary way, with the consequences of the decision. Therefore we will not oppose the bill.
The opposition supports most of the programs set out in the draft regulation, including, of course—very strongly—the chaplaincy program itself. A number of them, however, we do not. In the time available it is simply not possible to seek to excise those programs which we do not support from the legislation. However, I wish to place upon the record that the opposition's preparedness to allow this bill an expedited passage through the parliament should not be taken as support for every single program specified in it.

Furthermore, for reasons I have already mentioned, the opposition doubts that this bill is effective to satisfy the requirements set out by the High Court in the Williams case. Each of the particular programs set out in the draft regulation will need to be examined and, it may be, in many if not all cases provided with a surer legislative basis than this bill creates. For that reason, I foreshadow that we will move an amendment to the bill to insert a sunset clause so that its effect will expire on 31 December this year. That will give the government and the opposition a period of several months to consider the matter more carefully in light of the High Court decision and bring back to the parliament a more carefully considered and comprehensive bill which deals properly with the constitutional issues raised by the High Court in respect of particular grants and program payments.

I might just take a minute to outline the sorts of concerns we have with this legislation. As I have highlighted in my speech, we only just received the final iteration of this bill—literally 15 minutes ago as it was tabled in the parliament by the Attorney. I have mentioned that it deals with 116 different programs, but of course it actually deals with substantially more programs than that, because the payments themselves are essentially headings that sit over an enormous number of programs underneath. I might just point to one in particular: 412.002, ‘Payments to International Organisations’. This is not structured into any further subheadings. It just says, broadly, ‘payments to international organisations' and then says:

Objective: To advance Australia’s foreign, trade, economic, and security interests through membership and participation in international organisations and their various peacekeeping activities.

How could that possibly be drafted any more broadly than that? This is the problem that we are in. We understand the government's desire to do this, and indeed we support the government's attempts to validate the chaplaincy program in particular but, because of the government's actions—surely there must have been a better way of dealing with the opposition on this matter if they were serious about getting the parliament to deal with it in such an expedited way—and the way they have approached it, it is very difficult for us just to accept at face value what we have been told by the government. That is why we seek to move that sunset clause: so the parliament can deal with it in an expedited manner but then we can have a more comprehensive engagement with the government about how we might deal with these matters in a way that we believe will be more effective.

Mr GARRETT (Kingsford Smith—Minister for School Education, Early Childhood and Youth) (17:59): I am pleased to support the Financial Framework Legislation Amendment Bill (No. 3) 2012 today and the remarks of the Attorney-General. This legislation will allow the good work of thousands of chaplains and student welfare workers working with tens of thousands of students across the country to continue. The Gillard government has acted decisively and quickly to protect the
National School Chaplaincy and Student Welfare Program, as well as other vital community programs. We are committed to the ongoing operations of the chaplain and student welfare program, demonstrated in no small way through the investment of some $429 million since 2007. This is a program that enjoys widespread community support. School communities value this successful program and are also committed to it continuing. It assists them to support the spiritual, social and emotional wellbeing of their students. In fact, the last round of applications saw the program oversubscribed to by some 30 per cent. In the past week we have heard from schools, students and parents about their concern that the National School Chaplaincy and Student Welfare Program might not continue. This bill will make sure that the program is maintained.

Following my announcement on 24 May that the program would be rolled out to an additional 1,000 schools, the program will provide chaplaincy and student welfare services to more than 3,500 schools across the country. Services will be provided from Hobart to Broome, including in some of the country's most remote locations. This program provides wellbeing benefits to the independent, Catholic and government school systems. In fact, three-quarters of all schools in the program are public schools. We are committed to ensuring these services can continue and that new services can be put in place.

A national consultation process was undertaken during 2010 to consider options for the future of the program. We sought the views of key stakeholders representing thousands of school communities. In conjunction, then, with the program's expansion, a new set of program guidelines were introduced building on the good work done over the past five years. This provided greater flexibility for the community, with schools being able to choose a chaplain or a student welfare worker. Around 80 per cent of all schools under the program have chosen to engage a chaplain, with 15 per cent choosing a student welfare worker and others still determining their school community's needs.

These guidelines increase the amount of funding for remote schools, recognising the challenges of providing services in these areas. The new guidelines also ensure the chaplains and student welfare workers are better trained, with a new set of minimum qualification requirements being introduced for the first time as well as support for training up existing workers. The minimum qualification will be a Certificate IV in Youth Work, a Certificate IV in Pastoral Care or the equivalent. All existing chaplains who do not meet any new minimum qualification requirements will be required to complete two units on referral, working effectively in mental health as well. We can assist with the cost of the units and we can assist existing unqualified chaplains or secular workers to enrol in and complete the units if required.

These minimum provider standards are very important as they ensure increased national consistency in the implementation of the National School Chaplaincy and Student Welfare Program; greater quality assurance that services provided under the program are delivered appropriately and that adequate controls are in place; and responsiveness to feedback through the consultation process for increased accountability measures. In addition, the complaints procedures will be amended to strengthen the management processes and transparency and to ensure schools are responding quickly to students or parents who are concerned. We are committed to maintaining those minimum standards in the program.
This bill will provide certainty for the National School Chaplaincy and Student Welfare Program to continue to provide services to more schools and to more students. The next tranche of payments owed to providers at the end of the financial year is $16.44 million to 160 providers who employ chaplains and student welfare workers working in about 1,674 schools. We must ensure that these providers can continue to provide these important services to our schools. My department has put in place the necessary arrangements to ensure payments to those organisations providing chaplaincy and student welfare support will recommence within 24 hours of this important legislation receiving royal assent.

I finish by noting the proposed amendment of a sunset clause to this legislation as foreshadowed by the member opposite. The government will not accept a sunset clause to this legislation. I make the simple point that the government would not be in a position to negotiate payments that go past any sunset clause period if an amendment of this kind were to pass the House. We believe that this is the appropriate and necessary way to ensure the certainty that is absolutely a part of the business of this government, and to make sure, as successive governments have proceeded on the basis that there is no specific legislative authorisation required for programs, that it is now required by the decision in Williams, and this legislation deals with that matter specifically. I commend this bill to the House.

Mr RANDALL (Canning) (18:05): I speak on the second reading of the Financial Framework Legislation Amendment Bill (No. 3) 2012 because this is an issue in which I have a great deal of interest. It affects schools in my electorate as well as right across Australia. I point out at the beginning that this is a Howard government program which was initiated successfully into schools. It was then adopted by the incoming Rudd government and, after hearing rumours that it would not be continued—surprise! surprise!—in the last budget it had an injection of cash. We were being lobbied by chaplaincy teachers, if I can call them that, and schools about this program because they feared it was going to be defunded, but I congratulate the government on the fact that it continued its funding.

The reason we are here today speaking on this bill presented by the Attorney-General is as an urgent response by the government to the High Court's decision in Williams v Commonwealth of Australia and Ors [2011] HCATrans 198, which was handed down last Wednesday. We know that, and the decision found that the funding for the National School Chaplaincy and Student Welfare Program—in other words, the chaplaincy program, which this side of the House strongly supports—was beyond the executive power of the Commonwealth because it was not supported by an act of parliament. So this is what we are doing here today: we are providing an act of parliament because there is no valid exercising of the executive powers of the Commonwealth under section 61 of the Constitution. All this is correct. One of the flaws which was pointed out by the shadow minister and the member for Stirling was the fact that we have some reservations about the fact that the Minister for School Education, Early Childhood and Youth seems, in this legislation, to have awarded himself extraordinary regulatory powers to make decisions under this act, which is why I am going to speak further to the bill as it affects schools in my electorate. I have a letter from YouthCARE, which I received today, regarding the legislation for this chaplaincy
Mr Garrett: You can read it in full, if you like.

Mr RANDALL: I will read it in full at the end of my dissertation. One of the reasons I am here is that this minister having these sorts of executive powers somewhat scares me. I have made representations to this minister for so long about chaplaincy programs in my electorate and I have been thwarted and ignored by him. Whether he gets this message through the House or not—and I have written to him—I want to talk about the Austin Cove Baptist College in my electorate.

Ms Roxon: Is to do with the bill?

Mr RANDALL: This is directly to do with the minister's regulatory powers in this bill. The Austin Cove Baptist College was established in 2011. I wrote to the minister about this school because of the tragic events at the school when it first opened. Lauren Ames passed away following a car accident on the way to Austin Cove school. Another girl, Georgie Spies, aged 13, died tragically in an explosion in Mandurah where her father was having to live in a tent in a caravan park because of extraordinary situations. Georgie, along with her father and her brother, were killed. They were children at the school. The school sought compassionate intervention by the minister to provide them with a chaplain because of the ongoing tragic circumstances that reverberated through the school as a result of these accidents. I went to the funeral of Lauren. It was an event that I could not recommend, because it was so sad. Austin Cove's principal, Orlando dos Santos, has continually asked me to represent him to the minister on this issue. The minister continues to ignore his cries for help on this issue.

The school, having opened just over 12 months ago with 350 students, now has 545 students and it is growing. I have raised this in this House so many times. The first time was Wednesday, 6 July 2011. Minister, I cannot believe you did not show some compassion when I first raised this issue. The school did what it said it would do; it waited for 12 months to apply again. This is what the minister told it to do in some of the correspondence, and he wished it luck. This issue was raised again by me in a statement to the House. As I said, the school is having extreme difficulties providing pastoral care because of some of the tragic events in and around the school after its establishment.

The principal applied for this funding under the National School Chaplaincy Program 2011. Sadly he was rejected due to eligibility prerequisites which required the school to be operational in 2010. Following the rejection, I made several representations to the federal education minister, Peter Garrett, asking for his intervention to ensure that this school receive the funding that it so clearly deserved. I have sent three letters to Minister Garrett: on 16 February 2011, 13 May 2011 and 2 April 2011. I have also raised this issue in the parliament on a number of occasions. I have asked him to exercise his intervention on compassionate grounds, but he has denied this request.

It gets worse. As I said, in the last federal budget this program was extended by $222 million. But is there room for Austin Cove Baptist College in my electorate? No. In the most recent Senate estimates, Senator Mason raised this issue with the Department of Education, Employment and Workplace Relations—no answer. Here is a school tragically hanging out and using teaching time to provide welfare for its students. This cold-hearted minister has denied them any sort of relief. Out of its own teaching budget it has to find money to provide the sorts of
I found out recently that they have again been denied funding under the Nation School Chaplaincy and Student Welfare program. Why were they denied this funding? After having the application rejected, Mr dos Santos contacted the Department of Education, Employment and Workplace Relations to obtain some feedback. He was told that he had failed to provide a letter from the parent body approving a chaplain. In the school's very extensive application, Mr dos Santos provided no fewer than three letters from parents at the school and said that if this were not sufficient the school was more than willing to provide whatever was necessary to ensure the application was successful. The parent body overwhelmingly approved having a chaplain in school. In fact, Austin Cove Baptist College has provided evidence that in the last year the two part-time chaplains at the school have had 104 requests for appointments. Further, 45 year 8 students provided statements saying that the school chaplains were worthwhile, they needed them and they wanted them to continue. At the moment the school is having to sacrifice teaching hours to provide counselling for students.

This is what this program was designed to do, yet this minister continues to reject this request. I think he is doing this because he is offended by the fact that I have raised this issue in this place so many times and asked him to show some compassion. He has not and he obviously is not going to. As I have said in this place before, he made a handy rock star, but he is a very ordinary member of parliament and he is a very ordinary minister. On this occasion I am appalled at the way that he has continually ignored this cry for help from a school in my electorate. I now go to the letter that the minister would not let me table, so I will now read this letter from Stanley Jeyaraj, the chief executive officer of YouthCARE, dated today:

Thank you for your support of YouthCARE. You will have received a letter from me yesterday indicating the schools identified in your electorate that have nominated YouthCARE as the service provider for the delivery of Chaplaincy services. In Western Australia, 98% of public schools that have been awarded funding under the National School Chaplaincy and Student Welfare Program (NSCSWP) have nominated YouthCARE as their service provider.

As the Government introduces legislation today to ensure the ongoing funding of the NSCSWP we would encourage you to take this as an opportunity to raise concerns we have about the program that are very particular to our state which should also be of concern to you.

You are no doubt aware that the new program imposed a minimum qualification for those employed as school chaplains under the program. While we are generally supportive of the intention of this provision we believe the minimum qualifications imposed by the Commonwealth will create a distinct disadvantage for Western Australian public schools in both the metropolitan and regional areas.

You will be well aware of the difficulties employers are having in securing staff in Western Australia. When this is combined with a very short time frame and limited access to training providers in some places, we are having very real difficulty in recruiting suitable chaplains who also have the minimum qualifications prior to their employment.

A further complication exists for us in relation to a number of schools that were not part of the NSCP but have been awarded funding under the NSCSWP. In these schools, YouthCARE has been providing chaplaincy services for a number of years but officers of DEEWR refuse to allow these chaplains to be regarded as existing chaplains under the program, preventing them from taking steps to meet the qualifications requirements post employment. This will deny those schools the services of a chaplain they have known and valued for some time because they do
not have the minimum qualifications required by the program.

In the face of the department's inflexibility in applying the program guidelines in respect of pre-employment qualifications for chaplains we would like to offer a solution. YouthCARE has a long standing arrangement with the WA Department of Education that takes these matters into account. We have developed the most stringent selection process of all the states in identifying suitable school chaplains and a comprehensive program of post employment training specifically tailored to the demands of the job in WA public schools. The WA Department of Education shares the Commonwealth's concern that chaplains be appropriately qualified, but is satisfied that the steps we have taken meet all these requirements.

We therefore seek your support in pressing home the view that where a state Department of Education has an existing arrangement with a service provider regarding the recruitment, training and development and supervision and management of the chaplains this should take precedence over the Commonwealth's program guidelines. These matters are fundamentally about risk-management and we believe that the requirements of the State more than adequately protect the risk concerns of the HSCSWP program guidelines.

With a 40-year working relationship with the Department of Education in WA we are confident that many of your constituents have very positive experiences of our work in public schools. With your support this much loved and highly valued organisation will be able to continue providing the highest possible quality school chaplaincy services.

Yours sincerely,

Stanley Seyaraj Chief Executive Officer

This program is a very good program, which, as I said, the Howard government initiated. The schools in my electorate are not only using, as some critics would say, chaplains from particular nominations. More particularly, the chaplains are providing welfare and services well beyond being a chaplain.

Willandra Primary School in my electorate recently sought ongoing funding for a social worker. They were told that their funding had been cut for the program they were currently on and they should apply for a chaplain because it would well and truly fit the bill. YouthCARE in my electorate have pointed out that there are schools in my electorate that do have chaplains. They are Armadale Senior High School, Boddington District High School, Cecil Andrews Senior High School, Challis Early Childhood Centre, Challis Primary School, Clifton Hills Primary School, Coodanup Community College, Dudley Park Primary School, Halls Head Primary School, Kelmscott Primary School, Kelmscott Senior High School and Pinjarra Senior High School.

It is fantastic that the chaplains are in these schools but they need to be in so many more. As a former teacher, I know that quite often teachers are increasingly being asked to provide welfare arrangements not only for students but also for the parents. This is where a chaplain comes in, almost as a social worker, providing this service to people in need. I commend this bill because it will see the program's funding continue. I support the amendment because we do not want to see this rushed legislation go through this House without greater scrutiny once we see it in action.

I say again to the minister: I feel appalled by your lack of compassion about the Austin Cove Baptist school in my electorate, which certainly deserves the support of a chaplain given the tragedies that have happened at that school. I dare say that unless the minister finally stops his vindictive behaviour towards this school, I will continue raising this in this House and at every opportunity I can to point out this minister is not capable of doing his job.
Mr BANDT (Melbourne) (18:20): The High Court decision in the Williams case is to be welcomed. The key message from the decision is that the executive cannot, as it has done in the past, simply spend funds without parliamentary scrutiny. The degree to which the executive spends funds on programs without appropriate parliamentary scrutiny is demonstrated by the hundreds of programs listed in the regulations tabled along with this bill, the Financial Framework Legislation Amendment Bill (No. 3) 2012.

The Australian Greens welcome the rebalancing between the executive and the parliament brought about by the High Court decision. This is a good decision for democracy. We do understand, though, the need of the government to address the validity of the hundreds of spending programs currently under a cloud and we appreciate the mechanism provided by this bill is an appropriate option. We do, however, have significant concerns if in the future the government continues to use a regulatory mechanism for new programs. While a regulation comes before parliament it is not debated unless subject to a disallowance motion and cannot be amended. The Greens will keep our options open in respect of any future spending programs the government seeks to regulate rather than bring to the parliament through legislation. We are strongly of the view that in the future government programs of the type at issue here should be brought before the parliament as legislation for appropriate parliamentary scrutiny. On the issue of the National School Chaplaincy and Student Welfare program, the Australian Greens have consistently raised concerns about the chaplaincy program since its inception by the Howard government and through its significant expansion under the current government. We do not believe the program is in the best interests of students in our secular public education system. The qualification requirements for the program are wholly inadequate. The court decision offered the government an opportunity to overhaul the chaplaincy program and to ensure the millions of dollars being spent are actually to the benefit of schools and their students.

The Greens maintain that an alternative program that seeks to assist students and is delivered by professionals with appropriate qualifications is the better public policy. Schools and students may need counsellors with appropriate university qualifications. Other schools with large bodies of students who do not speak English as a first language may need assistance from people with relevant language qualifications. The Greens want the funds from the program spent but spent in ways that offer value to our nation's schools and students.

Mr ANDREWS (Menzies) (18:23): I rise to make some remarks on the Financial Framework Legislation Amendment Bill (No. 3) 2012, which has been brought in in a hurried fashion for reasons explained by the Attorney-General before the House this afternoon. In rising I want to do a number of things. The first is to address the immediate subject matter of the action before the High Court and, in that regard, to make some remarks contrary to what the previous speaker in this debate has made. The second is to indicate my support for the chaplaincy program and the way in which I have seen it operate in my electorate and elsewhere throughout Australia. The third is to reiterate the concerns raised by the shadow minister, the member for Stirling, in relation to this legislation.

The subject matter of the case in the High Court, Williams and the Commonwealth, was of course the chaplaincy program. That is a program which was initiated by the
Howard government and has had widespread support throughout Australia. I have that program in my electorate at a number of schools—the Templestowe College, the Doncaster Secondary College and elsewhere—and, having visited the program and spoken to people who have worked as chaplains in those schools and having seen the support in non-private schools from the teachers, staff and students, there is a ringing endorsement of the value of this program.

I say to the previous speaker, from the Greens, the member for Melbourne, that it seems nothing more than a rank ideological objection to this program on their part. If they have seen the operation of the program as I have myself and talked to the people involved—and, more significantly, spoken to staff and students of these high schools—I cannot see how they would continue to maintain their objection to this program except, as I said, for ideological reasons. So it is welcome that the government is continuing to support the program and putting measures in place to ensure that this program continues.

I turn to the legislation itself. This arose because of the decision last week of the High Court of Australia in the case of Williams and the Commonwealth. In that court case the High Court was invited to examine the operation of section 61 of the Australian Constitution. As a consequence of that examination, it by majority came to a decision that the chaplaincy program which was the subject matter of the challenge in the High Court had not been established by legislative fiat but, indeed, had been established by executive action and, therefore, fell foul of section 61 of the Constitution. There had been some indication that the justices of the High Court were already thinking in this regard—namely, in the Pape case they decided on some slightly different grounds. Nonetheless it was an indication that the High Court has taken a view that there should be some limits to the exercise of executive power in this country.

That raises an issue in relation to the hurried response and the manner of it from the government. Surely one would have thought that, following the Pape case and certainly following the case brought by Mr Williams in the High Court, the Commonwealth would have had some contingency plan in place had this result eventuated, as it did. Surely the Commonwealth had advice from its legal advisers that there was a possibility, particularly in light of the previous decision. Surely there was some contingency or advice that there should be some contingency plan in operation. But it seems that that has not been the case. We were told by the Attorney-General or the Minister for School Education, Early Childhood and Youth earlier in this debate that officials—and I accept this—had worked through the night last night and had obviously been working flat-out over the last few days to bring this legislation to the parliament. That is well and good and I accept that people have done a fine job, but the question still arises as to why the government had not looked at contingencies had the High Court decided as it did in this regard.

The second issue I wish to raise is a concern of the coalition about the irony in this legislation. It is quite clear that the High Court has decided, on exercising the powers that it has under the Constitution in order to be the final arbiter of the Constitution of Australia, to put in place some limitations on the exercise of executive power in this country, and yet what is the response that we have? The response is a greater exercise of executive power by the government—so much so that in section 32D these decisions
can be made by a minister but section 32D(1) states:

(1) A Minister may, by writing, delegate any or all of his or her powers under this Division to an official in any Agency.

So not only is this a use of executive power by a minister—the very thing which the High Court obviously railed against in their decision—but also the response from the government is to use executive power and, more than that, to delegate executive power to officials in agencies. The concerns that we have are about, firstly, the response—the lack of preparation, it would seem, to this outcome from the High Court—and, secondly, the use of the very powers which the High Court want to curtail on the part of the executive government in order to fix the problem. It raises some concerns.

This brings me to the amendment which has been proposed by the coalition. Given the concerns about this, given that obviously and appropriately this legislation has been put together in a hurried way—and that is no reflection on the officials involved, who have had to do what they have needed to do in a very short period of time—given that this has been brought to the parliament in a short period of time and given that there has not been proper consultation with the coalition and the Independent members of parliament, surely it is appropriate that there be some sunset clause in relation to this particular piece of legislation. The only argument that has been offered up so far as to why there cannot be a sunset clause was a throwaway line by the minister for schools in his contribution earlier to say that they could not negotiate payments beyond the sunset clause if a sunset clause were in place. Well, frankly, that is nonsense. They could put in place payments and those payments would continue to remain legal, lawful and constitutional up until the point of the sunset clause. All we are saying is that, surely, we can have another look at this rather than doing it in a hurried way, rather than doing it in a way when we have only just been provided with a copy of the draft regulations today, and rather than doing it in a way which the government, for whatever reason they have of their own, are not prepared to share their legal advice, even on a confidential basis, with the shadow Attorney-General. Surely in these circumstances and where the government's response is to use executive power as a response to the High Court saying, 'Hang on a moment, there should be a limit on executive power,' it is not too much to ask for a sunset clause to be put in place.

I would say to the Independents and the Greens—and I heard the contribution of the member for Melbourne earlier who was raising some concerns about this—in this regard, surely, if they want to see the parliament operate in a way in which the High Court itself has pointed out the parliament should be operating in relation to these matters, then they would support a sunset clause in relation to this particular piece of legislation now before the parliament. For those reasons I support the amendment, which has been foreshadowed by the member for Stirling, and I believe that the coalition, generally, will be of the view that this is appropriately a hurried response, but for that very reason we ought to have the opportunity to revisit it over the next few months.

Mr Stephen Jones (Throsby) (18:31): I am pleased to make a few brief comments in relation to the remedial legislation that has been introduced to the House by the Attorney-General with the assistance of the minister for school education. As other speakers have observed in the debate, the legislation arises from circumstances surrounding the decision of the High Court of Australia handed down
last week in Williams and the Commonwealth. That is the immediate trigger for the legislation. Obviously, the subject matter before the court was the School Chaplaincy Program.

The School Chaplaincy Program was introduced by the then Howard government to provide Commonwealth funding for the assistance of chaplains in public and private schools throughout the country. It is a program which was continued, and I would argue improved, under the Gillard Labor government whereby the guidelines for that program were extended to enable funds to be distributed to assist in the employment of social welfare workers within schools. There has been some debate and consternation about the continuation of the program, but the Gillard Labor government has decided to continue the program and, indeed, bringing this legislation before the House today is evidence of that commitment.

The conclusion of the High Court in Williams and the Commonwealth is that the executive requires some specific constitutional or legislative power for the expenditure of moneys from the consolidated revenue fund. Taken on its own that would seem to be rather an uncontroversial finding and many might argue: why was this government caught off guard and finding itself in a situation to introduce such legislation? The simple answer to that is that successive governments over many, many decades have taken it as read—which turns out to be erroneous—that either the specific constitutional heads of power provided to the executive and/or the power and/or the decisions of this House and the Senate, the decisions of parliament, through the appropriation bills was founded in the executive to expend moneys.

The High Court has turned that on its head in the decision of Williams and the Commonwealth, which puts us in a position where not only are we required to introduce this legislation to protect and continue the School Chaplaincy Program but literally many other hundreds of programs are at risk of falling over if this legislation does not pass through the House and through the other place in great haste. There are consequences of that not occurring. Those consequences are that some doubt will be thrown over the continuation of programs that provide assistance to schools as well as many other areas where the Commonwealth has acquired an interest and a responsibility such as programs which provide funds for environmental and assistance programs, programs which provide funds for roads, and other programs.

It beggars belief that a bill such as this could be opposed by anyone. We certainly hope that we are able to move it from this place and have it in the Senate as soon as possible so that no uncertainty rests over the heads of those particular programs. Of course that does not mean that, without the passage of this legislation, every expenditure of funds which is not supported by a specific act of parliament is in doubt. The tied grants, for example, which are supported by a constitutional head of power expenditure of moneys to particular individuals through contracts or ordinary services in the running of government, still stand on all fours. There are a lot of other programs that are in doubt. A cursory read through the schedule to the amending bill shows that there are well over 60 pages and a number of programs, many hundreds of programs, which require this legislation to guarantee their certainty now and into the future.

We on this side want to see the prompt passage of this bill through the House with voting on the legislation before the end of this session of parliament. With those brief observations, I commend the bill to the
Ms MARINO (Forrest—Opposition Whip) (18:37): I also rise to speak on the Financial Framework Legislation Amendment Bill (No. 3) 2012. I do have real concerns, which is why I support the sunset clause that has been proposed by the member for Stirling. I do not necessarily have a lot of confidence that the government has got this particular piece of legislation right and I do not have confidence that there will not be unintended consequences. We have seen this frequently with this government with various pieces of legislation, and certainly one that is being rushed in the way that this one has been, gives me great concern. Some of the powers that are contained in it do bother me.

Even though we have in this particular instance heard that the only Commonwealth program the High Court's decision invalidated was the chaplaincy program, we do know that there are about 11 different types of Commonwealth financial assistance grants and 416 different programs providing for the payment of Commonwealth moneys that we have been provided with as part of the draft regulation that goes with this bill.

I am concerned that we are expected to accept this bill without the shadow Attorney-General being provided a copy of the Commonwealth's legal advice. I find that refusal by the Attorney-General extraordinary. When you are seeking our support to get this particular piece of legislation through, I would have thought that would have been the appropriate course to follow. There are reasons that I have my concerns about the bill and about the process that this government is using.

The other part of this that does give me great concern is the fact that all programs can be identified in the regulation but it does not have to be made by a minister. It can be, but it can be delegated to an officer of any agency. That is a major concern and deserves far greater scrutiny. It can be made by a decision by the minister or can be delegated to any officer of any agency. We should be discussing this in detail—what the implications of that are and how that will work in a practical sense—but we are not being given that opportunity. Will this overcome the Constitutional problems identified in the Williams' case? Given the timeframe here and the fact that the shadow Attorney-General has not had access to that legal advice, we cannot have that level of confidence.

The amendments we have proposed in these circumstances should certainly be accepted by all parties concerned and particularly the government. There are 400 categories of grants and payments to which it applies and we have not really had any opportunity to look at this in detail. We have not had the opportunity to examine the legal advice at all. The government has not engaged the opposition at any time earlier in this and it has not given us any opportunity to consider what response we should be making with any level of care. It has just been passed through to us very quickly. We certainly will not stand in the way of what the government is attempting to do, but I have genuine concerns about this and, as I say, there will be unintended consequences. I have no doubt about that at all, particularly given this government's history.

The government should not take this, and our support of this, as support for every single program that has been specified as part of this. The amendment and the sunset clause are very valid. I think that is reasonable particularly in the circumstances that this bill has come to us and, more particularly, the fact that the shadow Attorney-General has not had access to the legal advice. That is a real concern to me and
I am sure to all members on our side of the House. The sunset clause is extremely reasonable in those circumstances. I think the government should be supporting these amendments moved by the member for Stirling.

Equally, I want to get onto the chaplaincy program itself. Part of the reason I am concerned here is that I know the government has not always been supportive of the National School Chaplaincy Program. We know that it was introduced by the former coalition government. I can remember being in what is now the Federation Chamber and hearing some statements being made by Labor members at the time. It was clear to the member for Canning and me at that time that the government in the lead-up to that particular budget was considering getting rid of and not funding the chaplaincy program. I can very well recall the comments from the then member for Fowler who said, "Praise the Lord and pass the Ritalin" is no substitute for well-resourced and professional intervention where children face a home life often dominated by alcohol and drug abuse, domestic violence and family tragedy.’ I knew right then that we had to work hard to make sure that the School Chaplaincy Program was still available because the government was considering not funding it. The amount of pressure that was applied certainly made sure that the government had to change its mind.

Anyone like me who deals in a regional area knows how important school chaplains are. They offer so many different forms of care and support and guidance not only to students but also to the school community in general. Anyone that has direct access, who actually goes to see what these chaplains provide to students and families and even the teachers and support staff within the schools, cannot question the type of support that chaplains provide.

In my particular electorate I have schools like Allanson Primary School and Australind, Parkville, Augusta and Bunbury schools. These demonstrate the level of need and the work that the chaplains do and why it is so important and why I say to this government: do not ever consider cutting this program in the way that you were previously. There are also Bunbury Senior High School, Carey Park primary and high schools, College Row, Maidens Park, Newton Moore High School and the ed support centre, Busselton Primary School, Geographe Primary School, West Busselton, Cornerstone Christian College, Capel Primary School, St Brigid’s, Amaroo—the list goes on—Collie, Fairview, Djidi Djidi Aboriginal School, and Manea College. The list is endless. That is how important it is. When I go and talk to families and students they always tell me how important it is.

I know that in 2009 there was a report done on the effectiveness of chaplaincy by Dr Philip Hughes of Edith Cowan University and Professor Margaret Sims of the University of New England. They found that the effectiveness of the chaplaincy could not be questioned and that 30 per cent of the time that a chaplain spent was informal or in care of students in class activities; in other school activities such as breakfast programs; in pastoral care of families and staff; in school events, camps and crises, and with welfare and connecting agencies in the referral of students. I know that many students have many challenges in their lives. Chaplains have to deal with a wide range of issues, often and most frequently with behavioural management and social relationship issues, including anything from anger, peer relationships, loneliness and bullying. I would have to add cyberbullying into that mix. Many of our young people
have family relationship issues and they commonly discuss these with a chaplain.

One of the other things chaplains do very well is help develop a sense of self, a sense of purpose and a sense of self-esteem. They also assist in mental health issues. Often they assist with social inclusion. They certainly work to integrate Aboriginal students and immigrant groups into the school communities. I have seen this work first-hand in many of the schools in my electorate. The principals are extremely supportive of the chaplain program. They know how important the work of the chaplains is in building relationship skills.

There are many roles for school chaplains. The welfare that is provided by a school through a chaplain is different to any other form of support in a school. They deal with grief and loss, mental health, school authority issues, alcohol and drug use, physical and emotional abuse and neglect, self-harm and suicide. The chaplains help families. What I really like about the chaplaincy program is that it is not just for the students but for the broader school community and the chaplains work very hard in this sense. One of the chaplains referred to in this report worked on a building bridges program that was a student self-development and discovery program. There are so many ways that chaplains add value in school communities.

I want to touch on the YouthCARE issue that was raised with me as well as with the member for Canning. It is very specific to Western Australia where the new program requires a minimum qualification. YouthCARE is supportive of this. However, in Western Australia there is great difficulty in securing staff, specially with the short time frame and limited access to training providers in some areas. There is real difficulty for YouthCARE in supplying and recruiting the chaplains required by the Commonwealth with the minimum qualifications prior to their employment. YouthCARE has been providing the chaplaincy services over a number of years, but the offices of DEEWR, according to a letter sent to me by YouthCARE, refuse to allow these chaplains to be regarded as existing chaplains under the program even though they have been doing this work previously. I am concerned that this will deny many schools in Western Australia, and even in my electorate, access to the services of a chaplain. I have mentioned how important they are. I would say to the department and to the minister that this really does need looking at in relation to Western Australia.

In this letter YouthCARE has said it has had longstanding arrangements with the Western Australian Department of Education that take all of these matters into account. They have developed the most stringent selection process of all the states in identifying suitable school chaplains and a comprehensive program of post-employment training specifically tailored to the demands of the job in a Western Australian public school. The Western Australian Department of Education does share the concern of the Commonwealth that chaplains are appropriately qualified, but it is satisfied that the steps that YouthCARE has taken will meet all those requirements. So I call on the Commonwealth to look at the situation in Western Australia. We do not need our schools to be without school chaplains. As YouthCARE has said, the Department of Education has an existing arrangement with a service provider regarding the recruitment, training, development, supervision and management of the chaplains. That should take precedence over the government's program guidelines.
YouthCARE has had a 40-year working relationship with the Department of Education in Western Australia. I would say to the minister, the Commonwealth and the department to look at the level of service provided by the chaplains with the support of the department in Western Australia because the last thing we need is for any school in my electorate and throughout Western Australia to not have access to the services that they currently receive, or for new schools to the program, who have demonstrated a real need for the services of the chaplains under this program.

I finish by saying that the broader value to the community of the school chaplain program introduced by the coalition back in 2006-07 should not be underestimated and it has certainly helped many young people, the school community and the broader community. I support the amendments made by the member for Stirling. This piece of legislation has been rushed and the shadow Attorney-General has not had access to the legal advice. It is on that basis that I support the sunset clause.

Mr HUNT (Flinders) (18:52): It gives me great pleasure to support the Financial Framework Legislation Amendment Bill (No. 3) 2012 or what is more widely known as the chaplaincy support and protection bill. I want to deal with this in three phases: firstly, the origins of the National Schools Chaplaincy Program; secondly, the purpose, the meaning and the worth of that program; and, thirdly, some concerns we have about the process of this bill which we will nevertheless not allow to stand in the way of the urgent and immediate solution required following the decision of the High Court, which we respect.

Let me begin with the origins of the National Schools Chaplaincy Program. It was 2006 and I was amazed and surprised when I attended the chaplaincy dinner at the Mornington racecourse, to raise funds on the Mornington Peninsula for chaplaincy in schools, because I had gone expecting maybe 80 or 100 people and there were 300 there. Peter Rawlings was critical to that process, as was Dale Stephenson and many, many others. During the course of the evening we discussed the potential for chaplaincy to reach through the different schools on the Mornington Peninsula and elsewhere. In a somewhat rash commitment, the decision was made to take this idea to Canberra, to the Prime Minister, to build a coalition. It was not difficult to find Andrew Laming, Louise Markus and David Fawcett as willing allies in prosecuting the case for a national schools chaplaincy program. Andrew, Louise and David did a tremendous job in pulling together the material which was at the heart of the proposal we prepared for the Prime Minister. The issue was raised in the party room and the then Prime Minister, John Howard, embraced the idea and invited a discussion with the then minister for education, Julie Bishop. From there, in a short period of time, guidelines were drawn up, funding was arranged and the National Schools Chaplaincy Program was announced. That was a tribute and testimony to the work of every chaplain in every school around the country which had chaplains, and a tribute to all the organising and supporting committees around the country.

Against that background, this chaplaincy program was extended right around the country. It was done in a way which saw that young students who had real difficulties were given a chance to talk with those who were sympathetic, given a chance to focus on people who cared about their concerns. There are many chaplains with whom I have spoken who have been able to relate individual cases of meeting young people, working through difficulties and, in their best
Tuesday, 26 June 2012

There is no doubt in my mind that this program has saved many, many lives. It is, by definition, unquantifiable; it is a counterfactual which we will never know. But so many chaplains under so many circumstances have contributed so significantly, ensuring that this program is about giving young people a sympathetic ear on issues which can be beyond the ken of many others. As a consequence, it is a vital part of the architecture of our school system.

Chaplains of course provide general guidance on issues of morality and spirituality, but in their most important role they act as guiders and counsellors where there is a crisis. I know because I have met young people who have spoken to me about their moment of crisis when they did not feel they could turn to family or other teachers—not out of any criticism, but simply because that was the way of things. As a consequence, they turned to their chaplains and they won support. The chaplains are people such as Pastor 'Ziggy', at Rosebud Secondary College, who is legendary on the Mornington Peninsula for his care, his concern, his chaplaincy, his moral leadership and his simple, plain ability to communicate with young people. So those are the reasons this program is outstanding and it should continue and be further extended.

I want to thank the government for their swift action. We support that action, and I think that that is a good thing and a good example of bipartisanship. I am, however, a little surprised that although they did not cause this problem—and I do not think we should ever make that point—they do not appear to have been adequately prepared for what was clearly a foreseeable outcome of the action in the High Court. During the course of its hearings the court left it open as to what the result would be, and it was incumbent upon the government of the day to have prepared a contingency plan. Clearly that had not happened, so not just the chaplaincy program but also numerous other government programs were affected and there was no contingency plan.

On that basis, we have concerns about the mechanism that the government have adopted and we have inadequate information. That is why we have proposed a cooling-off period, as it were, to allow for consideration of the legislation whilst continuing the funding as a matter of urgency. Nevertheless, we give fair and due warning that the government may not have adopted an appropriate or proper mechanism. We hope we are wrong, but we give due warning to the government that they may well have, by failure of preparation, adopted a mechanism which is not optimal.

Having said that, we will not stand in the way of this bill because we support its objectives, we support the chaplaincy program and we support the underlying principle. We believe that this program is outstanding and we will ourselves remain committed to the program for, in my judgment, the next 30 years, 50 years and beyond. I think we have a permanent element in the architecture and landscape of our school system, and for that the parliament should be a little bit proud.

Mrs MARKUS (Macquarie) (18:59): I rise to speak to the Financial Framework Legislation Amendment Bill (No. 3) 2012, which the Attorney-General has presented as an urgent response by the government to the High Court's decision in Williams v Commonwealth that was handed down last week. That decision found that funding for the National School Chaplaincy and Student Welfare program was beyond the executive power of the Commonwealth as it was not supported by legislation and, therefore, was
viewed as not a valid exercise of the executive power of the Commonwealth under section 61 of the Constitution.

Can I say at the outset that the coalition strongly supports the chaplaincy program and—as has been mentioned by the member for Flinders—the member for Flinders, the member for Bowman, the then member for Wakefield and I approached the Prime Minister, John Howard, in 2006 on this. This was an initiative and an idea that was supported by the coalition, and we met with the then education minister Julie Bishop. And of course we have seen over the last five or six years the growth in this program.

At the time it was initiated, there was a need—a gap in the ability of schools to respond, particularly to the broader pastoral care needs of school communities—and we have seen over past decades the increasing demand on school communities, on principals, on teachers and on school counsellors to respond to the complex needs that young people, their families and their broader communities face. As has already been mentioned by the member for Flinders, this program has indeed had an impact on young people. It has, in some instances, saved lives. And, while some of the results and the outcomes of the chaplaincy program and the work of the chaplains in school communities are not necessarily quantifiable, it is important that we recognise that today our young people face unique challenges.

The DEPUTY SPEAKER (Hon. DGH Adams): Order! Member for Ryan, you cannot cross between the Speaker and somebody speaking in the parliament.

Mrs Prentice: I apologise, Mr Deputy Speaker.

Mrs MARKUS: Our young people face unique challenges. There is the rise in bullying. We all know that there is a high rate of depression amongst our young people, and there is suicide. Programs like this provide an opportunity for someone who is working within the school community but is slightly separate to come in and provide relationships and networks. I know that much of the work of the school chaplains is very varied and they adapt to the needs of each school community, whether by working with school students to respond to bullying and running programs to combat bullying, or addressing times of grief when families and school communities experience loss. The impact of school chaplains in our school communities cannot be overestimated.

I would like to just note those schools in the electorate of Macquarie that are to receive funding for the 2012-13 financial year. They include a mix of government and non-government schools, high schools and primary schools. They are Blaxland High School, Kuyper Christian School, Mountains Christian College, Windsor High School, Windsor Park Public School, Bligh Park Public School, Blue Mountains Steiner School, Hobartville Public School, Richmond High School, Richmond North Public School, Wentworth Falls Public School and Wycliffe Christian School.

When this program was initiated, while there was a cry by many school communities to have it implemented, there were others who were not quite certain that it would have an impact. But now when I speak to principals and school communities that have had a chaplain for several years, they would see a huge gap in the response to the needs and issues that their school communities face if the funding were to be withdrawn.

To go back to the bill: the government's solution is to amend the Financial Management and Accountability Act 1997 to enable validation of the numerous Commonwealth programs and grants. Of course it is proposed to be done by
regulation. There are some 11 types of Commonwealth financial assistance grants and around 416 programs provided by the payment of Commonwealth moneys that are set out in the draft regulation with which the opposition has been supplied.

The coalition is extremely concerned about the legal validity of the government's approach, and I understand that the shadow Attorney-General requested that the Attorney-General provide legal advice of a confidential nature and this was refused. The opposition's concerns relate to the method adopted by the bill, the essence of which is to insert into the act a new section, section 32B, which supposedly will validate any grant or payment of Commonwealth moneys which may be identified by regulation. The opposition is not satisfied that this overarching form of statutory validation will effectively satisfy the constitutional lacuna which the High Court identified in the Williams case. The government's response to the High Court's decision to invalidate a particular program because it was established by executive action rather than legislation is to say that all programs are validated so long as they are identified in a regulation, and that regulation does not even have to be made by a minister; it can be made by an agency. It has been mentioned already in the debate that this response is, we believe, inadequate. The opposition has not been adequately consulted with regard to this bill, given that the chaplaincy program is supported in a bipartisan fashion. It is understood that the government does not ordinarily provide its legal advice to the opposition. However, this requires, in my view, a bipartisan approach. When Senator Brandis met with Ms Roxon yesterday afternoon I understand that the opposition was promised a draft bill by late in the evening. However, this was not forthcoming until this morning, and a further draft was provided later. This, given the time limit and the opportunity for us to examine all the programs that are in the regulations, provides us with some challenges.

The opposition understands the government's desire to move urgently in order to validate these various program payments; however, we seriously doubt the legal efficacy of the government's methodology. Despite the disappointment that the government has failed to consult adequately with the opposition in a timely manner, we will not stand in the way of the issue at hand being addressed by the parliament. We will not oppose the bill.

The coalition supports most of the programs set out in the draft regulation, the chaplaincy program being one. However, it is important to place on the record that the coalition's willingness to allow this bill passage through the parliament does not indicate support for every individual program specified in the bill. Each program set out in the draft regulation needs to be examined carefully. I therefore support the amendment moved by the member for Stirling to introduce a sunset clause. This will allow time for the programs that are in the bill to be examined carefully and in detail.

I conclude by saying that the chaplaincy program in and of itself is a vital program that adds value to our school communities. While I have noted that there are reservations amongst others, we have moved an amendment which I would hope that the government would support. It is my view that, while this bill may not be legally effective, we are supportive of the intent.

Mr RAMSEY (Grey) (19:10): I rise to speak on the Financial Framework Legislation Amendment Bill (No. 3) 2012, which has of course been brought to this House because of the decision of the High Court last week in Williams v
Commonwealth, which found that the School Chaplaincy and Student Welfare Program was being funded incorrectly, let us say. I am very disappointed with the High Court decision, even though I would not criticise the legal framework on which it was made. But I am more disappointed that the case was ever brought in the first place. I do not know Mr Williams—or it may be Mrs Williams, for all I know—but I am disappointed because I think that Australians generally approve of the program, approve of the Commonwealth being able to fund many programs around Australia directly and believe it is the role of government to do so.

One of the reasons that the community generally supports the school chaplaincy program so strongly—and I note that those who criticise the school chaplaincy program may not be happy that the chaplains come from a religious background—is that, although in the census just delivered to us, 22.3 per cent of Australians profess to have no religion at all and many more class themselves as non-practising Christians, enrolments in our independent and our religious school systems continue to climb. While people may not be actively religious, or may have no religious belief at all, they are looking for that stability that perhaps they look back on their childhood to and realise that that was an Australia we used to have. They are very keen to hang onto some of those tenets underlying the Australian way of life, and they have a very strong belief that they want those tenets to continue in the future. That is why I think the chaplaincy program in particular has been so successful and so well supported.

The program was introduced by the Howard coalition government in 2007, and those of us on this side are very proud of the whole school chaplaincy program and are strong supporters of it. It enables schools to employ part-time school chaplains for the purpose of providing pastoral care and non-denominational spiritual guidance to schools. There are 2,700 schools currently participating in this program and there is a new round that has just been proclaimed in the last few weeks. While there were times on this side of the House we doubted the government's commitment to keep this program going, I congratulate them for doing so—for seeing the value of it and for keeping it going within our schools. I have about 130 schools within my electorate, so I cannot visit them all regularly, but I try to visit as many as I can, and a number run school chaplaincy programs—and, boy, they are keen on them! The parents are keen on them and the kids the chaplains interface with are keen on them as well. I have never had a complaint about a school chaplain plugging a religious philosophy into our children. They are just providing good, caring support, and I congratulate them on the work they do. However, there has just been a round of approvals and it gives me the opportunity while we are speaking on this bill to raise one application I am particularly disappointed with. In 2009 Navigator College, a Lutheran school, opened its doors in Port Lincoln, with 118 students. By 2011 it had increased to 300. This year it has 360 and it is expected that that enrolment will continue to rise. It has been a spectacular success. Navigator College provides another choice, contributing to the diversity in education for students and families of Port Lincoln and surrounding districts and Eyre Peninsula as a whole. The curriculum offers extensive programs to students, giving them the opportunity for spiritual and moral growth, service and social involvement, and individual excellence in a range of learning areas. I was particularly pleased to visit the school because it has a great feel when you walk in and it is obvious they are doing a good job. The parents are voting with their
money and making choices by sending their children to the school.

But it has a number of problems like many schools and it would dearly like to access the school chaplaincy program. In the early part of this year the school council made the decision that they would apply and they applied online, as they must. They were extremely disappointed when they found that they were unsuccessful. They made some inquiries with DEEWR as to why their application was unsuccessful. It is here it gets interesting, because it appears that sometimes the bureaucracy fails us. Sometimes public servants do not exactly do what they need to do. I think in this case we have a clear failure.

I am reluctant to name the people involved and I won't—from the Public Service level at least—but I am reminded of an old friend of mine, the Hon. Graham Gunn, who served for 39½ years in the South Australian parliament, when he told a tale to me of speaking to a public servant down the phone, saying, 'You must remember you are a public servant. That is, a servant of the public; you are not meant to be a public hindrance.' I wonder whether in this case it should be more than sufficient. It should be quite simple to find out what has failed with this application. If we can find out what has gone wrong with the application I would ask that the minister take an interest in the issue and make sure the application was dealt with as it should have been on the first day. I am looking forward to speaking to the people at Navigator College and hoping they will get better service in the future. I hope this is just a glitch and that it can be overcome, because they, too, want to make use of this excellent program that in fact both sides of parliament support and that has been threatened by this High Court decision.

On Thursday, 31 May I asked Senator Brett Mason to bring this up at Senate estimates. He asked a number of questions and the department took them on notice. We are a month further down the track. I know a month is not always enough time to get a clear answer out of a government department, but I think in this case it should be quite simple to find out what has failed with this application. If we can find out what has gone wrong with the application I would ask that the minister take an interest in the issue and make sure the application was dealt with as it should have been on the first day. I am looking forward to speaking to the people at Navigator College and hoping they will get better service in the future. I hope this is just a glitch and that it can be overcome, because they, too, want to make use of this excellent program that in fact both sides of parliament support and that has been threatened by this High Court decision.

We do support the government in this case—with this fairly rushed legislation it must be said. A number of my colleagues have raised some of the issues and we have had very little time to look at the legislation. While I am not a lawyer—even though I am sure my mother may well have wished that I were—others far more learned than I have looked at this legislation and have at least raised some issues about where they believe it may have been drafted very hastily. In that
mind, the department and the minister should have known well that this case was in the High Court—the rest of Australia did—and made some preparation for the possible outcome.

We hope that the government has got the legislation right. Their track record would suggest that not everything they have done has been 100 per cent right. For instance, the NBN was apparently designed on the back of a coaster in an aeroplane and we have had a few other issues like the East Timor solution that was hastily put together.

The DEPUTY SPEAKER (Hon. DGH Adams): Order! I ask the member to come back to the bill.

Mr RAMSEY: Certainly, Mr Deputy Speaker. So I hope that in this case this legislation has been put together in a thorough manner and that we will not have to revisit it in the near future. I understand that my colleague the member for Sturt has moved an amendment to say that it should contain a sunset clause so we can reconsider it at a later stage. Should that amendment be unsuccessful, though, we would be supporting the government because it is very important that this program continue.

Mr McCORMACK (Riverina) (19:21): The Attorney-General has presented the Financial Framework Legislation Amendment Bill (No. 3) 2012 in urgent response to the landmark High Court Williams v The Commonwealth decision last Wednesday. That ruling declared funding for the National School Chaplaincy and Student Welfare Program, something the opposition supports, was not supported by an act of this parliament and therefore beyond the executive power of the Commonwealth. The High Court's decision was based on section 61 of the Constitution. The High Court invalidated only the chaplaincy program. This is at present the only Commonwealth measure affected by this ruling.

The chaplaincy program was implemented in 2007 by the Howard government and was playing a positive and worthwhile role in public and private schools, offering schools up to $20,000 a year to introduce or extend chaplaincy services. The fact that we live in a society in which a country's High Court overturns federal funding of a school chaplaincy program—often the only service of that sort and often offering care, counselling, guidance and support to troubled children—quite frankly beggars belief. I appreciate the need for a legal framework, but it is disappointing. In some instances the chaplaincy program has saved young lives. The kids using the school chaplaincy program can and often do come from broken homes—homes beset by trouble and strife, by alcohol and by abuse. They were and are young people in crisis. It makes you wonder what forces are at work in this country who would not want Commonwealth-funded school chaplains to help children in need in their difficult adolescent years.

The Williams case has sounded loud and long alarm bells. The verdict by those justices who comprised the majority in the matter has huge potential ramifications for other Commonwealth programs which depend upon the exercise of the executive power without the necessary statutory authorisation. A can of worms has been opened. Where does this place so many other federal appropriations for roads or other school initiatives? The list goes on. The solution put forward by the government is to amend the Financial Management and Accountability Act 1997 to enable validation of a large number of Commonwealth grants and programs. In total, 11 types of Commonwealth financial assistance grants and 416 programs relying on Commonwealth
assistance are included in the draft regulation supplied to the opposition.

The opposition is not convinced that the overarching statutory validation will be enough to satisfy those legal terms which the High Court decreed in the Williams case. The Williams case was conducted to determine, in essence, that the executive cannot spend money without legislative authority and parliamentary scrutiny. It is hardly sufficient, we feel, for the government to come up with a schedule of appropriations and merely deem them to be valid. The government’s approach to a High Court ruling to invalidate a particular program because it was established by executive action rather than legislation is to say that all programs are fine provided they are specified in a regulation. Further, that regulation does not have to be made by a minister but can be delegated to any officer, no matter how junior, of any agency. This seems neither adequate nor appropriate.

The government has not been entirely forthcoming with the opposition in talks about this important issue. Understandably, and sometimes regrettably, the government does not always readily provide its legal advice to the opposition, even on a confidential basis. A case in point of this was the reluctance of the Minister for Sustainability, Environment, Water, Population and Communities to disclose the findings of the Australian Government Solicitor in relation to the Water Act 2007. There had been intense lobbying of the minister after the original Murray-Darling Basin Authority guide was released on 8 October 2010 to see if the AGS could determine that the act would in fact allow for a triple bottom line approach of economic, social and environmental outcomes in any final basin plan. The minister ducked, dodged and weaved and finally produced a 10-page summary, though the AGS advice ran, as I understand to more than 1,000 pages. The water debate continues.

This particular bill ought to be a bipartisan issue because ultimately its consequences will eventually affect both sides of the political divide. In some ways the opposition enters this debate without being privy to all the information which should be on the table to ensure transparency and confidence that what we are doing will benefit whichever government occupies the treasury bench in the future. That said, we will not oppose this bill. Most of the programs laid out in the draft regulation are supported by the coalition, including, of course, the chaplaincy program.

This bill may well fail to satisfy the requirements set out by the High Court in the Williams case. Each of the particular programs contained in the draft regulation will need to be looked at in detail, and it could well be that some of them will need to be on a surer legislative footing than this bill establishes. Because of this, the opposition has an amendment to add a sunset clause of 31 December this year to provide both the government and the opposition with time to consider the matter in more necessary detail in light of the High Court ruling and to return to the parliament in the next sittings more all-inclusive and wide-ranging legislation which meets the constitutional concerns raised by the High Court in relation to particular grants and program payments.

Mrs PRENTICE (Ryan) (19:27): I rise to speak on the Financial Framework Legislation Amendment Bill (No. 3) 2012, which responds to the decision handed down by the High Court on 20 June 2012 in the Williams case. Of great concern is that the High Court decision invalidated the national school chaplaincy program on the basis that it was not supported by the executive power of the Commonwealth. Successive
governments have proceeded on the basis that no specific legislative authorisation was required for programs over and above the appropriation acts. However, in Williams a majority of the High Court held that legislative authority is necessary for some spending. Hopefully this bill provides the necessary legislative authority. I do not pretend that in the short time we have had I have examined the legislation in detail. However, I will accept the Attorney-General's commitment at face value. Spending programs may be at risk despite the fact that money has already been appropriated by the parliament. This bill should ensure that the parliament's intentions on appropriate funding for programs are given effect.

The programs supported by the bill include the National School Chaplaincy and Student Welfare Program. This program, introduced by the Howard government in 2007, is widely supported for its assistance for students. The national school chaplaincy program is such an important part of our school education system, providing vital support in an environment that places ever-increasing pressure on both students and teachers. In the lead-up to the 2010 federal election, Prime Minister Gillard promised that the program would not be secularised, yet recent government announcements regarding the program do exactly that. The truth of the matter is that the chaplaincy program is not a religious program. I have spoken previously in this place about chaplaincy, particularly of the journey of a teacher who transitioned into chaplaincy as she saw the importance of helping students with deeper issues.

The High Court did not find that the chaplaincy program was unconstitutional because of section 116—that is, the separation of church and state. The decision was based on section 61 of the Constitution, which confers executive power on the Commonwealth. The court in its decision declared that the government did not have the power to enter into funding arrangements for chaplaincy. As Chief Justice French said: The character of the Commonwealth government as a national government does not entitle it, as a general proposition, to enter into any such field of activity by executive action alone.

Thus this legislation is required, and I am very pleased that it will pass with bipartisan support.

Tim Mander, the member for Everton in Queensland, was the former CEO of Scripture Union Queensland, and he has estimated that should funding of the school chaplaincy program be cut up to half of the school chaplains would be lost overnight. There are more than 500 chaplains operating in 600 state schools across my home state of Queensland and the initiative is strongly supported by parents, teachers, the community and students alike. As of August this year Mr Mander had already received 30,000 statements in support of the chaplaincy programs. Hearing the stories of students who are currently benefiting and who have benefited from chaplaincy programs in our schools makes it easy to see why chaplaincy contributes so much to society.

Chaplaincy and pastoral care have long been adopted and accepted by schools and the wider community as services that transcend religion. They provide support and lend a listening ear to students in need. We all went through high school and we all know the troubles we faced then, but there are myriad further pressures placed on students today. Furthermore, more and more is being expected of teachers who are already overworked. Chaplains provide an extra service in our schools to help deal with these pressures and have the opportunity to support students with deeper issues.
I take this opportunity to commend one of the chaplains at my local state school who has decided that part of his role will be to make sure the audiovisual equipment always works effectively. I know many members in this chamber will know that is always the first thing that fails whenever anyone is trying to put on a program at a school or local function. This particular chappie has encouraged those students who are perhaps a little marginalised to work with him and help him. Students who were perhaps not as popular as others are now supporting the most popular students—the ones who play in the band and perform in front of their peers—and have become part of the group, therefore embracing everyone into the success of the school project. Once again, there is no religion involved; it is all about inclusiveness and supporting students who may otherwise be marginalised.

Chaplains have a distinct and defined role, and it is so important. They are there to provide comfort and support at a critical time in a child's life. It is far better and more effective to have resources in our schools to try to address youth issues when they are prevalent and to have programs in place to prevent larger and more serious problems from developing. Let us not be short-sighted: remember, the right help at a crucial moment in a child or a teenager's life can prevent a lifetime of problems which can be much more costly to our society.

Furthermore, chaplaincy is not limited to schools; chaplains have long held roles with emergency service organisations, defence forces, hospitals and professional sporting teams. The notion of pastoral care for the development of a young person is highly valued by our community, with schools and university residential colleges in particular proudly promoting this service as a benefit of their institution. It is also highly important to note that the national chaplaincy program is optional for schools, and that federal funding is only $20,000 per school. That is not enough to fund a chaplain. This means that a great deal of support for a chaplain in a school must come from the community, as only approximately two-thirds is covered by the government. This has led to a type of government-community partnership for local chaplains and has provided a great deal of community cohesion around the chaplaincy program. From this, it is easy to see why in 2009 a national survey indicated 98 per cent of responding school principals who had a chaplain on campus said that they wanted their program to continue.

Chaplains provide a vital support service in a time when mental health issues are causing huge concerns around Australia. While suicide contributes to just 1.5 per cent of deaths in Australia it is disproportionately high in our youth. Twenty-four per cent of deaths for males aged 15 to 24 in 2009 were suicide. This statistic is heartbreaking, and it is a worrying sign that we are failing our youth—the future of our nation. School chaplaincy testimonials from students around the country have attributed chappies to helping them beat their demons and grow into the successful, contributing and, most importantly, happy young people that they are today. I have heard their stories and I take this opportunity to put on record my support for chaplaincy services.

It is far better and more effective to have resources in our schools to try to address youth issues when they are prevalent and to have programs in place to prevent larger and more serious problems from developing. Let us not be short-sighted: remember, the right help at a crucial moment in a child or a teenager's life can prevent a lifetime of problems which can be much more costly to our society in the longer term. I support the bill before us today as a way to continue funding not just the chaplaincy program but
also the hundreds of other well-deserving different programs that could also be affected by the High Court's decision. I know the member for Forde will shortly speak in support of this as well. However, just as the opposition is giving bipartisan support—basically sight unseen—of this hasty legislation, I do believe the government should return our trust and support the opposition's call for a sunset clause of 31 December this year. By supporting the member for Stirling's amendment, together we can achieve the right outcome.

Mr FLETCHER (Bradfield) (19:37): I am very pleased to rise to speak on the Financial Framework Legislation Amendment Bill (No. 3) 2012. This bill is before us because the Commonwealth has a problem in relation to the constitutional validity of its funding for the chaplaincy program and indeed for a whole range of other programs. In the time available to me I want to make three points about the bill which is before the House. The first is the point that I have just mentioned, that the Commonwealth has a problem following the High Court's decision in Williams v the Commonwealth. Second, I note that the Commonwealth has in the bill before us today a purported solution, but the opposition has significant doubts as to the effectiveness of the solution and whether it will in fact address the constitutional problems which have caused the High Court to find that the existing funding mechanism is invalid. Third, the opposition is prepared to cooperate with the government in seeking to find an urgent solution to this problem, notwithstanding our well-founded doubts as to whether the government's mechanism actually works. But we are also proposing a sunset clause so that this emergency mechanism will be subject to review at the end of the year, which will allow a period within which a more considered approach can be developed and pursued.

I turn firstly to the proposition that the Commonwealth has a problem. The problem is that the Commonwealth has historically used a mechanism to fund a whole range of programs, including the school chaplaincy program, which, according to the High Court's recent decision in Williams v the Commonwealth, is not a valid mechanism. The mechanism that the Commonwealth has used to fund this program and many others is not the traditional mechanism of passing legislation to establish the program and in doing so taking care that in so legislating the parliament is legislating within one of the areas where it has authority granted to it under the Constitution. That is not the mechanism that the Commonwealth has chosen to use to fund the school chaplaincy program or indeed a whole range of other programs. Instead, the mechanism that the Commonwealth has used to fund this particular program and a range of other programs is to rely upon section 61 of the Constitution as it claims authority for the executive government to spend money on a whole range of programs which have not been specifically legislatively authorised by the parliament. Section 61 reads that:

The executive power of the Commonwealth is vested in the Queen and is exercisable by the Governor-General as the Queen's representative, and extends to the execution and maintenance of this Constitution, and of the laws of the Commonwealth.

The High Court case and its decision released last week found that, in the absence of express statutory authority, section 61 does not empower the Commonwealth in this specific case to enter into the funding agreement with the Scripture Union of Queensland or to make the payments, the validity of which were challenged in the case by Mr Williams.
Further, a majority of the court held that the Commonwealth's executive power does not include a power automatically to do anything that the Commonwealth parliament could authorise the executive to do. That is to say, it was argued by the Commonwealth in the High Court case that, although there was not specific legislative authorisation for the funding of this program, the way that the Constitution works, so the Commonwealth argued in the High Court, was that if the parliament could validly have legislated to establish a program such as the school chaplaincy program then section 61 gives sufficient power to the executive to fund the program. That is the proposition that the Commonwealth put to the High Court and that is the proposition that the High Court has expressly rejected in the decision handed down last week.

You will see that there are two distinct levels of questions which present themselves here. The first is the question as to whether the chaplaincy program, had it been authorised by specific legislation made by the parliament, would have been constitutionally valid. On this point I am reminded of the mantra drummed into constitutional law students at the University of Sydney by Professor Pat Lane. Professor Lane drummed into all of our heads the mantra that the Constitution, and particularly section 51 of the Constitution, grants to the Commonwealth enumerated specific powers—in other words, if legislation is to be valid it must be based on one of the specific powers granted in the Constitution. So the first question which presents itself in any analysis is always: is the legislation made by the Commonwealth valid because it is based upon specific powers granted in the Constitution? But in this case we do not even get to that first question, because the Commonwealth has failed at the second level. The Commonwealth, or specifically the executive, has spent the money on this program without ever bothering to get legislative authorisation. There is no act which has been passed which authorises the School Chaplaincy Program or its funding apart from the general annual appropriations bill. It is uncontentious that that bill, of itself, is not sufficient to grant the constitutional authority for this particular program. So the Commonwealth has failed to secure legislative authorisation because there is no act having passed the parliament which specifically authorises and enables the School Chaplaincy Program. The Commonwealth, or particularly the executive, has sought to rely upon section 61 of the Constitution and has argued to the High Court that this gives it power to fund the chaplaincy program because, had the parliament chosen to legislate, it would have been validly exercising its power to do so.

As I indicated, that second question might well be one which is susceptible to careful analysis. It cannot be taken for granted that the answer to that question is that the Commonwealth or the parliament would have had the power. But in any event it is uncontested that the parliament did not so legislate. The executive purports to rely on section 61 and the High Court has held that that is not a valid basis for the payments which the executive branch of the cobbled government is making. Therefore, there is, on the present state of the law, no constitutional validity, no legal authorisation for the money the Commonwealth is presently paying to fund the School Chaplaincy Program. Moreover, the same mechanism has been used in respect of a whole range of other spending programs and the High Court's decision means that all of those programs are also equally suspect.

The second point I wish to come to is that the Commonwealth and the government have put before the House this evening a bill
which purports to offer a solution to this program. The essence of the solution is contained in the proposed new section 32B of the Financial Management and Accountability Act. In essence, what that proposed new section says is that if the Commonwealth would not but for the new section 32B have the power to make a payment then the Commonwealth will have the power if it has separately authorised that program by regulation.

The opposition is deeply sceptical that this mechanism actually works to get around the constitutional problem which the High Court has identified with the current funding mechanism. The first reason we are sceptical it will work is for some curious reason the drafting approach has not been to say 'this act authorises the following programs'. Instead, for some curious reason, the drafting approach is to say this act authorises the minister to make regulations and then goes on to say—we are also told—the regulations will authorise a range of programs including the chaplaincy program. That squarely brings into question the very issue upon which the High Court struck down the current approach to funding, which is that it involves the use of executive power. It involves a decision by a minister to make regulations rather than an enactment by the parliament that the programs are authorised.

Secondly, there is, as usual, the question about whether there is specific constitutional authorisation for the parliament to pass section 32B. That comes back to the point I made previously—drummed into constitutional law students at Sydney University—that the parliament has the power to pass legislation which is authorised by one of the enumerated specific powers in the Constitution. If there is no constitutional authorisation for the passing of the legislation then the legislation is not constitutionally valid. There is a separate question as to the validity of proposed section 32B because of its breadth and because what it purports to do is allow, through the making of regulations, the authorisation of expenditure across any area that a minister may choose to make regulations about, which begs the very question: are those programs in turn valid because they fall within the areas that the parliament is authorised to legislate about?

One of the other odd features of this legislation—having only perused it in the last hour—is that what it effectively does is establish a laundry list of all of the programs which the government thinks are constitutionally vulnerable, all of the programs which could now be challenged in light of last week's High Court case. That causes me to at least speculate that what we may well see is a series of challenges mounted to individual programs, because a very strong signal has been given that these individual programs are considered by the government to be constitutionally dubious.

The third point I wish to make is that the opposition intends to cooperate with the government because we recognise the urgency of this issue. A program which we support, the chaplaincy program, is presently without a legally valid basis for funding. So too are a range of other programs we support as well as a whole range of programs we do not support. The reality is that we have not had time to consider in detail this legislation and we have not had time to consider in detail all of the programs which are listed in the bill as being ones that are intended to be the subject of the regulations which the government presently intends to make. We are somewhat surprised at the lack of cooperation we have received from the government and, particularly, the lack of willingness of the government to share with the shadow Attorney-General the government's legal advice, which it has
presumably obtained, underpinning the drafting approach it has chosen to take in this bill. We are also quite properly wary of granting executive government a major new expansion of spending powers that would be the effect of this bill, particularly in light of the fact that the High Court has just found that granting the executive carte blanche as to spending in the absence of a specific legislative authority is something that it finds to be unconstitutional. We on this side of the House have had very little time to consider the government's bill and very little time to engage in detailed analysis. We have, as I have indicated, significant reservations about whether the drafting mechanism which is used here is in fact constitutionally valid. Our proposed way forward is to move the amendment which has been foreshadowed by the member for Stirling and which would insert a sunset clause so that the effect of this bill would expire on 31 December this year. This would give both the government and the opposition additional time to consider a long-term and more sustainable solution to this problem. In the interim we are prepared to support the government's approach here, although we do note we have significant reservations as to whether as a matter of law it is actually going to work.

Mr OAKESHOTT (Lyne) (19:52): I rise to support the Financial Framework Legislation Amendment Bill (No. 3) 2012. I appreciate the meetings that have taken place over the last week since the Williams case came down. I appreciate several direct meetings with the Attorney-General herself and put on the record my appreciation for that. I also appreciate government allowing access to the acting Solicitor-General to work through several issues in relation to this and to provide clarity on the significance of the Williams case of last week and the range of options for response. In my view, in light of that, of the options available and the width of the potential application of the High Court findings, this is a sensible response in the short term. For that reason I support it. I do not support the amendment proposed for a sunset provision to have effect on 1 January 2012 and I am not exactly clear as to the reasons that assists in any way.

The only other comment I wanted to make was in relation to the Williams case itself. Over the course of the last week I can confirm having heard a lot of mumbling in this place at various levels about that judgment—less shock and more surprise and frustration that existing processes do not seem to have adequately satisfied tests for the Constitution and, by extension, the High Court. In particular there have been a range of conversations of surprise from executive members of this place that the appropriation bills do not satisfy the tests of parliamentary judgment. I will probably add to that mumbling this evening, as I have in various conversations, by putting on the record that I think this is both a considered and an inspired decision by the High Court. I would hope that it adds to the cultural shift in our institutions and marks a return to the importance of this chamber, the parliament and the parliamentary process and a reaffirmation of the states and the foundation blocks upon which this place and the whole concept of the Commonwealth are built.

For the High Court to have found in the way they have is, I hope, a timely reminder and an establishment of a pathway for the future for political parties and for all in this chamber to recognise that you do not just get elected to get control of the Treasury benches and you do not just get elected to get control of the executive; there is an awful lot more in our responsibilities when elected. First and foremost they are to this chamber and to the parliament. So I am one probably at the moment in the minority who think this has been an inspired reminder for all of us in
this place that our obligations first and foremost are to the processes of the parliament itself.

In my view the Williams case will now establish two very clear paths for the future for anyone involved in the executive. One is through parliamentary processes and very clearly defining any grant programs through the parliament itself. The second one is by agreement with the states. If there is anything in this ruling, it is at its very heart saying to all of us, 'Respect this chamber, respect this parliament and respect the role of the states in the delivery of programs and services to communities.' If that is the message that we have to deal with when cleaning up, I think it is an inspired and considered decision by the High Court and I hope it is one that all members in this chamber reflect upon in their various roles, whether as backbenchers or executive members of government.

**Mr ROBERT (Fadden) (19:58):** I love going to schools—especially primary schools—where children are eager to talk of hopes, dreams and aspirations. I am always presented with a rich tapestry of ambition, divergence of views and the great Australian sense of humour, though I am also at times confronted with challenges: despair, kids dealing with a whole range of issues, children from unhappy homes, children with challenging behaviour. I have one school in my electorate that is amazing. The programs they are doing are magic stuff, but 25 per cent of their kids are at risk of harm at home and in the community.

My wife was a high school teacher before starting a family. She once said that, out of her 27 or so kids in the classroom, fewer than 10 actually still had a mum and dad at home. Whilst making no comment upon the societal impact of family breakdown, I think it is fair to say in this House that that has an effect on our kids. This was the environment where a number of inspired members of parliament, Mr Hunt, Mr Laming and others, worked with Prime Minister Howard and with Minister Bishop to put in place the chaplain school program. Communities were encouraged to establish local chaplaincy committees to fundraise for the extra days from the initial two days that were provided under Commonwealth funding. It was a fabulous program. It was a crucial service in our schools and I still believe it is a crucial service in our schools. Our schools for the most part loved it.

A few years ago a national survey of the effectiveness of chaplaincy in government schools—not independent schools but government schools—was undertaken by Dr Philip Hughes of Edith Cowan University and Professor Margaret Sims of the University of New England. The research those few years back found that 92 per cent of government school principals felt it was highly important to continue to have chaplains. Seventy-three per cent of students surveyed felt their chaplain was highly important in their school. The majority of staff and parents interviewed were concerned about whether there would be ongoing and continued funding for chaplains. Considering the glowing reports it is not surprising that, in the fortnight leading up to the survey done by Edith Cowan University and the University of New England, 95 per cent of chaplains reported dealing with behaviour management issues, 92.5 per cent reported dealing with bullying and harassment, 92 per cent reported dealing with peer relationships and loneliness, 91 per cent reported dealing with family relationships and 85 per cent reported dealing with students' sense of purpose and sense of self-esteem.

All in all, I think we can say with some certainty that the jury is in, it is a unanimous verdict, chaplains are fundamental to our
school community. The vast majority of those involved in the chaplaincy program believe it is of great benefit to our schools. And keep in mind that the research I just read out was from government schools only, not independent schools. It is pleasing to see that the government recognises a fundamental need to maintain chaplains in our schools. I am pleased that they have sought to respond and to respond quickly.

The Financial Framework Legislation Amendment Bill (No. 3) 2012 as presented by the Attorney-General is an urgent response by the government to the High Court's decision in Williams that the Commonwealth handed down last Wednesday. The High Court decision found that funding for the National School Chaplaincy and Student Welfare Program, or the chaplaincy program—which we support—was beyond the executive power of the Commonwealth because it was not supported by an act of parliament, and therefore was not a valid exercise of the executive power of the Commonwealth under section 61 of the Constitution.

The Commonwealth program which the High Court decision invalidated was the chaplaincy program only. No other comment was made on other programs by the court. However, the language and reasoning of their justices, who comprised a majority in the Williams decision, has potentially far-reaching implications for other Commonwealth programs which rely upon the exercise of executive power without appropriate statutory authorisation. The solution provided by the government is to amend the Financial Management and Accountability Act 1997 to provide for the validation of an enormous number of government programs and grants. This is proposed to be done by regulation. In all, 11 types of Commonwealth financial assistance and 416 programs providing for the payment of Commonwealth moneys, as set out in the draft regulation, has been supplied to the opposition.

I join my opposition colleagues in saying that we have quite significant concerns about the legal validity of the approach which the government has adopted. I should also record that the request by the shadow Attorney-General Senator the honourable George Brandis SC to be provided with a copy of the Commonwealth's legal advice on a confidential basis was, unfortunately, refused by the Attorney-General. The opposition's concerns relate to the method adopted by the bill, the essence of which is to insert into the Financial Management and Accountability Act the new section 32B which purports to validate any grant or payment of Commonwealth moneys which may be identified by regulation. The opposition is far from satisfied that the umbrella form of the statutory validation is effective to satisfy the constitutional dilemma which the High Court identified in the Williams case.

The coalition are seeking to work with the government on this. In fact I was the shadow minister at the desk when the motion was put for the second reading and the urgency required to debate the bill today. We come with good faith. It would be nice to have the good faith replicated in providing the advice for Senator Brandis to have a look at.

In terms of where the government is going, I am pleased they are supporting the program. It is a big change from the Kevin 07 campaign when the chaplaincy program did not even rate a mention. It is a big change from the early days when the Australian Education Union Victorian President Mary Blewett was quoted in the Herald Sun on 14 January 2008 as saying:
The overwhelming majority of government schools didn't go near the program.

…… …
Given the multicultural mix in many government schools, to go down the path of the chaplaincy program would have been incredibly divisive. We have come a long way since those comments by the education union. Probably no-one told her that in Queensland alone 81 per cent of government high schools a few years ago had a chaplain.

The numbers speak for themselves. The support in the parliament speaks for itself. I simply ask the government to work with the coalition to assist the shadow Attorney-General as he seeks to make a reasonable judgment on the issues surrounding the program, and I also urge the government to support the coalition's amendment that will be moved by the member for Stirling shortly.

Mr VAN MANEN (Forde) (20:06): To follow on from the contribution from the member for Fadden, one of the joys of going around the electorate and visiting our schools is that sometimes in those visits you get the opportunity to meet with some of the school chaplains. Some 31 schools, both primary and secondary, in the electorate of Forde have school chaplaincy in place. As the member for Ryan quite rightly pointed out earlier, the program provides some $20,000 a year in funding to the chaplaincy service. The remainder of the funds are required to be raised by the community, whether it is the P&C or, in the case of the Beenleigh region, a large fundraising dinner is held every year as part of the fundraising drive to raise funds for schools such as Beenleigh State High School, Eagleby State School, Windaroo High, Edens Landing and Eagleby South State School. These are all schools where the chaplaincy service is of enormous benefit not only to students, with the mentoring and support that those chaplains provide, but equally importantly to the staff and to the parents of those schools.

I am pleased to see that the government is taking steps to ensure that the funding for this program can continue, because in my community it is of enormous benefit and I am sure that for many other communities not only in Queensland but also in other states, that is equally the case. Right now in Queensland our 'chappies', as we refer to them, look after the needs of some 330,000 Queensland students and I think that it is fundamentally important that we continue to provide that service.

The Financial Framework Legislation Amendment Bill (No. 3) 2012 has been presented to the House by the Attorney-General as an urgent response to the High Court's Williams decision handed down last Wednesday, and I commend the government for the speed with which they have brought this bill before the House. The decision found that the funding for the National School Chaplaincy and Student Welfare Program—which, as the member for Fadden rightly pointed out, the opposition strongly supports—was beyond the executive power of the Commonwealth. We should stress that it was only the chaplaincy program which was invalidated in this decision. However, the language and reasoning of the justices brings into question a number of other Commonwealth programs. The solution proposed by the government is to amend the Financial Management and Accountability Act 1997 to provide validation for that broader range of programs, some 11 types of Commonwealth financial assistance grants and some other 416 programs that the Commonwealth currently funds.

Our primary concern is the broad umbrella approach that has been applied within this legislative framework, given that the High Court decision was quite narrow in its focus and related specifically to the chaplaincy program. Nor are we satisfied that the proposed section 32B, in its application to each particular grant or program payment, is supported by any of the section 51 heads of
power obtained in the Constitution. The whole point of the Williams case was to decide that the executive cannot spend public money without legislative authority and parliamentary scrutiny.

In the interests of not using up too much time in this debate and to have it finalised, the member for Stirling is going to propose an amendment that there be a sunset clause effective 31 December 2012. The purpose of this amendment is to ensure that we all have a period of several months to consider the matters raised in the High Court decision in greater detail and to bring back to parliament a more carefully considered and comprehensive bill which deals properly with the Constitutional issues raised by the High Court in respect of particular grants and government programs.

In conclusion, subject to the reservations we have raised and to the amendment which I have foreshadowed, the opposition will cooperate with the government to expedite the passage of the bill through both chambers, because we recognise the importance of the chaplaincy program not only to the students in our schools but also to the staff and parents in our school communities and the broader community.

Mr SIMPKINS (Cowan) (20:12): I do appreciate the opportunity to speak tonight on the Financial Framework Legislation Amendment Bill (No. 3) 2012. This bill, as we have heard, has come about as a result of the finding by the High Court last week. But we should be in no doubt at all about the value that the chaplaincy program has provided in the years since John Howard initiated it. Certainly within the electorate of Cowan, there has been great value added as well.

Across Cowan there are a number of schools that have benefited from the program and it is certainly the case that the fact the federal program has lacked the appropriate statutory authority required by the Constitution, as found in the decision last week, should be no limit to the continuation of the program and the great work that the chaplains do. At Alinjarra Primary School in Cowan, I acknowledge the long-term efforts of former chaplain Diane Norris. Chaplains are also in Ashdale Primary School, Ballajura Community College, Ballajura Primary School—Larissa is there—Creaney Primary School, Greenwood College, Halidon Primary School, Hawker Park Primary School—Helen is the chaplain there—Illawarra Primary School, Landsdale Primary School, Marangaroo Primary School, Neerabup Primary School, South Ballajura Primary School, Wanneroo Senior High School—with Zoë—Warwick Senior High School, which has Amy Donaldson, and Mandy Morton from Woodvale Secondary College. These are the schools within Cowan that have a chaplain. They do great work, and my office assists in fundraising for the chaplains along with the district councils of YouthCARE.

In Western Australia we have received in the last 24 hours two letters from YouthCARE, the providers of chaplaincy services. They obviously endorse the requirement for the action that the government has brought about with this bill and, as the opposition, we also endorse that action. We realise that despite concerns about some matters within the bill and the way it has been drafted, it is important that tonight, in the case of the House, and tomorrow, in the case of the Senate, we must move through and get these things down and get this bill fixed up to make sure that programs such as the chaplaincy program will survive. There has been mention as well of the amendment that the coalition wants to bring forward on this and that is a sunset clause. I certainly endorse that.
I would also like to raise the second letter that I have received from YouthCARE. YouthCARE have raised concerns about the program which are particular to the state and they have asked me to advance these concerns tonight. They have told me that the new program, the National School Chaplaincy and Student Welfare program—it is not so new now, it has been around for a while—had:

… imposed a minimum qualification for those employed as school chaplains under the program. While we are generally supportive of the intention of this provision we believe that the minimum qualifications imposed by the Commonwealth will create a distinct disadvantage for Western Australian public schools.

In Western Australia, as we know, it is difficult for employers to secure staff. YouthCARE wrote:

When this is combined with a very short time frame and limited access to training providers in some places, we are having very real difficulty in recruiting suitable chaplains who also have the minimum qualifications prior to their employment.

A further complication exists for us in relation to a number of schools that were not part of the NSCP—the original program—but have been awarded funding under the NSCSWP. In these schools, YouthCARE has been providing chaplaincy services for a number of years but officers of DEEWR refuse to allow these chaplains to be regarded as existing chaplains under the program, preventing them from taking steps to meet the qualifications requirements post employment.

The trouble with this is that:

This will deny those schools the services of a chaplain they have known and valued for some time because they do not have the minimum qualifications required by the Program.

YouthCARE wrote:

In the face of the Department's inflexibility in applying the Program Guidelines in respect of pre-employment qualifications for chaplains we would like to offer a solution. YouthCARE has a long-standing arrangement with the WA Department of Education that takes these matters into account. We have developed the most stringent selection process of all the states in identifying suitable school chaplains and a comprehensive program of post employment training specifically tailored to the demands of the job in WA public schools. The WA Department of Education shares the Commonwealth's concerns that chaplains be appropriately qualified, but is satisfied that the steps we have taken meet all these requirements.

Therefore YouthCARE seeks the support of the Australian parliament:

… in pressing home the view that where a state Department of Education has an existing arrangement with a service provider regarding the recruitment, training & development and supervision and management of the chaplains this should take precedence over the Commonwealth's Program Guidelines. These matters are fundamentally about risk-mismanagement and we believe—as I do—that the requirements of the State more than adequately protect the risk-concerns of the NSCWSP Program Guidelines.

I notice that the website of Woodvale Secondary College says their chaplain, Mandy Morton, is studying towards a degree in psychology. She already has counselling and other qualifications. That is a great example of someone working towards the qualifications and providing services as a chaplain. I think there is validity in the argument of YouthCARE that there is a requirement for greater flexibility so that schools can continue to receive the great services that the chaplaincy program provides.

It is not my intention to delay the House any longer with my contribution, but I would
like to thank Stanley Jeyaraj, the Chief Executive Officer of YouthCARE. My experiences within the electorate of Cowan with over 50 schools, many of which are involved with YouthCARE and have chaplains, mean that I strongly endorse the work of YouthCARE, the work of the chaplains and I look forward to the passage of this bill so that their funding can be guaranteed for the future.

Mr TUDGE (Aston) (20:19): This Financial Framework Legislation Amendment Bill (No. 3) 2012 before us is presented by the Attorney-General as an urgent response by the government to the decision of the High Court last Wednesday. That decision in the case of Williams and the Commonwealth found that the funding of the National Schools Chaplaincy Program was beyond the executive power of the Commonwealth and was therefore invalid. I should point out that it was not just the chaplaincy program which was deemed to be invalid but the reasoning implicit in the judgment of High Court judges was that many programs could also be deemed invalid for similar reasons to those by which the National Schools Chaplaincy Program was deemed to be so. Indeed, there are about 416 programs in jeopardy.

We need to respond to this High Court judgment quickly. We needed to do so efficiently. I commend the Attorney-General and the government for acting swiftly over the last week and bringing forward a proposal to try to deal with the High Court decision and make amends to it. I say this particularly because of the importance of the National Schools Chaplaincy Program. This is a program which I have strongly supported for many years. The Howard government introduced the program, in part due to the advocacy of Julie Bishop, Greg Hunt and Andrew Laming and other people within the coalition ranks who saw this as a great opportunity to provide additional pastoral support for schools, support that was identified by many and was seen as desperately needed. I am pleased that the current government also came to the table before the 2010 election and finally committed to the chaplaincy program, such that we now have bipartisan support for it.

There are now chaplains throughout Australia who are funded under this program. The funding provides for about two days of a chaplain's time to work in a particular school. Frequently, however, schools will do their own fundraising so that their school chaplain can be there full time. That is certainly the case in my electorate.

There are 24 schools in my electorate which have school chaplains. I have met many of them. I know all of the school principals and I can tell you that, universally, those school chaplains are incredibly valued and do immensely important work, not just with the individual students but with the entire families of those students. That is the real value of the chaplaincy program, that chaplains can reach beyond an individual student and beyond the school gates and assist the entire family at the same time. The structure of the chaplaincy program with the chaplains embedded in schools is also important because, while the chaplains report to the school principal, they operate reasonably autonomously and independently from the principal. So a student or parent can feel some comfort in approaching a school chaplain and seeking assistance without necessarily going through the formal hierarchical structure of the school, where the school principal obviously has broader responsibilities than just for the particular matters that students might want to see a chaplain about.

The member for Fadden pointed out that a survey, which was done during the review of
the chaplaincy program, found that 92 per cent of all government school principals surveyed were immensely pleased with the performance of the National Schools Chaplaincy Program and the role of the chaplains in their schools. It is a terrific program. It is one which we should continue. I am glad it has bipartisan support. This bill is aimed at securing the ongoing support for the chaplaincy program, and that intent, at least, is a very good thing.

My concern with the bill is not about the intent to secure the validity of the chaplaincy program and the many other programs which are outlined in the bill but, rather, about the mechanism used to do so. Our reservation is because the way it has been done is through a catch-all amendment to the Financial Management and Accountability Act—in particular, a proposed new section 32B which, in essence, purports to validate any grant that has previously not been validated. Proposed section 32B says that if 'apart from this subsection, the Commonwealth does not have power to make, vary or administer' a grant or payment and the grant or payment 'is specified in the regulations', then the Commonwealth has the power to make the grant or payment. We have concerns about the constitutional validity for this, in part because the whole reasoning of the court was to decide that the executive could not spend public money without legislative authority. Our concern is that this does not provide a sufficient legislative base to satisfy the court's test, so we have some grave reservations about whether or not this will be effective in addressing the court's decision.

A better approach would have been to provide a clear-cut legislative authority for each of the programs which are in jeopardy—that is, to introduce legislation to provide for the funding of the National Schools Chaplaincy Program and to introduce legislation to provide for all the other programs which are in jeopardy. Clearly, however, that is not practical in the time frame. We understand that, therefore we are going along with this provision hoping that it will be the solution to validating the programs which are in jeopardy. But we are moving an amendment which will provide a sunset clause on the operation of the proposed new section 32B, such that it expires at the end of this year. We believe that will be sufficient time for the government to properly and carefully go through each of the programs which is potentially in jeopardy and provide a proper legislative basis for them, rather than using this one catch-all clause in the legislation in front of us.

In conclusion, we commend the government for acting swiftly in this matter, but we have reservations about the mechanism which is used. We therefore suggest that a sunset clause be embedded in this bill which would give sufficient time for the government to provide the proper legislative bases over the next sixth months.

Ms ROXON (Gellibrand—Attorney-General and Minister for Emergency Management) (20:27): I want to briefly sum up and thank all the members who have spoken on the Financial Framework Legislation Amendment Bill (No. 3) 2012. I also thank members from both sides of the House and the crossbenches for their patience and understanding that this is a bit of an unusual process to be going through, particularly with the speed that is needed, given the decision was only handed down by the High Court on Wednesday and parliament is set to finish this Thursday for a period of time. We did not want any of the programs, particularly the school chaplains program, to be in jeopardy during that time.

I also thank people for acknowledging the over 400 programs and the importance of
various of those programs in people's electorates. It is the reason the government wanted to act quickly to make sure that there cannot be any question of the authority upon which we continue to fund those programs. I can put the member for Aston's mind at rest—I hope I have got my seats right: it is Aston?

Mr Tudge: Yes, Aston, in eastern Melbourne.

Ms ROXON: That is right, and eastern Melbourne is a long way from my home. To put his mind at rest, we have very clear advice that this regulatory process that is being used will be sufficient to provide legislative cover. There is longstanding recognition that regulations are a form of legislation. I understand from the response given by the opposition that an amendment will be moved. For the benefit of the House, I might just quickly address that so that when it is put we are able to act promptly. The suggestion is that a six-month sunset clause would, in some way, provide the government with time to carefully go through all of the programs again and look at another legislative option into the future. We have clear advice that this would essentially make this legislation meaningless. The advice is that it means that no contract that extends beyond that six-month period would be able to be entered into. So, as to the very program that most members of the House have spoken in such strong support of, which is the chaplains program, we would not be able to enter into agreements for chaplains—normally three-year agreements negotiated during the last six months of the financial year for those starting in the new educational year. That would not be an effective way for us to deliver certainty to the chaplains, the schools and other community organisations where contracts often go for a much longer period than just the six months that have been identified.

I need to indicate, as I have to the opposition spokesperson, that we will not be supporting that amendment. But I do thank the opposition for their support for this broader bill and for your assistance in having the debate today, and, again, for everybody's patience in dealing with this in a prompt time frame. I commend the bill to the House.

Question agreed to.

Bill read a second time.

Consideration in Detail

Bill—by leave—taken as a whole.

Mr KEENAN (Stirling) (20:31): I move the opposition amendment circulated in my name:

(1)Schedule 1, item 2, page 5 (after line 15), at the end of Division 3B, add:

32F Sunset provision

This Division ceases to have effect on 1 January 2013.

We support the intent of this bill, as has been made clear by coalition speakers who have come into this chamber at very short notice to voice their support for the chaplaincy program—a program that of course is very dear to the hearts of members on this side of the House. It was a program that we designed to make a difference, and it clearly has made a difference. I commend all the people who have spoken in support of that program, because we all know from our own electorates how important that program is.

But this bill goes way beyond that particular chaplaincy program. It goes to the function of executive power and the way that we fund programs, and that is why it is vitally important that, when we legislate around these matters, every parliamentarian has an interest in making sure that we get them right. It is very difficult for the opposition to know that we have got it right when we were given the bill at nine o'clock this morning—and that was not even the
We only saw the final version of the bill when it was tabled in the House at five o’clock.

We have concerns about the way the government has gone about achieving what we consider to be a laudable aim, and I would have thought it would have been much better if we had had more time to consider this, although of course I do appreciate the urgency that is attached to it. Given that we do understand there is urgency attached to it and we do need to provide some certainty, we were happy to have this bill passed. But we do believe that it is sensible to have a sunset clause within it so that the parliament can more fully consider these issues and make sure that we have got this right—that we have got the legislative underpinnings for these programs 100 per cent correct—particularly when the shadow Attorney-General has looked, in the very brief time that he has had, at this legislation and raised some serious concerns about the way that the government has gone about achieving its aims.

I do not really see why it is so difficult to allow the parliament to have some time to get this right. Perhaps the government could try and just do things properly for once—try and get away from their well-deserved reputation for complete and utter incompetence. We do need to get this right, and I would urge all members of the parliament who care about getting the legislative frameworks right to deeply consider what we are moving within this bill. It does make sense to have a sunset clause on it as that will allow the parliament to fully consider these issues. I would urge members to consider how they cast their vote on this amendment because we believe that it will allow the parliament to do exactly that.

---

The DEPUTY SPEAKER (Ms AE Burke): The question is that the amendment be agreed to.

The House divided. [20:38]

(The Deputy Speaker—Ms AE Burke)

Ayes ......................68
Noes ......................72
Majority.................4

AYES

Alexander, JG
Andrews, KJ
Andrews, KL
Baldwin, RC
Billson, BF
Bishop, BK
Bishop, JI
Briggs, JE
Broadbent, RE
Buchholz, S
Chester, D
Christensen, GR
Ciobo, SM
Cobb, JK
Coulton, M (teller)
Crook, AJ
Dutton, PC
Entsch, WG
Fletcher, PW
Forrest, JA
Frydenberg, JA
Griggs, NL
Haase, BW
Hartley, L
Hawke, AG
Hockey, JB
Hunt, GA
Irons, SJ
Jensen, DG
Jones, ET
Keenan, M
Kelly, C
Laming, A
Ley, SP
Macfarlane, IE
Marino, NB
Markus, LE
Matheson, RG
McCormack, MF
Mirabella, S
Morrison, SJ
Moylan, JE
Neville, PC
O’Dowd, KD
O’Dwyer, KM
Prentice, J
Ramsey, RE
Randall, DJ
Robb, AJ
Robert, SR
Roy, WB
Ruddock, PM
Schultz, AJ
Secker, PD (teller)
Simpkins, LXL
Smith, ADH
Southcott, AJ
Stone, SN
Tehan, DT
Truss, WE
Tudge, AE
Turnbull, MB
Van Manen, AJ
Vasta, RX
Washer, MJ
Wyatt, KG

NOES

Adams, DGH
Albanese, AN
Bandt, AP
Bird, SL
Bowen, CE
Bradbury, DJ
Brodie, G
Burke, AS
Butler, MC
Byrne, AM
Champion, ND
Cheeseman, DL
Tuesday, 26 June 2012

Legislative Instruments Amendment (Sunsetting Measures) Bill 2012

Report from Federation Chamber

Bill returned from Federation Chamber
without amendment; certified copy of bill presented.

Ordered that this bill be considered immediately.

Bill agreed to.

Third Reading

Ms PLIBERSEK (Sydney—Minister for Health) (20:44): by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

Superannuation Legislation Amendment (MySuper Core Provisions) Bill 2011

Second Reading

Debate resumed on the motion:

That this bill be now read a second time.

Ms HALL (Shortland—Government Whip) (20:46): I rise to support the Superannuation Legislation Amendment (MySuper Core Provisions) Bill 2011. The proposed bill implements the core elements of MySuper, the government’s election commitment to introduce a simpler, cost-effective superannuation product that will replace existing default products. The bill will enable authorised APRA-regulated superannuation funds to offer a MySuper product from 1 July 2013 and will make it mandatory for employers to make contributions to superannuation funds that offer MySuper products from 2013 in order to meet the superannuation guarantee requirement.

MySuper is a major reform stemming from the landmark Cooper review into superannuation. Part of the terms of

Chamber
reference of the Cooper review was for a comprehensive examination and analysis of the governance, efficiency, structure and operation of Australia’s superannuation system, including both compulsory and voluntary aspects. It was conducted around the concept of the best interests of the members and maximising the retirement incomes for Australians. Every member of this House knows how important superannuation is in achieving maximum retirement incomes for Australians. Particularly in a society where we have an ageing population, superannuation is becoming more and more important.

Also in the review’s terms of reference was a major emphasis on improving the regulation of the superannuation system, reducing business costs within the system, a systematic examination that included all superannuation fund sectors, having regard to the communique of principles for superannuation, and comparatively examining international jurisdictions and consulting with experts as needed.

The final report recommendation was provided to the government in June 2010. There has been ongoing consultation in relation to the report, which made the case for reform. The report contained 177 recommendations, including MySuper and choice of fund default arrangements, trustee governance, investment governance, transparency of fund operation, insurance arrangements and fees, prudential requirements, retirement products and advice, self-managed superannuation funds, and back office industry arrangements.

At the conclusion of the Cooper review and consultation, the government indicated that further consultation would be undertaken with stakeholders before the implementation of the reforms. So this legislation before us today has been developed following on from a review and in an environment where there has been maximum consultation with all parties. There have been some areas where there has been some disagreement. Obviously those on the other side of this House will always find something to disagree with, even when the legislation is going to really benefit the majority of Australians. On this side of the parliament we listen to what constituents say to us. We are very interested in designing products, policies and systems that are going to maximise the benefits to the people we represent in this parliament.

MySuper is one of those pieces of legislation. The bill before us today introduces the core elements of the MySuper reforms which the government committed to during the 2010 election. Many problems had been identified with the default system that had been in place. Being a government that was committed to reform and a government that wanted to maximise retirement benefits for Australian workers, we set about putting in place the MySuper reforms.

The MySuper products will be simple, cost-effective default superannuation products that will replace existing default products. This has been shown to be needed, because the current default products have many problems with them, and at the end of the day superannuation, as I mentioned earlier, is about maximising income in retirement. We believe that putting in place the MySuper products will maximise returns to those people that are currently being disadvantaged in relation to superannuation in their retirement years.

I might just take a moment to mention that in Australia we have an ageing population. The electorate I represent in this parliament is one of the oldest electorates in the country, and I know how important it is to a person when they retire to know that they are going to have a decent income on which they can
enjoy a good quality of life and be able to do all those things that people dream about doing in their retirement. This is not possible if you have superannuation products that are not delivering the returns that people need in order to achieve this standard of living, particularly as we are moving more to a system with the compulsory superannuation that has been in place for some time now, where we are hopeful that people will be able to rely on their superannuation to finance their retirement.

So it is very, very important that we get this right, and I believe that the legislation we have before us today is good legislation that will help us do just that. Under the legislation, authorised superannuation funds will be able to offer MySuper products to members from July 2013. That gives superannuation funds a lead-in period of 12 months to be able to develop the products that not only will be attractive but will deliver the income stream that people require when they retire. All default superannuation contributions from employers will be required to be paid to a fund that offers a MySuper product from 2013 so employees can be confident that their superannuation contributions are being put into a product that is secure and that has been designed to benefit them. Funds will not be able to accept default contributions after this time unless they either offer a MySuper product or are a defined benefit fund. In other words, contributors to superannuation and employers that contribute to superannuation on behalf of their employees will not be able to use a default fund other than one that is a MySuper product after July 2013. Trustees will be required to apply to APRA for authorisation for each super product they wish to offer. I should just correct that default date; it is after 1 October 2013, not July 2013. I just correct that for the record. Before receiving authorisation, trustees will need to ensure that the governing rules and trustees of the fund are changed to reflect the enhanced trustee obligation required for MySuper products, which once again is delivering surety to those workers whose superannuation is being put into those funds that the product is a sound product, as well as ensuring that MySuper products will comply with the MySuper characteristics introduced in this bill, including the requirement of diversified investment strategy. That may be for the life cycle.

Trustees will be restricted to one MySuper product per fund unless they meet a branding goodwill exemption or a large employer exemption. The branding goodwill exemption will allow merger superannuation funds in which there was material branding goodwill prior to the merger to maintain their existing brand names and continue offering different MySuper products. The large employer exemption will allow funds to offer a tailored MySuper product to employers that contribute to the fund for the benefit of at least 500 employees and associates to suit the needs of a particular workplace. Funds will be required to charge all members the same set of fees in regard to MySuper products. However, some employers will be able to negotiate a discount administration fee for their employees in the generic MySuper product. This will allow trustees to provide more flexibility to certain employees and employers and will result in some members not being forced to pay higher fees as a result of the introduction of MySuper. The remaining elements of MySuper reform, including enhanced trustee duties, insurance arrangements and disclosure, will be introduced in subsequent pieces of legislation. MySuper products will have a single diversified investment strategy. They will be able to offer standard sets of fees generally available to all members. However,
funds will be able to offer discounted administration fees to employees of particular employers, reflecting the administrative efficiency of the funds. I have already been through the timing of the implementation. The basis of the policy commitments is that the legislation is about ensuring that MySuper is a product that will benefit employees whose superannuation goes into a default fund. It is about making sure that the MySuper products that are being offered are products that will deliver on the expectation that has been established in the Cooper review into superannuation. This is legislation that has been developed after widespread consultation with all sectors: employers, providers of superannuation and employer groups. I commend the legislation to the House.

Mr CIOBO (Moncrieff) (21:00): It is a pleasure to get up and speak after the member for Shortland's very passionate speech on the Superannuation Legislation Amendment (MySuper Core Provisions) Bill 2011. It is clear the member for Shortland has a great and abiding interest in MySuper and I congratulate her on the passion with which she delivered that speech.

More broadly, I want to talk about MySuper and what it is the government is attempting to do. We know that at the core of this issue is the government's consistent approach to what it has been doing lately with the array of websites and government initiatives that are all about 'my health', 'my education' and these kinds of things. We know that this reflects an approach to policy development consistent with the big government approach of this government, which places it at the epicentre of every decision that an Australian family or indeed a single person would ever need to make.

This is the latest iteration, and it deals with MySuper, which is this government's way of saying, 'We're going to provide a single whole-of-government approach to dealing with superannuation so that people can know that they can go into a so-called low-fee, low-frills superannuation package which will provide for their retirement.' At least, that is what the packaging says. In reality it is important to read the fine print, and this proposal, like most of those we have seen from the government, actually betrays the best interests of Australians when it comes to the development of superannuation. The question is: 'Why?'

There are a number of reasons. First and foremost, this legislation in no way addresses the single biggest betrayal of Australian workers when it comes to their superannuation, which is the entire way that the government has structured the industrial relations system and, in particular, the awards system so that there are non-transparent approaches adopted by Fair Work Australia when it comes to default funds.

Superannuation is not a particularly sexy issue. Most Australians are not that interested. I do not know why, because I think superannuation is kind of interesting—but that's me. That notwithstanding, many Australians do not take an interest, on poor advice, about what is going on with their superannuation when they should. It is clear that they should, because for 30 or 40 years of their working lives—and who knows, maybe even 50 years—they will be making contributions as mandated by law into a super fund, or into super funds, with the expectation that when they retire they will be able to draw out an annuity from those funds and provide for their retirement.

That is a laudable policy goal. On both sides of the political aisle we support that notion. But the fundamental difference is this: at a time when many Australians lose
track of their superannuation as they shift between different jobs, and end up with four, five or six different superannuation accounts—and we consistently see advertisements from both industry and the government highlighting how much money is lost in unclaimed superannuation that should be consolidated—we see the government's approach in this particular bill is to say, 'We're going to require that there be a MySuper product.' Essentially, this seeks to deliver to Australian workers a default fund proposal. I expect, from a policy rationale point of view, that the government's rationale for this is to say, 'We will, hopefully, achieve consolidation in the industry so fewer Australians will have multiple accounts and, in fact, will end up with only one superannuation account.'

Again, on the surface that sounds laudable. But the reality is that is not what is going to occur under this legislation. The reality is that under this legislation we will continue to have Fair Work Australia, under our once again heavily regulated industrial relations framework, making decisions in a non-transparent way about what the default funds will be when it comes to so-called modern awards. We already know that fewer Australians will have jobs under this government—and I contend that fewer Australians have jobs under this government, and that is why the unemployment rate has gone up—because it has been forcing up labour costs under its so-called modern awards program. But rather than dealing with increased labour costs, or with the fact that there is still no transparency when it comes to default funds—despite running 180 degrees in the other direction to the government's focus under the so-called future financial advice legislation—the government is not tackling that issue when it comes to this particular bill.

What is it the government has to hide? Why is it the government will not allow a situation to arise where there can be transparency when it comes to a choice of superannuation funds and when it comes to the default funds that apply under modern awards? Why is that too much to ask? Why should Australians, who are forced in many instances to operate under award conditions, not know that the choice of superannuation fund that their contribution is being paid into is, in fact, the best value fund for them? Why should it be a decision taken behind closed doors? Why should it be a decision that is not readily transparent and that people can then make an assessment about? The government should provide a policy rationale for that but it has failed to do so.

It is my contention that the reason the government does not do that is the single biggest stakeholder group, which is a beneficiary of the current system and has indeed benefited more than just about anybody else as a consequence of the heavy reregulation of the labour market, has been the industry superannuation funds. We also hear many rumours about the significant extent to which industry superannuation funds make contributions to the Labor Party. On that basis, I certainly do not agree with the generic approach that has been adopted with respect to default funds, because it is unfair to Australian workers and especially to the lowest-paid Australian workers. It is unfair that they should not be able to have transparency when it comes to their choice of superannuation fund.

In addition to that, what we see under these provisions in this piece of legislation is the opportunity for funds to provide intrafund advice. Amazingly intrafund advice is not defined in the bill. Likewise under the Future of Financial Advice there is no definition of intrafund advice. Intrafund advice is an interesting issue, because under
the bill that is before the House there is opportunity for intrafund advice to be charged for—that is, superannuation funds will be able to charge for expenses incurred in the provision of intrafund advice as part of their overall administration fees charged to all fund members of a MySuper product. In other words, if you are in a MySuper product, even if you do not take advantage of obtaining advice from that fund, you will still be paying for it and you will still be cross-subsidising other fund members who are obtaining advice.

On the one hand the Labor government has taken the policy approach under Future of Financial Advice, FoFA, that beneficiaries of advice when it comes to financial services should have to pay for it and there should be transparency under FoFA. But on the other hand, when it comes to the Industry SuperFunds network, when it comes to those who are big supporters of the Australian Labor Party, the Australian Labor Party turns a blind eye. It is not interested in transparency and it turns a blind eye. It is not interested in making sure that only those who are obtaining advice are paying for advice. No, instead the Labor Party deliberately leaves it as a very grey, murky area, so that people are able to obtain financial advice within the fund and have that cross-subsidised by others who are not beneficiaries of that advice.

Again this is not the kind of issue that is going to get people rioting on the streets, and I acknowledge that. They are not going to be chanting up and down George Street complaining about the fact that under this piece of legislation they are going to be cross-subsidising others, but it does not make it right. It does not make it right that the government would implement legislation which says, 'You're not accessing financial advice from a super fund, but we don't care about that and you're still going to cross-subsidise somebody else's.' The sheer hypocrisy between the positions of FoFA and this piece of legislation is glaring.

I think it is important that the government is pulled up for it, because its inconsistent approach with respect to FoFA and MySuper could not be any more obvious. Industry knows about it, talks about it and is concerned about it. The only ones who do not are the Australian Labor Party and the Australian Industry SuperFunds. That is the reason why Australians have the right to be very cynical about this government's approach to MySuper and in particular to intrafund advice.

The coalition is also looking at moving amendments with respect to other aspects of this bill. In particular the coalition amendments will look at clarification of the charging of fees for the provision of intrafund advice, because we want to address the very issue I have just spoken about. We will look at improving the definition of the large employer threshold. We will also look at replacing the additional authorisation requirement for large employer funds with a reporting requirement to APRA. The reason we are dealing with the second limb, improving the definition of large employer threshold, is that significant concern was expressed to the Parliamentary Joint Committee on Corporations and Financial Services, which undertook the inquiry into this bill, about the benchmark as it is currently envisaged above which large employers can tailor funds for their employees. The provisions of the bill allow for such tailoring when an employer contributes to a fund on behalf of 500 or more members. Yet the submissions from many industry participants made it clear that they were concerned about the operation of these provisions. They contend the current threshold is complex, unworkable and may
have a large number of unintended consequences.

The coalition is simply seeking to amend the bill by replacing the complex and unworkable threshold with a simple, easily quantifiable and effective test that defines the large employer threshold as any employer that has 500 or more employees at the relevant time. This is a much more straightforward approach and one that industry is happy with, both those that are Industry SuperFunds and those that are other private superannuation providers, as are employees. We urge the government to adopt this approach, because it is a much more straightforward approach.

Likewise the coalition's approach with respect to the reporting of large employer funds to APRA is that you only need to be licensed to operate in an industry once. We find it ludicrous that the government would seek to have large funds applying to APRA each and every time they seek to approach a large employer. It is entirely inconsistent with the so-called bread-and-butter approach of APRA, which is as a regulator and not as a rubber stamp that superannuation funds have to approach prior to approaching a large employer. In the coalition's view, what is needed is that we simply have those superannuation funds being required to report that information to APRA and not having to seek approval from APRA in the first instance.

In summary, the most concerning aspect of the current Superannuation Legislation Amendment (MySuper Core Provisions) Bill is the fact that it does not deal with the most glaring aspect of the inconsistent approach of the government with respect to FoFA and MySuper legislation—that is, the selection of default funds. Australians should not have to tolerate this government's heavily re-regulated approach to the labour market and the selection of default funds for employees behind closed doors. Australians should have the right to know the basis upon which default funds are selected. We should never lose sight of the fact that if one of the so-called MySuper funds, the so-called low-frills funds which are meant to provide cost savings for employers, is performing poorly then the actual reduction in return to a member's money might very easily exceed any so-called advantage that flows from being a low-frills, low-cost approach to the administration of the fund. The government is concerned about the costs associated with fund administration. The government is concerned about not having too many bells and whistles if they need not be there, and yet the government simply does not recognise that a reduction in return in a fund like that could actually very easily result in members of that fund receiving a lower return on their invested money. And that lower return could easily outstrip the so-called extra administration expenses and fees associated with a more tutti-frutti fund rather than a plain vanilla fund, which is what the industry jargon would be for a MySuper fund.

I think that government members have an obligation to spell out to the Australian people why they continue to hide behind Fair Work Australia's approach to the selection of default funds and why they continue to not require transparency and why they continue to have such a gross discrepancy between their approach to MySuper and FoFA.

Mr SYMON (Deakin) (21:15): I speak in support of the Superannuation Legislation Amendment (MySuper Core Provisions) Bill 2011. This legislation will introduce a new simple, low-cost default super product called MySuper. Treasury projections show that the superannuation system is expected to grow to $6.1 trillion by the year 2035. The future of Australia's retirement savings is bound up
in the superannuation system, a system of course introduced by a Labor government. The intent of this bill is to ensure that this money is managed effectively and efficiently on behalf of members and in their interests. This bill is based upon the recommendations of the Cooper review into superannuation, a review that was instigated by the federal Labor government in 2009.

As we know, compulsory superannuation was introduced in 1992. This review was designed to check on the progress and effectiveness of the architecture of the current system. The review investigated a number of key aspects of Australia's superannuation system including governance solutions, back-office arrangements, commissions, fees, lost superannuation and default funds. In its final report, the Cooper commission recommended the establishment of a low-cost default fund for workers who did not identify choice in their superannuation. In making its case for this reform, the Cooper review noted there were a number of issues in Australia's superannuation system that needed to be addressed.

The Cooper review said members' interests were not always paramount in system design and regulatory settings. Efficiency was left in the hands of market participants. Members perceived superannuation as too complex and opaque and there is an overall lack of transparency and comparability of superannuation products. Default members are not adequately protected and can find themselves paying for services they do not need or request and, on some occasions, that they may not receive. Trustees may not always be focused on acting for the benefit of members and maximising members' retirement incomes in an efficient and cost-effective way.

The final report of the Cooper review contained 177 recommendations covering 10 broad areas of reform. The government response to the final report of the Cooper review is to support or support in principle 139 of the 177 recommendations. Further consultation was undertaken with the stakeholders on the implementation of reforms and the government announced its final response to the Cooper review on 21 September 2011.

This bill takes one of the key recommendations of the Cooper review—that is, to establish a low-fee default fund for Australia's superannuation system and make it a reality. By creating a simplified super product, MySuper, into which contributions are paid if the employee does not express a choice about which fund their superannuation contributions are paid, the full benefits of the long-term accrual of super can be enjoyed by more working people. MySuper is proposed to have specific parameters with respect to investment strategy, administration and other fees, trustee obligations and disclosure. MySuper will have a single diversified investment strategy and a standard set of fees generally available to all members. New standards will be put in place that providers of MySuper products must meet including no entry fees, entry or exit fees limited to cost recovery, a ban on commissions and conflicted remuneration structures in retail distribution, and advice in line with the government's financial advice reforms. Also new duties that require super fund providers to deliver value for money or be stripped of their licence by the regulator—a single, simple and easy to understand investment option designed to maximise a person's retirement income, which is what super should always be about. Finally, there is a standardised reporting requirement so that super reports come out in plain English.
From 1 October 2013, employers must make contributions to a MySuper product for employees who have not chosen their fund. All new superannuation payments in this default situation will be commission-free from that date. By 1 July 2017, funds will need to transfer existing default balances to a MySuper account.

Very often a member does not choose the fund to which they belong. New employees typically become a member of their employer’s default fund. In most cases this is a standard balanced superannuation option. Roughly 80 per cent of members are in such a default option. The Cooper review made the recommendation to establish a low-cost default superannuation fund based on the evidence that the vast majority of superannuation members were in their default funds and were not necessarily aware of the different fee structures of funds. In some cases, fund members may be paying substantially more in fees than is necessary and that can have an enormous impact on the balance of the member's fund when retirement does come around. For example, someone at the age of 30 with a $20,000 super balance and currently earning $50,000 a year would have an extra $51,000 at retirement if they switch from a fund with a two per cent annual fee to a fund with a one per cent annual fee.

Compulsory contributions do not come directly out of members' pockets and nor do the fees or charges. As such, it is likely that people receiving super under the super guarantee are much less price aware and much less likely to make a decision based on price or cost as to where their super goes. In addition, the level of product complexity, the lack of information and transparency about fees and performance means that it is a major challenge to choose a fund based on fees. MySuper will create a default fund that precludes practices such as hidden commissions and excessive exit fees. By referring to the Morningstar superannuation database it can be seen that a number of superannuation funds have exit charges of somewhere up to three per cent, four per cent or, in some cases, five per cent. Exiting a fund with a five per cent exit fee has a substantial impact on retirement. An example would be a $500,000 nest egg. That could be as high as $25,000 on exiting the fund. MySuper will preclude exit fees that are based above actual costs. I struggle to think that it would cost that much to exit from a fund, but of course every fund is different. Some may say that is the case.

There are also annual fees charged by superannuation funds to administer the funds under their control. At the moment it is a real challenge even for those who do know a bit about the subject to compare fees and charges. The Midwinter Fee Index can be used to compare funds. This index is a calculation that determines the average impact of fees on a platform over a common period, taking into account all the ongoing fees and entry fees to calculate the average cost. On comparing the annual fees using this index, some retail funds charge as much as 2.37 per cent per annum. A particular fund that charged that amount was the IOOF MultiMix balanced growth fund, which charged that amount in the 2010-11 year. This figure compares with other superannuation funds charging as little as 0.45 per cent per annum. That example is a UniSuper balanced fund.

For those who say that higher fees are paid as retail funds generate better returns, the facts do not actually substantiate this. APRA, the Australian Prudential Regulation Authority, in examining the issue of fees and returns found that over the period 1996-2006 retail funds provided average returns 1.4 per cent lower than industry funds and 2.2 per cent lower than all not-for-profit funds.
APRA found that differences in fees and commissions were the single largest factor contributing to the different level of performance.

Treasury has estimated that the net impact of MySuper on the superannuation balance of a typical member will be around an additional $32,000, but for some superannuation members the benefit of being in a MySuper fund will be substantially more. This reform to introduce MySuper is supported by the industry. For instance, the Industry Super Network noted:

... the introduction of the first tranche of MySuper legislation was an important milestone in protecting the super savings of millions of Australian workers who are losing savings as a result of excessive fees and poor net returns.

The Association of Superannuation Funds of Australia adds to this:

ASFA sees merit in the intended objective of delivering a simple, cost-effective product with a diversified portfolio of investments that delivers good performance designed to cater for the large number of Australians who prefer to delegate the task of investing their superannuation to fund trustees.

The Australian Chamber of Commerce and Industry, in their submission to the Parliamentary Joint Committee on Corporations and Financial Services—the committee that conducted the inquiry into this bill and reported in March 2012—said:

ACCI supports the MySuper goals of reducing account costs, making costs more transparent, improving the basis for inter-fund comparison, and providing improved member protection. ACCI recognises that many employees are not well positioned to be actively engaged in making investment decisions, and an appropriate superannuation system must recognise this.

The introduction of MySuper is one of several superannuation related changes either proposed or implemented by the federal Labor government. Other significant changes include progressively lifting the superannuation guarantee rate from nine per cent to 12 per cent by 2019-20. This increase will occur over a seven-year period starting from 1 July 2013, when superannuation will rise to 9.25 per cent and reach 12 per cent by 1 July 2019. This initiative will mean that a 30-year-old on an average income will retire with an additional $108,000 in their superannuation balance and a 20-year-old on an average income will retire with an additional $200,000.

The SuperStream package of measures will improve the efficiency of back office administration of superannuation funds through the use of data and payments standards. An automatic consolidation of superannuation, which will see lost and inactive accounts with balances under $1,000, will consolidate into the member's current active account. This will help to ensure workers are not missing out on their total superannuation amounts or have multiple funds with fees eating away at their retirement balance.

It has been estimated by Treasury that there is around $13 billion of what is called 'missing superannuation'. This government initiative will reduce the amount of superannuation balances that are not being used as effectively as they could be. If a worker has lost track of superannuation gained whilst working in a previous job then it is common for this superannuation to sit idle and gradually be reduced over time as fees make their mark on it. This reform will mean that people are more easily reunited with their lost superannuation.

It was in 1992 the federal Labor government introduced the superannuation guarantee, which established what is now the national compulsory superannuation scheme. Super contributions started at three per cent and increased gradually up to nine per cent.
by 2002. Today, because of the introduction of compulsory superannuation, the total savings pool in superannuation is worth more than $1.3 trillion to the nation.

Australia's superannuation system is the world’s fourth biggest pool of funds under management. Compulsory superannuation has not only provided for Australians in their retirement; it has also provided a pool of funds for investment to create jobs and in some ways help protect our country from global shocks such as the global financial crisis.

MySuper products will have a single diversified investment strategy. They will have to be offered at a standard set of fees generally available to all members; but this will not stop businesses from getting a better deal. Employers will be able to negotiate with funds for discounted administration fees for their employees, reflecting the administrative efficiencies for the fund in dealing with the one employer. Any discounted fees will have to be reported to APRA and disclosed by the fund. In addition, funds will be able to offer employers with more than 500 employees a MySuper product tailored to the needs of the particular workforce, including the investment strategy, member services and fees. The details of all separately tailored MySuper products will be required to be reported to APRA.

MySuper will reduce high fees but retain enough flexibility in the system for workers to find low prices in products that suit them. By 2017 the vast majority of super balances will be commission-free and low-fee funds based in a MySuper account. This new MySuper reform will make super simple as it is a straightforward and cost-effective superannuation product that can be easily compared with other products. Research by Deloitte estimates that by 2030 there will be around $6 trillion of assets within the superannuation system. This massive pool of funds will be better managed with lower fees and better returns due to MySuper.

But most importantly, MySuper will help Australian workers maximise their retirement balances. As I said at the start of this contribution, that is what super is really all about. It is about making sure that working people, when they finish their working lives, have a decent income in retirement. I commend this bill to the House.

ADJOURNMENT

The DEPUTY SPEAKER (Ms AE Burke) (21:30): Order! It being 9:30 pm, I propose the question:

That the House do now adjourn.

Carbon Pricing

Mrs MIRABELLA (Indi) (21:30): I rise this evening to talk about an area of government policy that is causing great distress and anxiety to the people of my electorate and that is the world's biggest carbon tax. I received an email this Monday from a constituent, Barry, living in Benalla in north-east Victoria. Barry wrote to me and said:

I am an early retiree. After working all my life in a stressful occupation I retired at 56. I am totally dependent on my superannuation of approximately $36,000 for my wife and myself. I'm not old enough yet to get the Commonwealth seniors card— which is 65 years— consequently I am in a tax-free position. I have not structured my stories to enable me to get the dole or any other such benefit. I received not one cent of stimulus money a few years ago and now we are to miss out on any carbon tax compensation. It seems unfair that we have to be in the two per cent of families earning up to $150,000 that won't get any assistance. (Swan claims 98 per cent will get it.) Is there some method that I'm not aware of that will enable us to
get the compensation? I have paid my share of taxes for over 40 years that I was working full-time.

Well, unfortunately for Barry, this ill-conceived, cobbled-together desperate price that the Prime Minister paid to the Greens in order to retain her job—all she had to do was throw them a few carrots after all—gave us the world's biggest carbon tax. Now we have constituents in my electorate like Barry. He is 62, so he does not get the seniors card for another three years and, because he does not have a seniors card, he is not entitled to get government assistance under the carbon tax. Because Barry only makes $36,000 a year to support himself and his wife, he does not get taxed and therefore will not be supported for tax cuts. So, Barry, in my electorate, in Benalla, will be paying higher energy bills, higher grocery bills and higher council rates. Yet those on the other side refuse to acknowledge that when times are tough, when the cost of living is going up, there will be people who cannot afford it and who will suffer even more because of this government's poor judgment and this Prime Minister's poor judgment and vanity. Not only will people like Barry be affected but also jobs in my electorate will be affected.

We have seen statistics that have come out recently from the ABS which show that, since the carbon tax was mooted, we have lost one manufacturing job every 15 minutes. I see good businesses in my electorate that have gone to great effort to remain competitive, to restructure, and are going to be hit with the carbon tax. A leading business, D&R Henderson in Benalla, is an absolute pillar of the Benalla community and an important employer of 200 staff manufacturing particle board and operating a sawmill. This is what the company has had to say:

All the financial benefit we gained from our restructure is going to be taken away from us by the impact of the carbon tax. It's going to cost us millions of dollars. When the tax kicks in in July everyone knows the cost of living will go up and the cost of deliveries will go up. Business has never seen it worse than it is now. We are competing with businesses in Asia that don't have a carbon tax. The way the government is behaving is like a soap opera. It makes us think: why bother when they, the government, just want to clobber us over the head.

Well, that question is being asked by businesses right across the country. I have an abattoir in my electorate and they have said: 'The business runs on tight margins, margins that cannot afford to have to pay an extra one or two million a year.' The abattoir, Norvic, is in Wodonga and they are exporters and employers of locals and they will be hit. Does the government care? Absolutely not.

We have seen other businesses, wineries, saying that they are going to stop growing grapes because the carbon tax is the last straw. What more does this government need—(Time expired)

Refugee Services

Mr HAYES (Fowle) (21:35): Earlier this year I had in my office an intern from the Australian National University, Ms Amanda Pashley. Amanda conducted a research project that explored the development of settlement services for newly arrived migrants. She did this by comparing the experiences of the Vietnamese refugees who arrived in Australia following the Vietnam War to those of the more recently arrived refugees mainly from the Middle East and Africa.

Being able to provide effective and efficient settlement services is beneficial not only to the newly arrived refugees but also to the economic and social wellbeing of their host community. I was particularly interested in Amanda exploring this specific issue as successful settlement of migrants and
refugees is highly significant to my multicultural electorate of Fowler.

According to the most recent census data, approximately 55 per cent of my electorate was born overseas and 20 per cent of my electorate speaks Vietnamese at home. Many of them arrived in Australia as refugees following the fall of Saigon 37 years ago. This was Australia's first experience on a large scale of asylum seekers arriving within a short period of time and, understandably, our services were under great stress. Research conducted by Amanda confirmed the commonly held view that Vietnamese refugees who arrived in Australia following the fall of Saigon in 1975 were not provided with adequate support or services necessary for their successful settlement. This was partly due to the government at the time not being experienced in dealing with such a large influx of asylum seekers, and it required a reform of Australia's migrant settlement services. Effort was made to increase the funding for community based organisations to take charge of assisting in settlement services programs. However failure to tailor services to refugees from different cultural backgrounds and the lack of adequate English-language training and employment services resulted in Vietnamese and other Indo-Chinese refugees experiencing prolonged and difficult settlement processes.

A recent SBS documentary, *Once upon a time in Cabramatta*, outlines the consequences of a prolonged and inadequate settlement services process and how much we as a nation needed to learn in terms of providing more suitable assistance to newly-arrived migrants and refugees. Today Australia has come a long way in providing adequate support and services to migrants and refugees from around the world. English programs that take into consideration different teaching methods, employment assistance tailored to migrants and various community based organisations such as the migrant resource centres demonstrate that our society is now much better equipped to assist during the crucial settlement process.

Despite the evidence of positive development, there are still many areas of improvement necessary. The recent examination of settlement services by the Refugee Council of Australia raised a number of concerns. These were mostly related to funding and the way it was distributed. A major issue relates to the Settlement Grants Program being condensed and offering funding for one year as opposed to three years. Four organisations in my electorate—the Liverpool Migrant Resource Centre, the Cabramatta Community Centre and the Fairfield Migrant Resource Centre, as well as the Vietnamese Community in New South Wales and the Khmer Community of New South Wales—recently received funding under this program.

Settlement grants enable community based organisations such as these to provide vital assistance to refugees and newly-arrived migrants during their settlement process. Assistance ranges from school enrolment and employment search to establishing a healthy social life within the community for the entire family.

I would like to take this opportunity to acknowledge the founder of the Fairfield MRC, the late Mrs Ulla Bartels, who in 1978 started the English courses for the Indo-Chinese refugees. Her daughter, Ricci Bartels, is now the Manager of the Fairfield Migrant Resource Centre and takes up a lot in her mother's place. I would also like to thank Ms Amanda Pashley for conducting this very important research and producing the report. This is something the community is very proud of.
Mr FORREST (Mallee) (21:40): It is apparent that this government is not listening to the constituents around this great country and it is obvious that Australians are waiting to exercise their judgment on a broken election commitment in regard to the carbon tax. Never in my career here in this place have I seen the Australian populace so disaffected by a government now renowned for its broken promises and bad decisions.

In my Mallee electorate people are properly disillusioned and quite fed up. They know the impost of a carbon tax is not just the cost of electricity; it is an embedded tax that will increase the cost of everything they use, do or consume. At least with the GST, it is refunded if involved in the value-adding step. In that way a GST is not cumulative.

This tax is the opposite. Every stage of manufacture, every stage of enterprise, will add the carbon tax and this impost will snowball because this tax sits at the beginning of all things with more added with every input or component. It is not just the big emitters who will pay, as the government alleges. They will pass on their costs as imposts. Every business input and every household item will bear a component of this tax. My constituents know that a carbon tax, even if not an upfront cost to them, will flow through every stage of their production or enterprise inputs, growing like Topsy and eating into the very fabric of their day-to-day business profitability. Here we are as a nation asking businesses for greater productivity, yet adding an impost that their international competitors do not endure.

This is especially the case in primary production. Advice from my water supply authorities servicing irrigators is that there will be an estimated 11 per cent increase in energy costs which can be linked to the tax. When passed onto growers for irrigation use on top of the additional input cost rises of their own, it adds to growers’ reduced productivity and they know that this carbon tax will erode their capacity to continue making worthwhile contributions to their superannuation to be set aside for their retirement. Talk about being between a rock and a hard place! Ordinary working small business Australians are loath to publicly express their fears about the impost of this tax and to put a dollar number on the cost of a carbon tax, because if they do they stand to bear the full wrath of the ACCC, which will be brought down upon them as if they are the gross villains. It is the government here who are the villains.

All of my nine local government municipalities report substantial additional landfill costs, all of which have to be passed on to the already struggling ratepayers. People are hurting out there and this carbon tax is adding insult to injury. The timing is just completely wrong, and the absolute absurdity is that it will not save one single polar bear.

It seems this government cannot honour any commitments. Ask my people in the small community of Joel Joel in the Wimmera who have just had their proposed National Disaster Relief and Recovery category C funding request refused. These disaster relief payments are agreed under COAG and should be honoured. The shires of Northern Grampians and Pyrenees are adversely affected by this latest failure to honour this clear commitment and the government stands condemned for this, alleging that it has some new-found fiscal responsibility. There are people living out there who are struggling to get their lives back together and there is no help from the government to clean up the impacts of a massive flood which happened on 18 December last year.
The carbon tax simply adds to an ever-accumulating list of broken commitments by this government. Australians are impatient for an opportunity to judge this government, which stands condemned. This is especially the case with the good hard-working constituents of Mallee, recovering from 10 years of drought. Their enterprise is supported by primary production and the timing of this impost on their productivity is poor—very poor—and they wait for an opportunity to judge the government as a result. (Time expired)

Page Electorate: Community Issues

Ms SAFFIN (Page) (21:45): I want to raise some issues that are quite concerning to locals in my electorate and which they have been talking about over the last few weeks. They include the issues of workers compensation in New South Wales, shooting in national parks and increasing rents for pensioners. Pensioners get extra money from the federal government for household assistance and then their rents are put up at the state level by the state government. I call them robber dogs, but that is just what the state government are up to at the moment. There is also the nonsense that the state government are putting out around electricity. We all know that the price of electricity has gone up in New South Wales, up to 70 per cent over the last six years because of infrastructure costs—poles and pipes. Just over eight per cent of that will be attributable to the carbon price. That means over 60 per cent is due to infrastructure costs at New South Wales level and, at federal level, household assistance is also going to impact on it.

Shooting in national parks is rather disturbing for a lot of people, particularly visitors and families who camp in national parks with their children. There is a place for shooting feral animals and that is not the issue. Shooting in national parks over a wide range is a big topic and a hot issue. A lot of people are talking about it. The Premier of New South Wales said he made a deal with the upper house to get it through. For a long time he had said there would be no deals. Then I saw him on TV and his words were to the effect that, 'Well, you know, this is the upper house, this is the parliament.' I said, 'I have heard that said before, but it is different when they do it.' People are just starting to see what the coalition governments are like now that we have them in many states. The parallels of just what they will do can be drawn with the opposition in this place.

The other day I asked the federal minister responsible for workers compensation, Bill Shorten, a question to make a comparison of the Commonwealth scheme and the New South Wales scheme. What has just gone through the New South Wales parliament means that workers are going to be thrown on the scrap heap when they suffer injuries at work through no fault of their own. Some of the legislation that has passed means that somebody who has a leg amputated below the knee may not be listed on the table and may not get compensation. We are just starting to see these cases. I understand that police officers and fire officers have been made exempt. That is fine. Nobody denies them because of the work that they do, but compensation should be the same for everybody. It is just unbelievable. Many people contact me about workers compensation and I say, 'It is a state issue.'

The other issue that continues to be a matter of great concern is coal seam gas in my area. It is a state jurisdictional matter, but it is an area where we have been able to get some assistance through a national partnership agreement with the states. Two related issues that have not been focused on much are the primary health impacts on humans of coal seam gas. Another emerging
issue appears in the United States geological survey which recently indicated that CSG activities in the US appear to have contributed to an increase in the number of earth tremors. There is a growing body of information and scientific research in that area. The issues to do with the waste water rejection and around health with CSG were on our Parliamentary Library flagpost last week.

Coming back to the rents of pensioners, I cannot understand why, when pensioners get household assistance to cover expenditure, particularly to do with the carbon price in this situation—  

**Carbon Pricing**

Mr ENTSCH (Leichhardt—Chief Opposition Whip) (21:50): On the eve of the introduction of the world's greatest carbon tax, I want to raise some very serious concerns about the impacts on my community. The carbon tax is being loudly touted as the solution to global pollution, but in reality it will simply penalise families, penalise businesses, penalise tourism—which is the lifeblood of my area—and do absolutely nothing whatsoever for our environment.

One Cairns company that I want to make special mention of tonight is W&O Henley Refrigeration, a father and son family business that is typical of those who will be most impacted. Bill Henley tells me that on 1 July the cost of the five main refrigerants they use will skyrocket by up to 306 per cent. The most common gas they use is R507. The biggest system they do is 65 kilos. Today it would cost $7,329 to re-gas but after the carbon tax it will cost more than $25,000. Bill says:

Because there was no consultation or information on the carbon tax, no-one knew how or if it would affect the price of refrigerants so I continued to quote jobs the way I always have. One quote that I won was for a fishing boat, where the gas component was $12,210. After the carbon tax, that gas price will now come in at $42,315. I have signed a contract for the total job for $75,560 but with the additional $33,000 for gas, the actual cost will be $106,000. This will destroy our business if I am held to this contract.

Bill anticipates the whole range of impacts will include: the need for a much larger working capital for his business; higher insurance costs due to the increased value of gas products; and—another thing that nobody has considered—higher costs for security because a 10-kilogram gas bottle, which previously was worth $500 and could be stored on the back of a ute, will now be worth almost $4,000.

At Great Barrier Reef Tuna, Far North Queensland's only remaining tuna business, Bob Lamason is also very concerned about these increases. He is facing paying an extra $20,000 a year for the air-conditioning and blast freezer units on his boats. He has worked out that if someone were to go to Papua New Guinea and smuggle back one tonne of gas they could sell it and make more than $200,000. Labor, through the dismantling of the offshore solution, has already encouraged people smuggling. This carbon tax will create another problem for Labor, the smuggling of black-market gas. I will be interested to see how Labor is going to deal with this. It is yet another blow for the local fishing industry. Unfortunately, I do not think they will have to wait until Labor closes the Coral Sea; they will have already been killed off by the carbon tax.

Getting away from refrigerant and going to another good example of how this government is determined to rip the guts out of people in my electorate, let's look at the reduction in diesel fuel rebates. For years, residents in the Daintree rainforest have struggled to deal with inefficient and costly generators because the Labor state
government legislated that they could not get access to mains electricity. I fought for and was successful in getting the diesel fuel rebate extended to those families and businesses who had no option but to be reliant on diesel fuel. To this day, that community remains the only place in the world where there is a government legislated prohibition on mains power. This has contributed massively to hardship in this community, and more than 40 small businesses have had to close in recent years. This is at the same time as this government, in its wisdom, has decided to cut the diesel fuel rebate by 6c a litre to 32c.

This carbon tax is clearly another nail in the coffin for businesses and the community, particularly for the fishing industry. The whole justification for the carbon tax is supposedly about reducing pollution, yet the Daintree community is already suffering from Labor imposed legislation that is forcing them to emit diesel fumes into the atmosphere in a World Heritage area. Now this government is looking at penalising them even further. This is a community that has been the victim of appalling Labor policy for far too long.

Tibet

Mr DANBY (Melbourne Ports) (21:55):
Since last year, 42 Tibetans have set themselves alight to highlight the oppression of their people. Dr Lobsang Sangay, the Kalon Tripa Prime Minister-in-exile of Tibet, said today in addressing the National Press Club that this form of protest does not involve harm to others. Self-sacrifice is characteristic of Buddhism, but the Central Tibetan Administration has counselled Tibetans not to take this extreme form of protest action despite their oppression. For 60 years since the occupation of Tibet by China, Tibetans have faced oppression and denial of their cultural rights. In recent years, since the era of Jiang Zemin when there was a brief interlude, Chinese control has tightened. This is the most significant escalation of the conflict since the riots in Lhasa in March 2008.

Now imperial Beijing has announced that foreign travellers are not allowed to visit Tibet, a move designed to cloak the crackdown from the outside world. Our Minister for Foreign Affairs, Bob Carr, to his credit was going to send a diplomat there from Beijing, but that was barred by the CCP. There are 3,000 fresh Chinese troops in Tibet, worsening the crackdown. The Chinese viceroy, Xizang Ribao, reported that the Chinese President, Hu Jintao, had instructed leaders from Tibetan areas to 'regard maintenance of social stability as a heavy task and No. 1 duty'.

In an interview with Peter Hartcher of the Sydney Morning Herald, Dr Sangay explained that the situation in Tibet is 'not bearable' and that the immolations are 'a desperate act, but also a political act'. He said peaceful protests or peaceful rallies are not allowed. The statements that the self-immolators leave behind consistently say they want freedom; they are saying, 'You can restrain my freedom but I can choose to die as I want.'

Dr Sangay applauded the call by our foreign minister for China to allow Australian diplomats to visit Tibet. The Chinese, in my view, have set in motion a self-fulfilling cycle of violence. Authorities increased security measures following these protests, but the resultant crackdowns inspire further acts of self-immolation until the renewed sense of outrage erupts once more and the cycle of escalating violence begins anew. No clear-eyed view of this catastrophe can envisage a time in the near future when the ever-greater recourse to offensive firepower by Chinese security forces will
resolve China's minority problems. They are going to learn the same issues with minorities that Stalin learnt. Stalin's behaviour towards minorities was very similar to what is taking place in Tibet now.

The resilience of the people of Tibet and their endeavour to continue the good fight to bring freedom to their land are very clear. The Tibetans do not seek separation from China but autonomy within a Chinese federation. They ask for China to abide by its own constitution, which protects minorities, by protecting Tibet's linguistic, religious and cultural autonomy. They seek the right to have the same freedoms we hold so dear in this country: the right to freedom of speech, freedom of assembly and freedom of religion. They seek the right to what Dr Sangay calls the universality of freedom. As democrats and human beings, I believe it is incumbent on us to raise these issues.

Over the next two days I will be hosting Dr Lobsang Sangay, the Tibetan Prime Minister-in-exile. Dr Sangay pointed out today that His Holiness the Dalai Lama has met with the President of the United States, Barack Obama, the Conservative UK Prime Minister, David Cameron, and the Conservative Canadian Prime Minister, Stephen Harper in the last few days. In none of these countries has the result been that the relations with China have got worse or that their economies have evaporated. We should not hide behind diplomacy out of fear of offending our trading partners. As democrats we should tell the truth, even if it is often not what some of our trading partners would like to hear. The truth is the Tibetan people have suffered enough under 60 years of Chinese oppression. Self-immolation is an act of desperation. It shows the Tibetan people are at the end of their rope. In my view, it is an act that has hardened their resolve for their ultimate autonomy and cultural freedom.

As US President Barack Obama said last year in his address to this parliament:

*It is why men of peace in saffron robes face beatings and bullets and why every day in some of the world's largest cities or dusty rural towns, in small acts of courage the world may never see, a student posts a blog, a citizen signs a charter, an activist remains unbowed, imprisoned in his home—just to have the same rights that we cherish here today—and here in this country.*

**Carbon Pricing**

**WYATT ROY** (Longman) (22:00): It is just five days before the world's biggest carbon tax hits our shores and the engine room of Australia's economy, small business, takes a massive hit. For many small businesses this great big new tax is going to be the final nail in the coffin. Over the past few months I have been speaking to local businesses about how they expect the carbon tax will impact on them, and the news is not encouraging. My greatest concern is that for a region that is already battling high unemployment the carbon tax will prove to be another devastating blow. I am concerned for those businesses that are already doing it tough after an already difficult period. I am concerned that these businesses will be forced to quietly close up shop, because of insurmountable operating cost hikes because of Labor's carbon tax.

One local cabinet maker named Tim recently spoke to me about his concerns for the future of his business. This is what Tim said:

*This so called carbon tax will most probably cripple my business. I do not understand how a government can spend copious amounts of money when us everyday people struggle to make ends meet, now this will be even harder. This may be the time to go back to working for wages. For every dollar I earn I only receive about 6 cents and I am not even eligible to receive any government grants.*
This is by no means a rousing endorsement of the carbon tax. The uncertainty felt by Tim is echoed by many other local business owners. Local builder Kerry is another example of the uncertainty experienced by small businesses. Without knowing the full cost increases that the carbon tax will bring, builders are unsure on how they can quote and commit to jobs. Kerry worries that his business will be burdened with having no recourse to recovering legitimate cost escalation because of the carbon tax. This is a very legitimate fear, and one that this Labor government will ultimately be held accountable for.

Yet another local business owner, Tony Redsell, has also shared with me the difficulties that the carbon tax is creating for his business, Redsell Air. Redsell Air installs, manages and repairs commercial and residential air-conditioning systems. But with the carbon tax breathing down his business’ neck, business is set to get much, much more difficult. Tony and Sue have been advised by their refrigerant gas supplier that prices are set to soar with the introduction of the carbon tax. One of the primary costs for Redsell Air is refrigerant R410A and it is rising by a massive 300 per cent. That is a 300 per cent cost increase that this business cannot avoid. Now Redsell Air is left with a decision on whether to pass the cost on to the consumer or try to absorb it. But already consumers are providing feedback that they simply will not be able to afford to re-gas their air-conditioning systems. For Redsell Air, the carbon tax is already cutting into their customer base. No consumers means no business. And under the carbon tax there is no compensation for small businesses that have been thrust into this situation. An even greater problem for Redsell Air is its liability for the thousands of homes and business units that it has offered warranties for. Redsell Air could not have predicted that this Labor government, led by a Prime Minister who so adamantly promised that there ‘would be no carbon tax under a government I lead’, would turn around and legislate a carbon tax that would cause costs to increase by 300 per cent. How will this business be compensated for this? Unfortunately, there is no help for Redsell Air or any other business that finds itself in this untenable position.

The sad thing is that even those businesses that have taken steps toward positive environmental action are being punished. One local taxi company shared with me about how they have been voluntarily taking steps to reduce their carbon footprint by commissioning power-efficiency devices to save electricity, allowing them to purchase 100 per cent green power. But this carbon tax does not discriminate and the cost of green power is also set to rise under the carbon tax. Business owner Greg Collins pointed out that it is counter-intuitive for green power to be hit with cost increases. I could not agree more with him. This carbon tax is nothing more than socialism masquerading as environmentalism. This carbon tax is going to hurt small businesses and I urge those members opposite to get out into their electorates and talk to small businesses and learn what it is that this tax will do to them. I challenge members opposite to go out onto the street and find one small business that says, ‘If you tax me greater I will thrive, prosper and employ more people’. Ultimately, you cannot tax a nation into prosperity, and I hope members opposite learn that lesson. (Time expired)

Country Women's Association Woy Woy

Robertson Electorate: Surf-lifesaving

Ms O'NEILL (Robertson) (22:05): That is a very interesting claim, considering the member who represents those opposite wants
to increase company tax—that is part of their mantra—and wanted to block our company tax cuts. After that anomalous thought, I would actually like to celebrate some wonderful things that are going on out in the Australian community. You would never know it from the contributions of those opposite, but the fact is that there are great things going on, and there will be great things going on after 1 July as well.

One of the wonderful things that I recently attended was the 80th anniversary of the Woy Woy Country Women's Association. I want to pay tribute to all the people who were there celebrating alongside the ladies, but I will mention some particular names. Noela Bell, the president of the branch, hosted us. Diana Frost, the Northumberland group president, and treasurer Robyn Smith were in attendance. Cass Wailes, the secretary, and Heather Wootton were great organisers and were the MCs for the day. Barbara Atkins gave an amazing history of the CWA in the Woy Woy region, and we left the afternoon very enlightened. Member Zeta Connor was sick that day and unable to attend. Maud Crittenden attended. Maris Hartley, who gave her apologies, does wonderful cultural work for the CWA. Also in attendance were Edith Hyslop, Amy Peck and Colleen Smith. Kay Francis was on the door as part of the welcoming committee.

We had a truly wonderful afternoon at the CWA. I am very pleased to say that all the beautiful crockery on display was not provided by the ladies and was not washed up by the ladies and that the food served was not made by the ladies. They were treated and looked after on their birthday celebration.

Meanwhile, the Ocean Beach Surf Life Saving Club were preparing for the celebration of their 90th anniversary as one of the most prestigious surf-lifesaving clubs on the coast. Last year Katie Dixon was the state and Australian Surf Life Saver of the Year, and she was acknowledged at her home of Ocean Beach. Dave Unger was another recipient, of Australian Surf Sports Official of the Year. Some of the stats from the Ocean Beach club this year include: 72,000 visitors, 5,200 hours on patrol, 907 preventive actions, 10 rescues, 90 first-aid assistance actions and—the most important statistic of all—zero lives lost.

I want to mention some awardees. Sharon Bryant, who works for Australia Post, was acknowledged by the club for using her rescue skills from the surf-lifesaving centre to undertake a rescue while she was moving around the community on her motorbike on 12 September 2011. The members who put in the most hours during the year were as follows: Nigel Fitzgibbon, who led from the front as the director of patrol, put in 122½ hours; Jason Smith put in 107; Fritz van Aalderen, a life member also successful in the seniors category—so he has some experience on his side—at the Empire Bay Public School. Darren Shaw was the most improved beach competitor—and he does not use those skills to run away from his responsibilities with the P&C at the Empire Bay Public School. The president's award went to Diane Mudge and Shirley Smith—he was unable to separate them—for their outstanding contribution to the community. The club person of the year was Elaine Unger.

The organisers of this great celebration had us wear the club colours, maroon and blue. I congratulate Lyn Smith, Shelley Smith and Elaine Unger on a very worthy acknowledgement of 90 years of amazing community service at one of the most
beautiful beaches on the east coast of this great country. I follow that up with the regional awards for the surf lifesaving fraternity on the coast. They clocked up 895 lives saved and there were 8,559 preventative actions over the last season. Coach of the Year was Richard Brierty; Lifesaver of the Year Senior was Mark Davis and Lifesaver of the Year Junior was Madison McLeod; Volunteer of the Year was Lyn Smith; Assessor of the Year was Pam Edwards; Young Athlete of the Year was Rachelle King; Open Athlete of the Year was Lachlan Tame; Masters Athlete of the Year was Paul Lemmon; and Rookie of the Year was Shinah Tucker. There was also an award for club patrol competition, won by Ocean Beach. Bill Cook represented Umina Beach, the Club of the Year. Although we have the Central Coast extending a little bit further than my own boundary, into the seat of Dobell, I am pleased to say that Killcare, MacMasters, Umina Beach, Ocean Beach, Copacabana, Avoca, North Avoca and Terrigal—

(Time expired)

Carbon Pricing

Mrs MARKUS (Macquarie) (22:10): The Australian people have been betrayed, Australian small business owners have been betrayed, and workers and their families have been betrayed by a government that is out of touch and fails to understand what everyday Australians know: times are tough. Everyday Australians understand the betrayal. Six days prior to the 2010 election, Julia Gillard made the infamous promise: 'There will be no carbon tax under the government I lead.' Australians know that these words were worthless. There is no way around it: the Gillard government has no mandate from the people for this great big new carbon tax.

The Prime Minister has since stumbled through two years of failure. The lack of judgment, policy failures and broken promises have created a directionless and divided government that means the Prime Minister's short-term interests are at odds with the long-term interests of this country, and as a result hardworking Australians are suffering.

Every day I speak to small-business owners across the Macquarie electorate and I continue to hear the same themes. Business owners are facing a range of challenges: the high Australian dollar and the rising costs for themselves and their customers. Many are seriously considering shutting up shop. Many are holding on for their employees, taking little or, in some cases, no pay for themselves. Quite simply, local small-business owners do not need the added pressure that the carbon tax will place upon them and their customers.

In July, I met Artur. This owner of a local pizza shop in Bligh Park contacted my office because he was concerned as he had started to receive letters from suppliers advising of price increases effective from 2 July. One letter in particular stood out to Artur. Previous letters from this supplier attributed price increases to the increased cost of raw materials and clearly stated the amount of the price increase. This letter did neither, leaving Artur to assume that the increase is in anticipation of the carbon tax. When speaking to Artur, he said:

We are a small business. We risk our family's way of life to try and get ahead and it doesn't matter what we try to do to keep the costs down, we just can't keep up, especially with the rising cost of items such as electricity and gas.

This small-business owner went on to say:

They—

talking about the government—

said there would be no price increase under the carbon tax, yet I'm already receiving letters from my suppliers. We have received no
correspondence from the Gillard government in regard to the impact of the carbon tax on my business. I don't think they even care.

The Gillard government has a lot to answer for, not just for this small-business owner but for many across this nation.

Just this weekend I was out and about at the Katoomba Winter Magic Festival. During the day I spoke to many local business owners who expressed similar sentiments to Artur. One take-away shop owner is currently weighing up his options—will he continue or will he close up shop? This local business owner is finding it difficult to pay all his bills. When I walked in the shop it was empty, on a day when there was a festival. He expressed his dismay and concern, stating: 'The carbon tax hasn't even kicked in yet.' These are not one-off examples; they are representative of the 11,474 businesses in the electorate of Macquarie. I ask the Prime Minister: when will this government give local business a break? When will this government cut the red tape and give Australian businesses a fair go? When will this government give Australian families a fair go? Increased electricity prices, gas prices, health prices—all as a direct result of the poor policy decisions of this government.

Last week's Sunday Telegraph identified that families residing in the Hawkesbury, within the Macquarie electorate, use about 9,338 kilowatts of electricity a year compared to other parts of Sydney. Homebush households, for example, use around 6,451 kilowatts. The Hawkesbury experiences high temperatures in summer and low temperatures in winter. They still have to pay for heating and cooling. That is before the carbon tax has even been introduced. (Time expired)

Tea Tree Gully University of the Third Age

Tea Tree Gully GymSports

Mr ZAPPIA (Makin) (22:15): On Friday, 30 March 2012 the Tea Tree Gully University of the Third Age celebrated its 25th Anniversary. Along with local state MPs, Frances Bedford and Tom Kenyon, and Tea Tree Gully Councillor Graeme Denholm, I attended the celebrations. An open day was held at the university premises at Modbury and in the afternoon a number of speakers, including founding member Maud Brown, addressed those present before a 25th birthday cake was cut to mark the occasion. We also heard some entertaining poetry about ageing from renowned local poet Jill Wherry.

The Tea Tree Gully U3A is one of Australia's largest and most successful. From a membership of around 20 in 1987 it has grown to around 700 members today and offers some 90 different courses which have enriched the lives of people by broadening their knowledge and in turn enabling them to participate in so many of life's other opportunities. For many, their lives have been further enriched through the friends they have made along the way. For some people it is only on retirement from full-time work that they have the time to pursue lifelong ambitions, including learning interests. We also know that people are not only living longer but continue to be active long after retirement. This was most evident in the lives of many of the members of the Tea Tree Gully U3A.

The Tea Tree Gully U3A has been an exceptional organisation mainly because of the people who have voluntarily contributed to the management of the group and the teaching of courses. It was through the determination and the constructive approach of the management committee, and the
invaluable support of local MP Frances Bedford, that their current premises were secured. The university’s regular newsletter, the Conveyor, keeps members informed of the university’s courses and activities. Over the years I have visited the university on several occasions and have seen firsthand the courses in progress and the enthusiasm by all involved. I understand that several hundred people passed through the centre on open day, many for the first time, so I have little doubt that numbers will continue to grow.

The concept of universities of the third age was initiated in France in 1972 and soon spread to Australia. Today there are 18 U3As in South Australia. It is a fantastic concept and, whilst the universities are self-funded volunteer based groups, given the immense social contribution they make I encourage the government to consider providing them with some financial assistance to help meet ongoing expenses. Former member of this place the Hon. Barry Jones said in 2001: 'Organisations like U3A keep older people vertical rather than horizontal for longer by keeping them out of nursing home beds, thus reducing the drain on government expenses.'

I take this opportunity to congratulate the Tea Tree Gully U3A for their 25 years of service to the local community. I commend all of those people who have kept the university going over the years, and I particularly acknowledge the current committee members: President Elmer Varga, Margaret King, Hugo Schouten, Ian Caddy, David Steel, Val Dee, June Hindmarch, Lawrie Hampton, Wayne Ellis, Arthur Jeffries, Dorothy Heller, Helen Meyer and David King for their vision and professionalism in overseeing its growth.

I also tonight speak of another exceptional community group, but this one has a youth focus. I refer to the Tea Tree Gully GymSports. Tea Tree Gully GymSports was founded by local resident Peter Rostrun in 1958. Today it is one of Australia’s largest gymnastics clubs, with a membership of 1,300. The club was literally bursting at the seams until a couple of years ago when a combination of funding from the federal government, Tea Tree Gully Council and members’ fundraising enabled an expansion and upgrade of club facilities. While sometimes stressful to the management committee, and disruptive for users, the much-needed rebuilding project has made a huge difference to all concerned. In my most recent visit to the club I spoke to some of the families there and heard how the new facilities were making so much difference for the coaches and athletes. At a time when obesity is a serious health concern throughout society, encouraging young people to participate in physical activity has many personal and national benefits. But to do that we need modern and safe facilities. I believe the government investment in youth sports facilities is money very well spent. The Tea Tree Gully GymSports Centre is testimony to that. For very little government investment, literally thousands of young people have over the years participated and benefited from activities there. As with most community facilities, much of the credit goes to the hardworking management committee, who not only put in the time but also take on huge responsibilities. Thanks to their hard work and resolve, current and future generations will benefit from the much needed facilities at Tea Tree Gully GymSports.

I particularly acknowledge the leadership of club president Tammy Page, who—with the total support of her husband and gymnastic coach, Gary, and the centre’s management committee—steered the club through some very difficult times during the protracted negotiations. I also acknowledge the founding role of Peter Rostrun, who,
after all these years, continues to support the club with his wife, Kaye.

I note that Gymnastics Australia received $600,000 of federal funding per year for its participation programs, including the development of LaunchPad disability programs as well as enhancing coaching and officiating. As Minister for Sport Kate Lundy said:

Gymnastics is widely acknowledged, along with swimming and athletics, as a key sport for young Australians.

For many of our successful Aussie athletes, gymnastics is where it all started. *(Time expired)*

**Asylum Seekers**

**Mr HUNT** (Flinders) (22:21): I want to speak on issues relating to the carbon tax in my electorate. But, before doing so, I will deal with the comments of the member for Isaacs today. He made the egregious, false, abusive statement that members of the opposition—in particular, the Leader of the Opposition—wanted drownings to occur. This is probably one of the most offensive statements made in this parliament in over 100 years. It is a statement accusing a member of parliament of wanting deaths to occur. I have looked at the record this evening of the language of the member for Isaacs. He called for the dismantling of the Pacific solution. He called it offensive. He referred to it as something that was improper and inappropriate and said that we would have perfectly safe borders without it. He designed and constructed—along with many others in this House, in the press gallery and in other places—a system that exists today. He is one of the architects of the policy in place today. Of that he should be proud—if he believes it.

Since that moment, something significant has occurred. It is like when you watch somebody travelling, and then you see a cliff. When the Howard government implemented the Pacific solution, the numbers coming to this country dropped almost 100-fold. When the Rudd government, at the urging of the member for Isaacs and others, implemented the taking away of the Pacific solution, there was a 100-fold increase in the flow of arrivals. I and others warned that there would be tragic human consequences. We warned that the policy he celebrated, demanded and argued for—on the record, on the floor of this House—would lead to tragedies. He did not want that; nobody wanted that. But it was the inevitable consequence of a flawed, failed policy which saw a 100-fold increase in the rate of arrivals.

I raise this because not one person in this place wants an outcome where there is tragedy. For the member for Isaacs to say that the Leader of the Opposition wants people to drown is an utter betrayal of everything to do with being a member of parliament.

*Mr Dreyfus interjecting—*

**The DEPUTY SPEAKER** (Ms AE Burke): Order! The member for Isaacs.

**Mr HUNT:** He has breached all the ethical standards that he brought to this place. He came with high beliefs. But now he comes into this place and makes a statement accusing somebody of the consequences that flow from the policy he advocated at this very dispatch box. He advocated the change to the coalition's policy, and because of that change we have seen almost 20,000 people arrive in Australia and upwards of 500 tragedies. We warned of tragedies such as these, and he derided and denounced our warnings and said that tragedies would never occur. But they occurred, and they are still occurring. They are occurring because the architecture of the policy which he and others wanted to put in
place was fatally flawed. There was no intention, no desire and no will for the tragedies to occur—it would be offensive of us to say that—but they were inevitable. Right now they want to move away from their policy, but they do not have the courage or the gumption to adopt solutions which will work and stop the flow; they want to play a game.

Speaking like this is not my normal style and this is not normally my issue, but the words of the member for Isaacs will be remembered 20 years from now as a low point in parliamentary history.

Mr Dreyfus: And so will the conduct of your leader, which has been a disgrace and will continue to be a disgrace.

Mr HUNT: This change in policy—

Mr Dreyfus interjecting—

The DEPUTY SPEAKER (Ms AE Burke): The member for Isaacs is warned!

Mr HUNT: is what the member for Isaacs argued for. It is what he demanded, not once or twice or three or four times but at least four times that I have found on the public record. He is on the Hansard demanding the very policy which has been adopted. We have seen a gross breach of the orders of the parliament today, and it is part of a pattern whereby there has been a terrible line of tragedies since the coalition's policy was changed by the ALP. (Time expired)

Media Ownership

Mr MURPHY (Reid) (22:26): As you well know, Madam Deputy Speaker, I have a longstanding interest in the role of the media and its vital importance to our precious democracy. Therefore, today I asked the Minister for Infrastructure and Transport representing the Minister for Broadband, Communications and the Digital Economy to outline the role of the media in reporting the facts on an issue impartially, accurately and with integrity.

My question arose from the Sydney Morning Herald report titled "We will get him!": journalist's alleged texts to Slipper accuser' and placed online earlier today. It revealed the contents of documents filed with the Federal Court and released to Fairfax today. I cannot comment on the case, as it is before the Federal Court, and I therefore merely question why the Manager of Opposition Business repeatedly interrupted the minister by raising points of order when the minister was only quoting from the Sydney Morning Herald report, which was freely available for the whole world to read. Were the tactics of the Manager of Opposition Business designed to protect the journalist who was the subject of the SMH report? Was the Manager of Opposition Business trying to protect himself?

It is very timely now to speak about ethics in media reporting in a healthy democracy. I believe that we all expect a journalist to report news, not create news. The Minister for Transport and Infrastructure quite properly said that journalists need to recognise 'whether they're reporters or they're participants; whether they're observers or they're activists' and to understand the very important distinction between the two in order to preserve the integrity of the media. The issue of the integrity of the media extends beyond the irresponsible actions of individual journalists. Like me, the Minister for Broadband, Communications and the Digital Economy, Senator Stephen Conroy, has the long-held view that the concentration of media ownership in our country is 'becoming too tight' and that the potential for concentration is alarming. I am with him all the way, as is the Chief Government Whip, the member for Hunter.
Senator Conroy has been campaigning in support of a public interest test in media mergers, which is based on a Productivity Commission and ACCC report from a number of years ago. They argued that if you just leave it to the market you will not get an outcome that gives you diversity of opinion and diversity of voices. When we were in opposition, Labor raised concerns that media diversity was not adequately protected by current media ownership rules and in particular that section 50 of the Trade Practices Act 1974 was unable to deal effectively with cross-media mergers and mergers between old and new media or to address issues of public interest in media mergers.

In 1999, the report of the Productivity Commission inquiry into broadcasting recommended that the government introduce a media-specific public interest test to the Trade Practices Act 1974 to eventually but not initially replace current media ownership rules. It was recommended that this test be additional to and operate under separate provisions from the general mergers and acquisitions test and be administered by the ACCC in consultation with the media regulator. The Productivity Commission and the ACCC argued that the criteria for the test should include: first, the likely impact of an acquisition on editorial independence, free expression of opinion and fair and accurate presentation of news; second, a share of the voice test whereby the influence of a media group is measured; third, the desirability of promoting plurality of ownership in the broadcasting and newspaper industries; and, fourth, the desirability of promoting diversity in the sources of information available to the public and in the opinions on television, radio and newspapers.

The Howard government watered down the media ownership legislation a number of years ago. Senator Conroy reminded us that it was only 12 months ago that the numbers in the Senate changed to allow the possibility of passing new legislation to try to strengthen the media ownership laws. The Australian public rightly demands a high standard of objective, professional journalism. It is the duty of this parliament to ensure that this demand is fulfilled by setting a framework of diversity and independence in our media. You can be certain, Madam Deputy Speaker, that our government will do so.

House adjourned at 22:30

NOTICES

The following notices were given:

Mr Albanese to present a bill for an act to amend the Protection of the Sea (Prevention of Pollution from Ships) Act 1983 and to repeal Acts relating to the stevedoring levy, and for related purposes.

Mr Albanese to present a bill for an act to amend the Transport Safety Investigation Act 2003, and for other purposes.

Ms Roxon to present a bill for an act to amend the Customs Act 1901, and for related purposes.

Mr Clare to present a bill for an act to amend the Customs Act 1901, and for related purposes.

Ms Plibersek to present a bill for an act to amend the Health Insurance Act 1973, and for other purposes.

Mr Bradbury to present a bill for an act to change the law relating to securities issued by the Commonwealth and beneficial interests in such securities, and for related purposes.

Mr Snowdon to present a bill for an Act to amend the law relating to veterans’ affairs and military rehabilitation and compensation, and for other purposes.
Mr Sidebottom to present a bill for an act to amend various Acts relating to fisheries, and for related purposes.

Mr Gray to present a bill for an act to amend the law relating to elections and referendums, and for related purposes.

Mr Gray to move:
That, in accordance with the provisions of the Public Works Committee Act 1969, it is expedient to carry out the following proposed work which was referred to the Parliamentary Standing Committee on Public Works and on which the committee has duly reported to Parliament: Improvement to fuel storage and supply, Christmas Island, Indian Ocean Territories.

Mr Gray to move:
That, in accordance with the provisions of the Public Works Committee Act 1969, it is expedient to carry out the following proposed work which was referred to the Parliamentary Standing Committee on Public Works and on which the committee has duly reported to Parliament: Fit-out of Commonwealth Parliament Offices at 1 Bligh St, Sydney, NSW.

Mr Gray to move:
That, in accordance with the provisions of the Public Works Committee Act 1969, it is expedient to carry out the following proposed work which was referred to the Parliamentary Standing Committee on Public Works and on which the committee has duly reported to Parliament: Development and construction of housing for the Department of Defence at Rasmussen, Townsville, Queensland.

Mr Albanese to move:
That so much of the standing and sessional orders be suspended as would prevent the Member for Wide Bay’s private Members’ business notice relating to the disallowance of the Road User Charge Determination (No. 1) 2012 made under the Fuel Tax Act 2006, being called on immediately.

Mr Robert to move:

Mr Truss to move:
That the Road User Charge Determination (No. 1) 2012 made under the Fuel Tax Act 2006, be disallowed.

Mr Perrett to move:
That this House notes the:
(1) strong investment by the Australian Government in infrastructure right across Queensland, particularly the Mains Road and Kessels Road Intersection Upgrade and the Ipswich Motorway Upgrade;
(2) commitment by the Australian Government in infrastructure now and into the future, such as our investment in the Bruce Highway; and
(3) current Queensland Government’s inconsistent approach to infrastructure projects.
CONSTITUENCY STATEMENTS

McPherson Electorate: Tourism

Mrs ANDREWS (McPherson) (16:00): Anyone who has picked up a copy of the Gold Coast Bulletin this week would have seen a number of articles relating to an excellent proposal to create a dive wreck site or artificial reef off the city by way of two decommissioned naval ships. As I am extremely passionate about boosting tourism on the southern Gold Coast, I think that this proposal is a great opportunity to create a unique international tourism destination for the region and demonstrate, once and for all, that the Gold Coast is more than the northern glitter strip, with its glitterati, its larger-than-life theme parks and its seemingly endless nightclubs. It is truly time to stop obsessing over high-rises and bronzed bikini babes and take a whole-of-Gold-Coast approach to tourism and to promoting our city.

Businesses on the southern Gold Coast are fed up with Surfers Paradise being treated like the jewel in the crown. The owner of Coolangatta based Snorkel Safari Gold Coast, Mr Tony Hunt, has said that he feels like the southern Gold Coast is at times treated like a separate state to Queensland. Mr Hunt, who also runs a whale-watching operation, has been advocating for a dive site near Kirra for the past five years, so this is not a new concept to the city.

The southern Gold Coast has the right ingredients for a successful diving operation. We have Coolangatta airport, where visitors can arrive safely with their diving gear, and we have surrounding headlands that offer great vantage points for watching divers. We also have the right ocean currents, temperature and conditions for diving. We have experienced dive operators that can take the stress out of diving. What is needed for us is the ‘wow’ factor, and that ‘wow’ factor comes from a wreck’s hull looming in the distance. All of that is within our reach now and we really must be focused on doing whatever we can to make this a reality, so I call on all levels of government—federal government, state government and local government—as well as our local tourism bodies and our local tour operators to work together to make this happen in the best interests of the Gold Coast.

There is no denying that the Gold Coast is a popular tourist destination. A recent report by Tourism Research Australia labelled the Gold Coast one of the largest tourism regions in Australia by tourism expenditure. In the year to March 2012, TRA calculated that the Gold Coast attracted 3.3 million domestic overnight visitors, who spent a total of $2.5 billion.

I am certainly committed to revitalising the southern end of the Gold Coast. We have all the ingredients there; we have a strong base. It is not and should not be the forgotten part of the Gold Coast. We need to all work together and bring all of the tourism operators and all of the stakeholders together so that we can have a whole-of-Gold-Coast approach to tourism. That is what is missing. The dive wreck is certainly a key to securing the tourism future of the southern Gold Coast.
Ms KATE ELLIS (Adelaide—Minister for Employment Participation and Minister for Early Childhood and Childcare) (16:03): Since my election in 2004 as the member for Adelaide, I have made clear that my priority is fighting for a fair health system for the people I am lucky enough to represent. This is because I know that there is absolutely nothing which is more important to the people in our local community in Adelaide than looking after their and their families' healthcare needs. It is why I am proud to be part of a government which is delivering a stronger and fairer health system for all Australians. Through our National Health Reform Agreement, we are providing more money, more beds and more doctors and nurses, while at the same time we are cutting the waste and the waiting lists. I know that our reforms are delivering the health care that the people of Adelaide deserve and, of course, we always continue to work to bring about more reform.

In the last couple of weeks, I was pleased to welcome to Adelaide my ministerial colleague the Minister for Health, Tanya Plibersek, to highlight some of the investments which we are putting in place to make a real difference in the lives of our local community. One of those, of which I am incredibly proud, was the $15 million that the government pledged prior to the last election to build a new children's cancer centre at the Women's and Children's Hospital in North Adelaide. In partnership with the South Australian government, the Women's and Children's Hospital Foundation and the wonderful Little Heroes Foundation, as well as a number of other local charity groups, we have created a specialist, custom-built, state-of-the-art centre for children with cancer, so that they can receive the best quality care and treatment possible.

I do not believe that anyone deserves our help and support more than sick children and their families, so I am incredibly pleased that the children's cancer centre has been opened and that we have delivered on our commitment to the Adelaide community by providing that vital funding. That funding is on top of the additional hundreds of millions of dollars that we have provided to fund better health care across Adelaide. It includes $200 million for the South Australian Health and Medical Research Institute; $2.1 million for 10 more dental chairs at the Adelaide Dental Hospital, which is incredibly important in ensuring that we can meet the needs of more patients as well as reduce waiting lists; and $1.36 million to upgrade infrastructure at six local GP facilities and, of course, at the Adelaide Women's Health Centre, which was opened just recently.

I know from listening to local residents and local healthcare providers that there is more work to be done in building our healthcare system. As the member for Adelaide, my priority is to fight for the resources to deliver better health care for the people of Adelaide. I will continue to do this through all of my time in parliament.

Mr TRUSS (Wide Bay—Leader of The Nationals) (16:06): For residents of Wide Bay, Labor's $50 billion NBN stands for No Broadband Network, at least until well past 2016. That is the reality of the NBN for the vast majority of people in Wide Bay. All they have are cardboard trucks and a saturation advertising campaign that just makes them angry. Of the 94,128 people enrolled to vote in my electorate, only 213 have connected to the NBN, and not one is connected by the much vaunted fibre-optic cable—there is no sign of that in Wide Bay. Nor are they connected by high-speed wireless—on coming to office, Labor scrapped the
coalition’s OPEL contract, which would have been delivering wireless broadband to the whole nation by now. Those 213 people are connected to the NBN using pre-existing satellite technology.

Under Labor's fibre-optic rollout plan people in Wide Bay will have to wait until at least 2016—after another two federal elections—before they see anyone connected to Labor's NBN cable. It is another broken promise from Labor, who promised to deliver high-speed broadband to 98 per cent of Australians from 2008 at a cost of $4.7 billion. Now under Labor's plan only 93 per cent will receive a fibre-optic connection, and it will take an extra 10 years and cost at least $50 billion to roll out.

Labor’s NBN is an expensive, cruel hoax in Wide Bay, but it gets worse. Labor's NBN policy settings are potentially jeopardising lives. If you purchase a property in a new housing estate that contains more than 100 allotments you will find that Telstra is not allowed to install a landline. Instead, the allotments in these estates have to be left NBN-ready for whenever, if ever, the NBN arrives. So if you have built your dream home and then move in expecting to have a landline connection available to you, at least for the interim, you will be disappointed, because the government has legislated to prevent you being able to install a landline service. Instead, you will be offered a wireless device. That might be fine for somebody who lives close to a transmitter and where the signal strength and data capacity are sufficient, but if you have a medical condition that requires you to have a landline in order to connect a medical alert device your life could be in jeopardy. If you have a medical alert device, you must have access to a landline for it to work. The Telstra devices work only in conjunction with a landline. So, if you have a serious medical condition and have moved into to a new housing estate with more than 100 allotments and an emergency arises, your life could be at risk because the government has said you cannot have a landline and that means that you cannot have a medical alert device. It is inconceivable that the government would deliberately obstruct landline connections when its broadband network could take a decade or longer to offer the service. (Time expired)

Scullin Electorate: Bubup Wilam for Early Learning Centre

Mr JENKINS (Scullin) (16:09): I invite member Warren Truss to come to my electorate to see modern telecommunications, but that is not what I am here for today.

Last Friday, I joined with the Aboriginal community of the electorate of Scullin in paying my respects to the Wurundjeri Wilam Clan, who are the custodial owners of the land on which we met for the official opening of the Bubup Wilam for Early Learning Aboriginal Child and Family Centre. Bubup Wilam means 'Children's Place' in the Wuywurrung language. Bubup Wilam, the first Aboriginal early years centre in the City of Whittlesea, received $8.2 million from the federal government's national partnerships agreement for Indigenous early childhood development and half a million dollars from the former Victorian state Labor government. The land was provided by the City of Whittlesea. This is a true partnership between the three spheres of government and, most importantly, the community itself.

This new, state-of-the-art modern and contemporary early learning centre is ideally located on Main Street, Thomastown, in the Main Street precinct among the library, recreational and aquatic centre and the local primary and secondary schools. The centre includes a combination of preschool and long day care places, four consulting rooms to be used by
Aboriginal and mainstream partnership organisations to provide relevant services to children and families, and a multipurpose room that will cater to playgroups, elder and community meetings and training activities.

The centre aims to provide a thriving Aboriginal family based early learning centre that creates strong foundations through learning, health and wellbeing. The centre also provides a pre-prep program which will ensure that children are ready in every way possible for their primary school years. Since its opening in February this year, 60 Aboriginal children aged between six months and five years have been enjoying the benefits of this new centre. There are wonderful native gardens outside and a fireplace, where the smoking ceremony was conducted on the day.

Bubup Wilam is a tribute to the many people who have walked together over the past three years on a journey that has allowed this Aboriginal community to come together to celebrate its Indigenous connections, to be visible and to be valued. The shared vision of these people has ensured that the children from this Aboriginal community have a state-of-the-art environment in which to learn and explore their heritage. It is something that they richly deserve. I wish the centre every success in the future as they walk on a very long journey to make sure that our Indigenous Australians are not only appreciated but also given the opportunities that they perhaps have been denied in the past.

One of the reasons that there is an increasing Aboriginal community in my local area is that they are coming because they feel valued and services are being provided, and that is something that I cherish and celebrate. They want to live in our wider community because they feel valued.

### Bonner Electorate: Wynnum School and Office Supplies

**Belmont Rifle Range**

**Mr VASTA** (Bonner) (16:12): Recently I had the honour of reopening a great local Wynnum business, Wynnum School and Office Supplies. The owners, Phil and Lois Troop, have operated several businesses in the Wynnum area and, in mid-2010, they merged a school supply business and an office products business under one trading name—School and Office Supplies. When the Troops added a novelty paper business to their line-up, they saw it as a great opportunity to expand the store, ultimately moving next door to 1/70 Tingal Road. Not content with this, they also used the space to open the Australian Academy of Maths and English, Wynnum, which I have no doubt will be an invaluable resource to the wider Bonner community. It was this new location that I was very pleased to officially open.

Small businesses like Wynnum School and Office Supplies are the backbone of our economy. At a time when so many small businesses are struggling just to get by, it is extremely heartening to see this great local business expanding with such an impressive new showroom. I have no doubt that their success can be attributed to the hard work of Phil and Lois. I congratulate them on their continued hard work and have no doubt that it will pay off not only for them but for our local community.

Also on Sunday afternoon, I had the great pleasure of attending the Queensland National Rifle Association's Queen's Prize championships. This fantastic facility at Belmont in my electorate of Bonner is a first-class facility. It hosted the world championships last year and will host the Commonwealth Games in 2018. The Queen's Prize is such a well-regarded event
that even the Queensland Governor, Her Excellency Penelope Wensley, a fellow patron of the club, was there to lend her support to the event. I was also joined at the event by my good friend and colleague the Deputy Mayor of Brisbane, Councillor Adrian Schrinner, who is a great supporter of the range. The new member for Chatsworth and Assistant Minister for Public Transport, Steve Minnikin, also attended for his first Queen's Prize, and I have no doubt that he will be attending many more in the future, as he has been doing a great job for Chatsworth.

Once again, I congratulate the committee members on such a prestigious event, which provides opportunities for the talented competitors to showcase their abilities, and I look forward to lending my support to this event for many more years to come.

Chinese Community

Mr PERRETT (Moreton) (16:15): I rise to speak about the importance of the Chinese diaspora in my electorate and beyond and to the Australian economy generally. Chinese migration has played a key role in Australia's history over the last almost 200 years, with the Chinese community making many significant contributions over this time, whether it be the great culture they bring with them, the festivals they put on and the wonderful food associated with them or, more importantly, the businesses that they start and expand and the jobs they create. The Chinese and Taiwanese communities are certainly well respected and appreciated by all Australians.

In my electorate of Moreton I represent a large number of people with Chinese heritage. On the weekend I attended a World Refugee Day festival citizenship ceremony in my electorate, where almost 60 people became Australian citizens, and many of these had a Chinese background. This ceremony was the celebration of both the cultural diversity of Queensland and the spirit of friendship and respect with which we welcome new arrivals to our multicultural community.

This month we have seen the release of census data, and there are some very interesting observations that I would like to share with the House. The number of people with Chinese roots rose from 207,000 in 2006 to nearly 320,000 in 2011, meaning that Chinese-born people in Australia now account for 1.5 per cent of Australia's population. This is the third largest group, behind the United Kingdom and New Zealand, and it is likely that this figure will continue to grow, given the wealth, opportunity, infrastructure and resources that Australia boasts. Obviously cultural diversity has always been a part of Australia's history, leaving aside the Aboriginal and Torres Strait Islander communities. The reality is that Australians have always been a people who have come from across the seas. We have shown ourselves to be a nation that is adaptable, ever-changing and multicultural, a word that I am proud to use. Diversity is an integral part of who we are as a nation, and it is little wonder that the Chinese community want to make Australia, and more specifically Queensland and Moreton, their home.

The federal Labor government is cognisant of the importance of the Chinese community and is inviting members of the Chinese community in Australia to join its new ministerial consultative committee. The Chinese community has played an important role in Australia, and establishing this ministerial consultative committee recognises this community's valuable contribution already to our social, cultural and economic life. This new committee will provide a means for the Chinese community to communicate with senior government
ministers about what matters to them, about emerging issues and about cultural and economic opportunities facing the nation.

I am pleased that I have the opportunity to co-chair this ministerial consultative committee for the Chinese community with my co-chair, Senator Matt Thistlethwaite from New South Wales. This will foster better people-to-people links between the government and the Chinese. Expressions of interest close at 5 pm on Friday, 6 July and are to be emailed to my office.

**Grandparents Rearing Grandchildren**

**Mr Irons** (Swan) (16:18): On 27 November 2008 I spoke about my first official duty after being declared a member of parliament. It was to visit a Christmas event for GrandCare. More than four years later, on the weekend, I had dinner with a group called Grandparents Rearing Grandchildren. For those members who do not know, these are grandparents who are raising their own children's children, for various reasons, and all members have them in their electorates. The major reason for this is drugs. My speech is about the injustices of our bureaucratic system, which sees these people saving children and losing their life savings and superannuation and the system just sticks a finger up at them.

The majority of these children have one form or another of disability, which brings its own challenges to the table. Before I go on, I want other members in this place to try to imagine, up to the age of 80, suddenly having thrust upon you the duty of raising your grandchild or grandchildren. I would like to give examples of how the system treats these people. Let me give you the first scenario.

The DCP comes to you as a grandparent to save your grandchild from imminent danger and encourage you to get a court order. You do this and have to bear the costs without any financial support from the DCP. So you go to court and then Legal Aid provide the legal assistance for you to fight at the request of another government department, the DCP. As everyone knows, the Family Court can be very expensive, and this has wiped out the savings of many a grandparent. In the end you may win the case and the custody, but guess what: any government funding from Centrelink that the parents are entitled to stays with the parent. At the end of the day the grandparent saves the children at the request of the DCP, and usually spends all their savings in looking after the children, and the majority of parents just keep buying drugs with taxpayers' money. In a country town in WA, a couple in their 70s have five of their seven grandchildren with them and desperately need to build a $20,000 extension to accommodate the children. Do you think they can get the money? No way. But we see millions of taxpayers' dollars being spent on detention centres, and I am sure the charter flight from Christmas Island to Perth for a solitary passenger costs more than $20,000. After this weekend people will also cop the carbon tax. Where are our priorities as a nation when we cannot help out our people who have paid taxes all their lives and we desert them in the hour of their need and of their grandchildren's need? Have we not learnt anything from our apologies to the forgotten Australians and to the stolen generation?

We should be supporting our inspirational grandparents who are put in the position of having to look after their grandchildren—and if we do not we should have an inquiry as to why not. It is great to see the member for Shortland here. I know she will come on board with any inquiry like this because of the requirement to look after these people and not drive them into a fiscal grave.
Shortland Electorate: Floraville Public School

Ms HALI (Shortland—Government Whip) (16:21): Last Friday, 22 June, I had the privilege to attend a ceremony for the opening of projects at Floraville Public School funded under the Capital Grants Program and the BER program. The principal, Ms Nielsine Oxenford, is retiring, so this was basically her last time at school. I was greeted by the school captains, Sienna Allen and Buddy Botham. I was very pleased to represent the Minister for School Education, Early Childhood and Youth, Peter Garrett.

The project recognised at Floraville Public School under the Capital Grants Program was a very special project, because it was the largest project that I have been to in my electorate. The capital grants project was funded by the Australian federal government, which put in $5.95 million, and by the New South Wales government, which put in $0.46 million. Total funding under the Capital Grants Program is $642 million; it is a fantastic program. In addition to that, there was $3 million for Floraville Public School through the BER program, with $0.2 million coming from the BER’s National School Pride Program. All up, $9.16 million was put in by the Australian Commonwealth government and $0.46 million was put in by the state, in a partnership between the two.

This event was very special to me also because my children attended this school. When they attended, the school was struggling with its numbers. It had about 300 students and it was about to lose teachers, and now it has nearly 600 students. It is one of the highest performing schools within the electorate and has a very strong parent-teacher community. The projects, which were so successful because of the way the community embraced them and the way they worked together to see that the projects were completed, involved the construction of administration and staff facilities, a library, a hall, a special programs room and six classrooms. They are all state-of-the-art facilities that will ensure that all students at Floraville Public School are encouraged to reach their full potential. I might add that all students would be encouraged to reach their full potential even without this wonderful investment by the Australian government, because of the great teachers and the great community in which they attend school.

Australia Post

Mr CRAIG KELLY (Hughes) (16:24): I take this opportunity to speak on an issue that has arisen in my electorate that has recently caused serious concern. Several local post offices are no longer providing the service of holding carded articles—that is, registered letters and packages—for collection by local residents, and these items are now being redirected to larger, central post offices. This has happened at Bangor and Illawong post offices, with carded articles being redirected to Menai. It has also happened at Hammondville post office, with the carded articles being redirected to the central post office in the Liverpool CBD.

These changes have caused many major inconveniences to local residents. Residents from the suburbs such as Sandy Point and Pleasure Point, who used to be able to drive a few minutes up to Hammondville post office to collect their parcels are now forced to travel all the way into the Liverpool CBD, where they are also forced to pay for parking following the Liverpool council installing parking meters throughout the CBD. In one case, a constituent with a disability had to enlist the aid of her daughter, who lives in North Sydney, and they had to spend the best part of the day to pick her up, drive to Liverpool, find parking and line up in
a queue for over one hour to collect just one package, a task which in the past would have taken less than 10 minutes.

Another story I had related to me in the past week was of an elderly man, 86 years of age, who no longer drives. He used to be able to walk from his home to the post office at Illawong. However, now that Illawong no longer handles those carded parcels he is forced to take a taxi or a bus to Menai Marketplace, a trip of over an hour on the bus.

The reason for this change is that Australia Post simply are not offering an economic payment to their licensees to handle these carded parcels. With the growing number of parcels being handled through the Australia Post system with the increasing sales of goods over the internet, licensees are no longer able to provide this service at a loss. I would call on Australia Post to take an urgent review of the percentage of the postage costs that they share with their licensee, to make sure that the licensees are paid a fair percentage for their fair share of the costs of handling these parcels. For this is the only way that we can ensure that our local post offices can continue to provide this important service to our local communities.

**Homelessness**

Mr RUDD (Griffith) (16:27): Homelessness is one of the great challenges we face in Australia. According to the last census data, almost 105,000 Australians were homeless, including nearly 7,500 families. If you are from Brisbane, as I am, you think of the Suncorp Stadium and fill it twice: that is a lot of people, and therefore a challenge for us all. In Queensland alone, the data tells us that we have the second-highest homeless population in Australia, with more than 26,000 people considered homeless.

Last year, together with many others, I participated in the St Vincent de Paul CEO Sleepout. I did that in Melbourne. This year, I did it in Brisbane. This year St Vinnies should be congratulated for the fact that they attracted more than 1,000 CEOs from across Australia who collectively raised more than $5 million for their work in dealing with the challenge of homelessness. This is something which the entire country should have as a continuing core priority.

When this government was elected, we embraced a new National Affordable Housing Agreement between the Commonwealth and the states of $6.2 billion over five years, starting in 2008-09. As part of our early and significant action to respond to the global financial crisis and keep Australia out of recession we also embarked upon a program to repair some 80,000 units of social housing, including 12,000 of those units which were, as of then, uninhabitable. We also constructed a further 19,300 new social housing dwellings. We also have more than 7,000 affordable homes and nearly 8,000 rented or available for rent under the National Rental Affordability Scheme, which is on track I am advised, to have boosted the stock of affordable housing by 50,000 units by 2015. These are important achievements. They do not solve the problem of homelessness, but they do add extra capacity nationwide. That is where we must go if we are to deal with this in the long term.

Following the CEO Sleepout, which the member for Wentworth also participated in in Sydney, I also went down the road to the new facility run by Brisbane Common Ground. This is a $129 million investment with the Australian government in Common Ground facilities across Australia. In Brisbane we have invested some $40 million in this facility. It is a 146-unit permanent supported housing solution which aims to end chronic homelessness for those
who are sleeping rough of an evening. Half of these units will be made available to people who are permanently homeless. They are also wheelchair accessible. This is important. On 7 July, the first people move in. Common Ground should be congratulated, as should all efforts to deal with the challenge of homelessness.

The DEPUTY SPEAKER (Hon. BC Scott): Order! In accordance with standing order 193, the time for members' constituency statements has concluded.

COMMITTEES

National Broadband Network Committee

Report

Debate resumed on the motion:

That the House take note of the document.

Mr TURNBULL (Wentworth) (16:30): In this, the third report by the Joint Committee on the National Broadband Network on the rollout of the National Broadband Network, there are some very important criticisms made of the NBN Co. by the whole committee, not simply by the coalition members, which go to the whole function of the committee and indeed the accountability of the NBN Co. for this massive public investment. The recommendations complain about the failure of the NBN to respond to questions, whether it is questions on notice or questions in committee hearings.

Recommendation 2, for example, calls on the government to include meaningful, consistent KPIs and statistics, such as homes passed, homes connected and services in operation. These are meaningful terms that people can understand, as opposed to the rather bizarre concept that the NBN Co. has invented—I have never seen it anywhere else in the world of telecommunications—where it boasts not of the number of households that have been passed but of the number of households that are contained within areas in which construction has commenced, as though that has any relevance. The fact that you are living in a house which is part of an area of 20,000 households and that the NBN has put a shovel in the ground somewhere in that area does not bring you better broadband services. It does not do anything for you, in fact. It is obviously just a device to get over what has been an extraordinary failure in delivery.

I think it is important to run through some of the NBN's scorecard as at June this year. Let us take the most important metrics. In their corporate plan, the NBN estimated that by 30 June 2012—in other words, by the end of this month—there would be 145,000 households passed with the fibre optic cable. As of May, 18,200 premises were passed; so not even 15 per cent has been achieved.

They also estimated in their corporate plan, which was published just at the end of 2010, that by the end of this month 172,000 households would be passed in greenfields areas—that is, in new housing developments, as opposed to the brownfields areas, which of course are built-up areas. They said, 'We'll have passed 172,000 households in greenfields areas by the end of June 2012.' By the end of December 2011, which is the latest number we have, they had passed a massive 951 households. That is an extraordinary failure, barely five per cent of what they had forecast.
They forecast that by the end of this month there would be 1,000 households with active connections to the fixed wireless service. This is the service that will go into the four per cent of the country which will not be getting the fibre-to-the-premises service or the satellite service. They said, 'One thousand will be connected by fixed wireless as at the end of June.' As at the end of May, they had active connections to 52 households. There is a bit of a pattern here—it is another five per cent achievement. The total number of active connections that they forecast, therefore, by 30 June 2012 was 151,000 active connections, and as of May the active connections are in fact 11,000. Of those 11,000, 7,300 are on the interim satellite service. When you move out to 30 June 2013, they had estimated in their corporate plan that there would be 805,000 households to be passed in the brownfields areas, and it now appears from their latest publication that there will be only 236,000 households passed. This is a colossal failure, and the government really provides very little in the way of explanation other than to say that it took some time to finalise the negotiations with Telstra. What they overlook is that the negotiations with Telstra included, from the very outset, an arrangement that the NBN Co.—before all the precedent conditions were satisfied—could have access to Telstra's infrastructure, and they have had access to that for just under a year. So, as an excuse, the Telstra contractual negotiations are very, very thin.

In the industry, there is general amazement at the slowness of the NBN Co.'s rollout. There is general amazement and disappointment at what appears to be much less than competent management on the part of the NBN Co. But I may say that it goes further than that. While you can attribute much of this delay to poor management on the part of the NBN Co—and that is certainly what people in the industry and in the civil engineering world are saying—there is also this problem: the universal experience around the world has been that building fibre-to-the-premises networks is inordinately slow and expensive. Even in Singapore, where they are building a fibre-to-the-premises network—or seeking to do so—it has taken much longer, cost a lot more and resulted in some pretty acrimonious litigation between the various parties in that tiny country, with all of the advantages of density that it offers in terms of a rollout of this kind.

If you want to compare a statistic or a metric between Australia and the United States, Telstra's experience with its small fibre-to-the-premises rollout in South Brisbane, where it has more houses connected just in that little suburb of Brisbane than the NBN Co. has all over Australia, is, as they have told us, that once the fibre is bought to the premises it is still taking one man-day—that is to say, generally it takes two technicians half a day—to cut over the services over to the fibre from the copper, and they have not been able to get that time down. That is obviously very expensive given labour costs. Interestingly, the experience of Verizon, which has done a similar fibre-to-the-premises rollout in America—which they have now stopped because they simply could not make it pay—is that it has taken exactly the same time, one technician-day, to achieve that cut-over. This goes to a key recommendation in the coalition members' and senators' dissenting report here. What we have urged them to do is to investigate ways of speeding up the rollout by using existing infrastructure where possible and deploying different architecture, such as fibre to the node, where appropriate, because the one thing we know—and again this is global experience—is that you can achieve very high
speeds using fibre to the node. You do not need to go very far: TransACT is doing it here in Canberra. They are getting 60 megabits per second down and 10 megabits per second up on fibre-to-the-node architecture using VDSL for the last copper piece. They are doing it right here. In the UK they are delivering 80 megabits per second download speed. So in terms of functionality and outcome it is much more than adequate, certainly more than people are likely to pay for. But the government refuses to investigate that, refuses to look at that, in a pig-headed way that is having the consequence of depriving Australians of upgraded broadband services.

The approach we would take and will take if the Australian people return us to government, and the approach we would urge the government to take, is to target the underserved areas first. Don't overbuild areas that are already well served with broadband. This is one of the most extraordinary aspects to the NBN Co., and I look at the member for Chifley over here, who has complained bitterly about areas in his electorate that are not in the three-year rollout, areas which have got little better than dial-up. He quite rightly cannot understand any more than I can why the NBN Co. is not addressing those areas. If his constituents vote for the coalition and a coalition government is returned with the support of a new coalition member for Chifley, he will be able to console himself in his defeat with the thought that they will get their services upgraded more quickly. In his electorate these areas are not getting upgraded and yet here in Canberra in the suburb of Crace, where TransACT has installed fibre to the premises, the best architecture you can get, the NBN Co. is going to overbuild it. In Ballarat, where TransACT, for example, has an HFC network and again is delivering very high speeds, 100 megabits per second, the NBN Co. is going to overbuild that to deliver people—wait for it: 100 megabits per second. The same is true in my electorate. They are going to overbuild areas well served by HFC in my own electorate with their fibre-optic cable and yet neglect areas that are poorly served.

The approach that the government should be taking—if the NBN Co. were run in a businesslike way, in a sensible way as opposed to this ideological obsession with fibre to the premises—is to target the areas that are poorly served first. It would then ensure that those areas receive infrastructure upgrades as a priority. It would use a mix of technologies so that the rollout were cheaper, faster and as a consequence more affordable, bearing in mind that income or lack of it is the biggest obstacle to broadband usage. If it did that, we would see the object of the NBN Co., which we all understand to be giving all Australians access to very fast broadband at an affordable price—that should be the object—achieved much sooner. It is very cold comfort indeed for Australians who have been waiting to have their broadband services upgraded to be told by the NBN, 'Oh, we will get to you sometime in the next decade or perhaps the decade after it,' and then, as they lament the leisurely timetable in the NBN's corporate plan, discover that even on the basis of that timetable, which is slow enough, the NBN is barely able to reach 10 per cent of its targets. In some cases, as I have noted earlier, it is only achieving about five per cent of its target. This is an incompetently managed company, owned by and directed by an incompetent government. It is a lose-lose-lose situation. Australians will be waiting much longer than they need to to get better broadband. Taxpayers will pay much more than they ought to to achieve this broadband upgrade. At the end of the day, as a consequence of this gigantic overinvestment, the services will be more expensive and therefore less affordable.
Mr HUSIC (Chifley—Government Whip) (16:45): Perhaps I can clarify for Mr Turnbull, the member for Wentworth. I am pleased to advise the House that, under the three-year construction timetable announced by the government back in March, those areas that I have been championing for some time to drag out of the broadband dark ages—particularly Woodcroft and Doonside, which have been held up—will get the NBN. They are delighted that they have been included in the schedule and, late next year, residents in those areas will start to be connected to the NBN. That is terrific news for them.

A division having been called in the House of Representatives—

Proceedings suspended from 16:46 to 17:01

Mr HUSIC: Just before the break I was indicating to the House that it was my great pleasure to inform members that, following a very active campaign, we were successful in seeing communities that had previously been black spots included in the NBN construction timetable, and that by next year residents in Woodcroft and Doonside would be connected. Some residents were overjoyed to hear that—some of them had not even experienced YouTube—because some suburbs in Western Sydney that were dependent on a dial-up connection are looking forward to the prospect of having superfast broadband. In cooperation with Telstra, we have seen some neighbourhoods in these suburbs be able to connect to the HFC network; others are benefiting from an investment in the ADSL network in the area through the rollout of what is called Top Hat, which will install extra cabinets in existing areas where ADSL is provided. People will now be able to access much faster broadband speeds.

I convened two community forums in the Woodcroft area. The first forum, in December last year, attracted over 100 residents and this was followed up by another forum I held in April, which was attended by a similar number of people. We were able to tell those people that, through a combination of work between Telstra and NBN Co., these suburbs would get access. I am correcting the record, because the member for Wentworth has suggested that these suburbs would still be without a connection under the NBN plans, when in fact that is not the case. The other thing I would point out, which should be taken into consideration by every member of the coalition, is the concern of residents that if the coalition gets in they will be denied access to superfast broadband, because the coalition is failing to support this technology. That is a very real concern for my constituents.

I have a simple challenge for those opposite. We saw last week the Leader of the House highlight the complaints of the member for Mitchell that the NBN was not coming out to his electorate. Mr Hawke was carrying on with the standard, rote lines that those opposite use to rail against the NBN but was then complaining, as those opposite do—as was the member for Wide Bay earlier—that the NBN has not gone to their neck of the woods. My simple challenge for any coalition member who feels that the NBN is a waste of money—to use the coalition's words, not the words of the general public or of most people in Australia—is that they should say to their electorate: 'On your behalf, I have determined that I will write to Senator Stephen Conroy, the Minister for Broadband, Communications and the Digital Economy, and I will ask that our area be opted out of the rollout,' because there are certainly a lot of other suburbs in this country that would love to see the broadband network rolled out to their area. If those opposite do not recognise the enormous value that this technology is providing to this country, even at the moment, they should opt out. IBM, for example, in
commissioned work entitled *A Snapshot of Australia’s Digital Future to 2050*, predicts that there is, through ICT, superfast broadband and other online applications, a value of up to $131 billion to our economy. That research was just provided in the last two weeks. If those opposite do not see the value of it, they should opt out and tell their constituents that they are turning their back on this equipment, on this infrastructure, on this technology. Have the courage to not say one thing here and then another thing in your own electorates. That is the simple challenge I extend to those opposite. I am absolutely confident that not one of them will write that letter to Minister Conroy, because they know what we know—and what Essential research found—and that is that even their own supporters, the people who vote for the coalition, support the NBN.

I have spoken about the value to the economy and the communities, but I am particularly pleased about what this does from an employment perspective—with nearly 20,000 jobs created as a result of the rollout of the NBN. While there are some jobs that will be created, there will be a period of transition for Telstra, which has operated its copper network for quite a number of decades—I cannot say ‘countless’ because we can count how many decades they have had it for. As the copper network is decommissioned, there will be changes to the workforce within Telstra. To provide for that situation there was a negotiation between NBN Co. and Telstra. Through the binding definitive agreements, the government agreed to provide $100 million to Telstra under a retraining funding deed to help retain and redeploy those Telstra employees who would be affected by the reforms to the structure of the industry—chiefly, structural separation. That RFD will conclude in 2019.

Over that period of eight years Telstra have to do a number of things. In particular, they need to ensure that, for example, under the deed, they support the availability of an appropriately trained workforce and that they establish a retraining arrangement with the staff who would otherwise face a redundancy as a consequence of the rollout of the NBN. This is detailed in the report. I commend the secretariat for this element of the report, because I think it faithfully reproduces exactly—following the appearance by Telstra back in April at the committee hearing—the nature of the questions from the committee as well as Telstra’s responses, which I think were detailed as far as possible given that the actual binding definitive agreements came into effect in March and there was time required to negotiate the actual RFD. The deed operates by identifying an automatically eligible work group or employees who would be eligible for retraining—particularly those who work on the copper and HFC network and the direct field support workforce that conducts copper and HFC field based support, including workforce management, workforce and resource planning and construction program management, along with a number of other areas. Those employees who may face redundancy will be retrained.

This is particularly important to me because I have been concerned, knowing the composition of that workforce. It is an older workforce—on average, they are about 45 years of age—and, for them to face redundancy now, given the specialised skills set that they possess, it would be difficult for them to find work elsewhere. So, given the nature of the copper network versus a fibre network, it is important to be able to retrain them, using their existing skills base to lever off into new skills sets. Certainly that is why I feel this RFD is critical, and I am grateful to the committee chair in agreeing to have this component looked at as part of the joint committee's work and that we look at those workforce planning issues.
particularly as it affects this section of the workforce. There are just over 6,000 employees in that automatically eligible workforce category who will be considered for retraining. Registered training organisations will be used, and Telstra itself has those capabilities. They will be able to identify the training needs under a training plan. Courses would be developed and a training methodology and target set for retraining. Telstra is also engaging in consultation with relevant stakeholders such as the unions that are involved with, or have coverage within, Telstra. Under the RFD, the training plan has to use 70 per cent of the funds for accredited training delivered by a registered training organisation, and they must be registered with a state or training authority.

Also I was keen to see that this training be spread out between urban and regional areas, and it was pleasing to see that Telstra indicated that it has a long history of delivering training to all geographic locations nationally. Its training is, to use its terminology, delivered as part of the business-as-usual training plan, and resources for that retraining will be planned on an annual and quarterly basis.

The initial training plans have been submitted to the department. They were supposed to be delivered by 30 April this year. In its appearance, Telstra had said that it was in the process of consulting employees, unions and governments on the first draft of that training plan. We look forward to talking with them further and gauging where they are at in the development of the training plan and how they will take the first steps to implement that plan.

We had also been interested to know how long it would take between the RFD coming into effect and it becoming operational, because there were redundancies that were taking place for employees that potentially would fall under the scope of the automatically identified or eligible work group. Telstra had indicated that they did not believe that there would be a great or significant impact at this stage, because the bulk of their business continues to rely upon the copper network. It is heartening to see to that they will also ensure that they pick up those employees in the meantime, and that they will receive retraining and potential redeployment to ensure that they remain within Telstra and within the sector, because my overwhelming concern is that we have major skills shortages within the sector—I have detailed that in the House previously—and the challenge, if we are to maximise the benefit out of the NBN, is to deal with those skills shortages.

These are the types of issues that I am proud to say will be picked up by a special group that has been formed within the government—the Labor Digital Economy Group. It will be looking at these types of issues, plus ways to maximise the value of the rollout of the NBN within our digital economy. As I indicated earlier, the estimates for that would range—if you take, for example, Google's commissioned work—from $70 billion worth of value to the economy through to, potentially, by 2050, according to IBM, $1 trillion worth of value to our economy, through the application of technology, the internet and the improved productivity that flows from businesses and governments and communities effectively digitising the way that they operate. That enables them to be in much greater touch with communities and customers, and enhances the way that they work.

Certainly, there is a lot that we can look forward to. I am looking forward to the Labor Digital Economy Group engaging with the ICT sector and picking up on issues such as skills shortages, and issues such as to how to get more businesses to embrace the online world and
improve the way that they work. That group will, I think, form an important bridge between
the sector and government.

Finally, I would like to pick up on a point that the member for Wentworth raised. He
indicated—and I suspect others are going to try to indicate that, for instance, the NBN Co. has
not met the targets it has set—that there has been no adequate reason as to why that would be
the case. In actual fact, he is wrong. The report itself does deal with the ACCC's decision to
increase the number of points of interconnect from 14 to over 121, and I draw the House's
attention to paragraphs 2.12, 2.13 and 2.14, where it is clearly stated that major regulatory
changes or positions by the regulator that had not been foreseen, and could not have been
reasonably foreseen, have altered the way in which the corporate plan has to be shaped.
Obviously those opposite continue their campaign to denigrate the NBN. I heard the member
for Wentworth say that there is general amazement within the industry about NBN. If
anything, there is general amazement about the position of those opposite. Most people in the
sector cannot fathom how those opposite would say that the NBN is not worth doing, why did they try 19 times to
device a plan that simply did not work? Their supporters support the NBN. The industry
supports the NBN. Everyone knows the value of this technology to our nation. (Time expired)

Ms LEY (Farrer) (17:15): I am pleased, as a member of the Joint Committee on the
National Broadband Network, to speak in this debate in the House today and to make some
comments about the recommendations, but also some reflections as a rural and regional
member of this parliament. Given the serious and urgent issues about broadband, wireless and
mobiles or any sort of communication in rural and regional Australia, I think those
experiences from the electorate of Farrer should be reflected in the context of today's debate.

The member for Chifley talked about this side of the House attacking NBN Co., making
negative comments and denigrating the process. What I would say is that I am actually tired
of making excuses for NBN Co. There can always be reasons why things do not get done on
time, presented on time or provided in a thorough enough manner, but what the government
seems to be doing over and over is just making excuse after excuse for this incredibly well-
resourced company, which is moving towards using $50 billion of public taxpayers' funding.

I know the issues are that it is off balance sheet, it is an investment, it will provide a return
and so on. It is rationalised away that it is not really government spending to the level that you
might think. But it will not provide a return unless people pay for the NBN—what they
believe the NBN is worth and what the NBN actually charges them as householders. We
continually receive information that indicates that those costs are going to be quite high. Why
would you, as a household, pay $100, $120 or $150 a month for something that you are
already getting for quite a bit less than that? Sure, there might be a few more bells and
whistles; but, if you do not want those bells and whistles, why should you pay more? There is
just so much lose, lose, lose in this for the constituents that I represent.

The opposition spokesperson for communications, the member for Wentworth, put it very
well in his remarks a little while ago when he said that, under a coalition, we would not target
areas that already have fast broadband. It seems like a no-brainer but it is one that the
government and NBN Co. cannot get right. We would target underserved areas first. We
would not overbuild high-speed networks that already have high fibre cable—
Mr Perrett: High fibre?
Mr Mitchell: High fibre? Healthy!
Ms LEY: Fibre optic cable. I am happy for the government to correct my momentary lapse there, but that will not save them from the real criticism of NBN Co. and its lack of activity in regional areas.

I will just go back to my seat of Farrer, which covers a third of all New South Wales. The NBN fibre rollout plans to reach—just wait for it, members of the government—0.12 per cent of my electorate by 2015. That is 0.12 per cent, which is just the city of Albury—a city that already has pretty good, pretty sufficient broadband technology.

On 9 December 2009, when announcing the Regional Backbone Blackspots Program, Minister Conroy said that the 6,000 kilometres of fibre in the ground will benefit 395,000 residents in more than 100 regional communities. But what he did not say was 'when'. It was a cruel hoax, because everybody got so excited. People who were waiting for this got so excited. But they are not excited anymore. They are seriously disappointed. He did not say 'when'. The backbone network was completed in time to be part of the infrastructure for the future, and the backhaul is something that the government has done that I do support and I thank them for it. The backhaul runs parallel to the Murray from Echuca-Moama, right up to Mildura, north to Broken Hill, passing through or nearby at least half a dozen major urban communities. How many were announced in the initial three-year NBN rollout? Zero. None. Confusion by being snubbed in this way is particularly felt, can I say, in the major inland cities of Mildura and Broken Hill—and I want to focus on Broken Hill; it is in my electorate. It was not just local residents, by the way, that were confused. Even the government's own spruiker for the NBN was staggered. Peter Blasina, otherwise known as the Gadget Guy, said he was shocked when Broken Hill was not in the rollout:

I thought that Broken Hill would be connected to the NBN before I was connected in Sydney ... If I was in Broken Hill I'd be getting a group together and knocking on Steven Conroy—the minister's—door.

If we thought it would do any good that is exactly what we would do, but we know that it would not do any good.

The confusion even extends to the NBN's own people, because, when quizzed why Broken Hill was not in the initial rollout, a spokesperson for the NBN Co. said it was because the technology was not ready. This is how incorrect that statement was. The local council had already dug up a local footpath at the corner of Blende and Chloride streets at its own cost, watched as the fibre-optic cable was laid and refurbished the nature strip over it. That was in early February, six weeks before NBN's rollout announcement. Adding some insult to all of this is the wall-to-wall advertising blitz the government is spending taxpayers' money on in these local markets, telling us all how wonderful the world will be one day. I forgot, Madam Deputy Speaker—and you will be pleased because you would have ruled it an unreliable prop—the little cardboard NBN truck that I have in my office, which I sometimes say to people is as close as my electorate will ever actually get to the NBN. The actual NBN truck was at Parliament House last week, I think. It popped up in Albury as well. I think it even went to Deniliquin. So there is no expense spared on the advertising for the NBN in the
regional areas that are not even slated to get it in the first rollout, and goodness knows how long after 2015 it will be before they might even be mentioned as being part of the rollout. What confusion!

The truck rolled up in Deniliquin last month. Everybody was saying, 'What does this mean? Does this mean we are getting the NBN?' The drought support van was an initiative of the member for North Sydney when he was the Minister for Human Services. He said we should travel the drought affected areas of rural Australia. We should take good people from Centrelink—social workers and drought support officers. We should visit the small towns that we do not often see and we should even have a little satellite dish on the roof so we can get people's application processes happening from within the truck. That drought support truck, which morphed into a Centrelink truck, which I occasionally see on the dusty miles in the far west of New South Wales, did a really good thing. This NBN truck is just a sick joke. It cannot tell anybody when the NBN is coming, it cannot give any comfort to anyone about when faster broadband might enter their lives or their homes and it certainly cannot tell anyone what any of this will cost, either for the community as a whole or for people as individual householders. People are waiting so much longer than they need to under this government. They are going to pay so much more than they should. This gigantic, monstrous overinvestment is such a tragic waste of public dollars.

I know that there will be criticism from those opposite, and there are criticisms regularly from people on telecommunications blog type websites who send me snaky little emails saying: 'But you in the coalition didn't vote for the NBN.' No, we did not, but that does not mean that we would not bring fast broadband to people's homes with fibre to the node. We certainly would not overbuild areas that already have fast broadband. Our policy would have been so much happen so much faster. So, when I fight for my communities and I say, 'Where is the NBN? Why has Broken Hill, a town of 20,000 people with incredible regional investment opportunities, been so overlooked?' it is not because I think the NBN is the best solution, but, if this government is spending all these taxpayer dollars on this in many cases gigantic white elephant, I do want to see some improvement in communications in the areas that I represent. Until we come to government, if indeed we are lucky enough at the next election to do so, and start fixing up this mess, I have to deal with what I have. I have to deal with what is in front of me and so I will continue to fight for the communities that I represent to appear on the map of this government and of the people in NBN Co., who seem so willing to do its bidding. I want to touch on the recommendations. I want to thank, by the way, my colleagues on the committee and the chair, the member for Lyne, and say that we on this committee are in the process of uncovering some serious failings, I believe, in the processes, the management and the rollout, which after all is what we are here to report on.

I just want to look at recommendation 3, which is quite close to my heart. It says:
The committee recommends that the NBN Co as soon as possible, provide further key information on its website in a user-friendly format ... This information should include:
• The date of the commencement of work in individual service areas;
• The progress of the rollout in the service areas (expressed as a percentage);
• The exact date of completion of the National Broadband Network rollout in each service area;
• Information about how to connect to the network; and
A list of retail service providers active in the service area.

We made many good recommendations but I really want to highlight this one because, from the minute the NBN became a sort of reality in people's lives I thought, 'Well, there should be a website, because there's always a website.' You should be able to go to the website, type in your postcode and use the services of Google Earth to focus on your street. You should be provided with information on a website run by a company that is spending up to $50 billion of taxpayers' money. It should tell you what you can expect, when you can expect it, who might be delivering it, what it might cost and who you can talk to about it. But nothing like that exists. There is this dense sort of nonsense and motherhood statements about what fast broadband means but nothing that really is user-friendly. So I am glad we have got that recommendation, and I really encourage NBN Co. to pay close attention to it.

We had a group of recommendations relating to services in regional and remote areas. I particularly highlight recommendation 9, which is:
The committee recommends that the NBN Co revise its terminology and language to clarify community understanding of what the three National Broadband Network services can and cannot support, to enable the community to prepare for the network's services appropriately and become fully informed.

As I said, it is dense language, a meaningless truck which cannot really tell people anything and cannot really explain anything.

Recommendation 10 is:
The committee recommends that the NBN Co include in its web-based interactive rollout map specific information on the provision of voice services for communities in fixed wireless and satellite access areas.

The reason that is necessary is that it has never occurred to anyone in this government, and it probably has not occurred to anyone in the NBN, that there are areas where we do not have sufficient voice communications and we do not have sufficient mobile services, and that maybe a voice over internet protocol is the way that we could achieve some of that. So do take note, please, NBN Co.: there are areas of Australia where you will be coming with this project that do not even have a decent mobile signal, so voice communication is probably a priority for them areas before anything else.

While regional and remote Australia has been spruiked as being very well looked after, it certainly has not been. I quickly want to conclude by talking about some evidence that was presented to a public hearing we had in Sydney relating to the rollout in the Berrigan Shire. The director of corporate services from the Berrigan Shire Council spoke to the committee and indicated—

A division having been called in the House of representatives—

Sitting suspended from 17:28 to 17:41

Mr MITCHELL (McEwen) (17:41): It is a pleasure to rise tonight to speak on the third report of the Joint Standing Committee on the National Broadband Network, entitled Review of the rollout of the National Broadband Network. This report covers the period from 1 July to 31 March 2012. Throughout this period of reporting there has been a number of landmark achievements reached to support the NBN rollout. The achievements in the rollout include NBN Co reaching an agreement and signing contracts for fibre rollout with: Syntheo in Western Australia, South Australia and the Northern Territory; Visionstream in Tasmania;
Silcar in Queensland, New South Wales and the ACT; and Transfield in my home state of Victoria. NBN has released a three-year national fibre rollout plan which details a list for some 3.5 million homes and businesses where work is underway already or due to begin up to mid-2015. It has also released a 12-month rollout schedule. NBN Co. has commenced its short-term satellite service, which will be of enormous benefit to Australians—particularly those in provincial and remote Australia—in its improvement of high-speed broadband services. This will be coupled with the announcement by NBN Co. that it has entered into an agreement with Space Systems/Loral which will deliver two new satellites to support the long-term satellite service. We have seen housing developments turned on to the NBN in western Sydney, and the member for Chifley was talking about before. We have also seen the final version of the wholesale broadband agreement. This means that we have seen some 40 retail service providers sign the WBA, and this includes Australia's largest ISP providers: Telstra, Optus and iiNet.

Over the same period we have seen a number of regulatory milestones, including the Australian Competition and Consumer Commission's consideration and approval of the structural separation of Telstra and the accompanying draft customer migration plan. These are very important steps in delivering a national broadband network to all Australians, no matter where they live. The ACCC's approval of the definitive agreements will also see the NBN able to use existing Telstra pit-and-pipe infrastructure. That is going to allow for cheaper, faster and easier rollout with less overhead cabling and destruction to communities. The ACCC also approved an agreement with Optus for the decommissioning of Optus's HFC network. It should be noted that the NBN Co. special access undertaking which deals with the NBN access terms and conditions, is constantly being improved. It is an evolutionary process that has continued to grow, and it has developed out of feedback from businesses and industry. The ACCC and the committee will monitor this during the next review that we have. The report also notes that the committee is aware that the NBN Co. is still in the early stage of the rollout and that due to delays with the Telstra agreement, a change to the number of points of interconnect and changes to the government's greenfields policy there has been a delay. That happens when you are undertaking a nationally significant piece of infrastructure such as the NBN.

The committee feels that because these targets are not able to be compared between performance reports, it notes that NBN Co. considers it perfectly legitimate to measure its performance against the targets contained in the 12-month and 3-year rollout plans. The committee has recommended that the shareholder minister's report include key performance indicator information for targets in the business plan for homes passed, homes connected and services in operation.

During the time of this reporting we have been out and we have had a look at sites that are already up and running; places like Willunga in South Australia, where we went out and visited and saw cable being put into the ground. We went and saw the nodes being put there and we spoke to the many small businesses who were going to benefit from having a high-speed broadband network, something they have never had in the past. A lot of those businesses were really excited about it. There have been examples—and there are some in the report—that talk about how they had spoken to their providers and got nowhere for a long period of time—got nowhere in being able to access high-speed broadband.
With the NBN coming through it should be noted that the work of member for Kingston, Amanda Rishworth, has been very strong. Amanda took us to a lot of businesses and the local council and the library. The library is now running programs for seniors that are getting them in there and teaching them about the internet and computers and high-speed broadband. They are saying that it is just flat out; they cannot keep up with the amount of people who want to know and want to get onto this 21st century thinking. It was important that we go and see these things happening on the ground.

In my own electorate of McEwen, South Morang started putting the cable into the ground, and one of the fantastic things about this is that we are getting students from Peter Lalor College—kids who were on the cusp of going bad or good—and giving them an opportunity to learn and be part of the fitting of fibre and the laying of fibre out in the streets and to homes. There are some fantastic young kids, all good young blokes, that are out there and learning this sort of stuff—they are learning to splice. It is giving them an opportunity to take a career that they may not have had previously and it may have been pretty tough for them. But these are just some of the small benefits that happen through the NBN as a side thing while we are delivering this fantastic piece of infrastructure.

I want to compare this to what we have heard from those opposite. We have heard again tonight this false figure of $50 billion. They make this figure up and not one person has ever been able to come and back that figure up.

Mr Van Manen: You do not even know what it is going to cost!

Mr MITCHELL: Not one person has backed it up.

Mr Perrett: So, you are admitting you are making it up?

Mr MITCHELL: We will take the interjection there, that it is an admission that it a false claim. It has just been made up for something to do.

I have a look back to the 11 years when they were in government and I remember that Opel, which was plan number 18 or 19 or 20—I cannot remember because they all failed. I remember the maps that were brought out by the then Howard government—those wonderful masters of technology—that had the big Opel plan and the big map saying, 'We are going to service 75 per cent of your electorate'. You think communities would go, 'Wow, isn't this great? How exciting is this?' The problem was, when you actually had a look at the map it never took into consideration things that we have in country areas like mountains, trees, buildings and lakes. All these things. None of that was taken into consideration. If we had got a great big iron and flattened the earth to dead flat and cut all the trees down then, maybe, the Opel contract they had may have worked. I say 'may have' because even they could not prove that it was going to work. The NBN project will deliver high-speed broadband to places that were never, ever in consideration by those opposite. During all their plans—failed plans, because every single one of them failed—

Mr Robb: Not true.

Mr MITCHELL: The member for Goldstein says that that is not true. I would be happy for you to leave your little inner-city coven and come out to anywhere around the outskirts of Melbourne and say: 'We didn't fail. You haven't got broadband.' Why? Because everything that you did failed. Not one of them worked, and that is why these programs are being delivered now and people are screaming. I am happy for you, member for Goldstein, to write
to your constituents and say, 'You don't want the NBN,' because, like the rest of your crew, you bag it. You say that it is not worth it and that it is too expensive, and then you bitch and whinge and carp and whine because it is not in your areas—you are absolute jokes.

*Mr Robb interjecting—*

**Mr MITCHELL:** We know about your ability to do these things. You are part of the financial team that got an auditor's fine because of your inability to tell the truth. While you sit there carping, whingeing and whining about the NBN we are actually getting on the ground and delivering it, and we are delivering it to places that would never have seen it under your government—never did and never will. You had 11 years and you did not do a thing. You sat there and did nothing; meanwhile Australia fell behind—

**Mr Van Manen:** How long is it going to take them to pay off?

**Mr MITCHELL:** Let us just take that interjection. I remember back in 2003, when I was in the state government, we did a report on rural and regional telecommunications in Victoria. It is worth having a read. Have a read about what happened then. Even your coalition partners, the Nationals, were complaining. The Victorian Nationals were complaining that the Howard government failed to deliver telecommunications to regional areas. I tell you what, Bert, I will even give you a signed copy. I have plenty of them sitting around because I was actually part of that.

At the same time that we are delivering the NBN, other carping from over there comes from the member for Gilmore. The member for Gilmore does not tell her community that she does not want the NBN and that she does not think they deserve it, but, when it does come to her electorate, what does she do? She gets up in the House, in front of everyone, and says: 'They're digging up the nature strip. Who's going to reseed the grass in the nature strip?' You have to be absolutely kidding yourselves if you think that the biggest concern of the world is that the nature strip is getting dug up. But, again, you do not see her out there saying to her community, 'I'm voting against this; I don't want the NBN.' The fact of the matter is that every single bit of polling and all the questionnaires show that people desperately want it.

What I have found to be the biggest issue with the NBN is not getting it delivered quickly enough. In my electorate and everywhere else I go people say: 'We want this. When are we getting it?' That is one of the issues that the committee is dealing with at the moment. We are talking about Telstra workforce issues and about how we can get people out on the ground faster and quicker to get this out there, because getting enough people on the ground to put the cable into the pipes and the pits to get it to the homes as quickly as possible is the biggest shortfall we have.

*Mr Van Manen interjecting—*

**Mr MITCHELL:** We do use local businesses. The member opposite interjects but, again—

*Mr Van Manen interjecting—*

**Mr MITCHELL:** Stand on your credibility and we will watch you fall flat on your face.

The **DEPUTY SPEAKER (Ms Grierson):** Order! Members, through the chair.

**Mr MITCHELL:** We hear all these things but, when it comes to evidence, those on the other side have nothing—not a thing—to talk about. They sit there and say: 'We know how to
do it faster. We know how to do it cheaper.’ To those on the other side I say go down to the Parliamentary Library and grab yourself a book called The Wired Brown Land. I am sure that if you read it, Madam Deputy Speaker, you would say, 'Wow, this sounds amazing!' It was written by a bloke by the name of Paul Fletcher—

Mr Perrett: I know that guy!

Mr MITCHELL: Oh, you know that guy! He was out there talking about, 'We need fibre to the home; this is the greatest thing to happen.' Well, blow me down, when I got to the committee meeting there was a bloke with exactly the same name sitting there saying: 'We don't need it. It's wrong.' It is typical hypocrisy from those opposite, whether it is on carbon pricing or the NBN. The member for Flinders is out there saying in his thesis, the one he wrote with his words of wisdom, that Liberal constituents will be upset, but bad luck, we have to do this. Paul Fletcher goes out and says, 'We need fibre to the home and we need it now. It is the only way we can keep up in the 21st century economy,' but then goes to the committee and says, 'Oh, no, we don't need this. We can make it work through the technology, just like we did in the 11 years that we were in government, which left us with about 15 per cent of people connected.' The NBN is an important thing to have done. It is like the railways of the 19th century. We know that. Early Hansards show that, back then, the forefathers of the Liberal Party and the Country Party were asking why we needed an Australia-wide rail network.

Mr Perrett interjecting—

Mr MITCHELL: That is right! The Luddites on the other side back then said, 'We don't need trains. What good are they?' Now they say, 'We don't need broadband. What do we need broadband for?' We need it because in every single field that this country deals in—education, health, business and personal use—it is going to deliver faster and better broadband and some absolutely exciting things. Even those opposite might learn something. But, as usual, they will sit in their little caves and say, 'No, we don't need this.' But they will still shy away from going out and telling their communities that each and every day they are in here saying 'no' to the NBN. (Time expired)

Mr PERRETT (Moreton) (17:56): I rise to make a few comments on the third report of the Joint Standing Committee on the National Broadband Network, which deals with the time from 1 July 2011 to March 2012. Obviously, the National Broadband Network is very important for the national interest. It is great to hear from the member for McEwen about the actual rollout and about the 3.5 million homes that are about to be connected or are in the process of being connected and which have already had the nature strips in front of their homes dug up. Obviously, that is an inconvenience, but when you are talking about the productivity agenda of the nation and the education agenda of the nation, it is a small sacrifice for the good of our grandchildren and great-grandchildren.

Sadly, as all of those in an economic or shadow economic portfolio would know, productivity in Australia has been flatlining for approximately 10 years. Productivity is the real indicator—the most significant indicator—of whether the economic engine is finely tuned. How do we improve our productivity? Not by lowering wages. The reality is that we will never compete with India, China or Indonesia when it comes to wages. That is not the way to compete in terms of the future of the nation. The way to compete is by doing things smarter and by delivering services more cheaply and more efficiently. How do you do that?
Obviously, by investing in education. We on this side can tick that box—we have doubled the education budget. The last budget was a tough budget, but we have kept the investment in higher learning. Those opposite were obsessed with making sure that everyone had a flag and/or a flagpole. That is important; our national symbols are important—I do not take that away—but I will stack our 3,000 libraries up against their 3,000 flagpoles any day. So we can proudly tick the education box.

What else can you do? You have to be able to invest in doing things smarter—in the health agenda and the education agenda. It is not enough to build new classrooms; you have to give people the opportunity to learn and you have to deliver services in a new way. That is how we are going to improve productivity in this nation. The NBN is an important part of this. We have heard the Leader of the Opposition say, 'Well, I'm not really very technologically savvy,' in fact, I think he said that he could not even send emails. Well, the reality is that the NBN is so much more than that. It is not just about sending emails. It is about letting businesses in the remote parts of Blair compete with businesses in the southern parts of the United States or the southern parts of China. It will let Australian businesses compete on the world stage in the niche markets with the products that we do so well, particularly when it comes to setting up a new Switzerland in the south in terms of managing funds. That is a great way by which we can compete, and the NBN is a part of that. I look forward to the next report from the NBN committee and the great news that they are delivering for Australia.

Debate adjourned.

Education and Employment Committee

Report

Debate resumed on the motion:

That the House take note of the report.

Ms O’NEILL (Robertson) (18:00): I rise to speak on the motion and follow the recommendation that we take note of the report on the Fair Work Amendment (Better Work/Life Balance) Bill 2012. This report is a result of an inquiry that was undertaken by the House of Representatives Standing Committee on Education and Employment as a result of a piece of legislation that came before this House in February this year. It was followed by a hearing in Canberra in March. It did receive a considerable degree of interest but perhaps not as much as one might have expected given the title of the proposed bill put forward by the member for Melbourne. Given that it was about a better work/life balance, you would think that there would be a high degree of community participation in this inquiry. In fact, there were 23 submissions, and at the hearing in Canberra there were 12 witnesses.

I certainly want to thank those who submitted, all 23 of them. They are indicative of quite a range of interests. In terms of the public hearing and those who attended, I note—to give a bit of a flavour of the people who participated in this inquiry—that we had the Australian Council of Trade Unions; Carers Australia, who were represented very well; the Centre for Work + Life; the Department of Education, Employment and Workplace Relations; Job Watch Inc.; the Northern Territory Working Women's Centre; the Queensland Working Women's Service; the Australian Industry Group; the University of Melbourne; the Women and Work Research Group; and the Working Women's Centre South Australia. So we have to
be very thankful for the participation of these people from across the country on what is an important issue. The Labor Party certainly understands that work/life balance is something that was at the heart of why we were so successful in encouraging the Australian people to vote Labor and reject the Work Choices legislation, which was the other option that they had.

But, despite the central importance of work/life balance for all working Australians, why were there so few? The answer to that perhaps lies in the fact that at the time there was a significant number of bills that had been referred and a significant number of reviews going on which were touching on areas of flexible working conditions. Among those was the Productivity Commission's *Caring for older Australians* report, which was released on 8 August and being considered by the government at the time. Also crossing over into this area of carer responsibilities and work/life balance was the Productivity Commission's report *Disability care and support*, which was released on 10 August 2011. And the Advisory Panel on the Economic Potential of Senior Australians had another report. It was entitled *Realising the economic potential of senior Australians: turning grey into gold*, which I think is an outstanding title and certainly does reflect our particular interest as a government in making sure that the wealth of older Australians' knowledge and work capacity is not overlooked. Then, of course, there was the Australian Law Reform Commission's *Family violence and Commonwealth laws: improving legal frameworks* report. So all of these were being considered at the same time. It is in light of that background that we can see perhaps a little bit of participation fatigue for some of the peak bodies that represent the interests of so many Australians. But overriding all of that and perhaps most significant are the flexible working arrangements being considered right at this time by an independent review of the Fair Work Act 2009. The Department of Education, Employment and Workplace Relations is consulting and expanding the right to request flexible working conditions under the National Carer Recognition Framework. In addition, the General Manager of Fair Work Australia is conducting research right at this time into the extent of individual flexibility arrangements under modern awards and enterprise agreements and the content of those arrangements and also the operations of the provisions of the National Employment Standards in relation to employee requests. All of this research going on at the same time, conducted under section 653 of the Fair Work Act 2009, is due for report by 26 November 2012. With that entire frame of so much work going on by an incredible number of agencies and with that dedicated work being done in relation to the Fair Work Act, perhaps we understand why this bill did not get the attention one initially might have thought it would garner.

Recommendation 1 from the committee's report is:

In light of the Independent Review of the Fair Work Act 2009 currently underway, the Committee recommends the Bill be reconsidered after the Independent Review of the Act has been completed and the Government's response has been released.

That seems to be an entirely sensible response. We would not want to be putting the cart before the horse when there is so much important work being done to make sure that we have the fullest range of responses and deep considerations that, if change is brought about, are going to affect people's working conditions in a most significant way.

Regarding the current provisions, we have a number of important measures in the Fair Work Act providing for flexible working arrangements. For those who might not be quite
aware of what those are, I will always take the opportunity to put it on the record and do a little public education. Section 65 of the act says:

(1) An employee who is a parent, or has responsibility for the care, of a child may request the employer for a change in working arrangements to assist the employee to care for the child if the child:
   (a) is under school age; or
   (b) is under 18 and has a disability.

Secondly:

(2) The employee is not entitled to make the request unless:
   (a) for an employee other than a casual employee the employee has completed at least 12 months of continuous service with the employer immediately before making the request; or
   (b) for a casual employee the employee:
      (i) is a long term casual employee of the employer immediately before making the request; and
      (ii) has a reasonable expectation of continuing employment by the employer on a regular and systematic basis.

These are the current provisions. They indicate a sensibility to the challenges that face us as working men and women who are, I think, perhaps increasingly aware that there is a trade-off between our working life, with its demands on us to do our very best and be highly productive, and our very important rights and needs to be in relationship with others and to nurture and sustain those relationships with family, friends and community members, who rely on the goodwill of those closest to them to enhance the outcomes for life.

I would like to put on record the stakeholders' reactions to this bill, and I think they are best characterised in the report. Strong support and considerable opposition are the two ways in which people have reacted to the bill as it was presented. Carers Australia expressed a very important concern. They said that trying to impose orders on employees had the capacity to perhaps invite resistance. This notion of compulsory and non-compulsory negotiation was one that came up frequently in the discussions and submissions.

I go now to my final comments regarding this report and the motion that it be noted. I would like to move to the committee's concluding comments. We note the government's commitment to a review of flexible working arrangements. We certainly note particularly the government's commitment in relation to the right to request for people with responsibility for the care of another person. We endorse the National Carer Recognition Framework and the consultations that DEEWR is currently holding under the National Carer Strategy. In the course of this inquiry, one very important principle emerged: that the committee supported the principle embodied in the bill that the right to request flexible working arrangements should be extended to a particular group of employees other than carers—that is, people who are suffering domestic violence or family violence. These are situations that are, sadly, ever present in our community. They do impact on people's working lives—their capacity to be at work and to be at work in a highly productive way. And they do impact on their capacity to continue to work when many things in the background of someone's life might be in a state of incredible flux, where they might be facing incredible personal and practical challenges.

In this chamber yesterday, I had the privilege of listening to a very passionate and very articulate expose by the member for Kingston of the issues faced by women who suffer domestic violence. She recounted a story of her days working for the SDA union and a
woman who had been suffering terrible domestic violence. Very sadly, her husband finally came to her workplace and shot her in her workplace. I do not think any employer, or any employee in that context, would begrudge the need to have a balance to support workers—particularly women, though it can be men and it can be children as well—who find themselves in fraught and difficult conditions. We need to ensure that we respond in practical and genuinely authentic ways to our fellow Australians and in a way that is appropriate to our time, and in 2012 we need to lead in this way as a Labor government.

In closing, I absolutely support the recommendation of the committee that the bill be considered after the independent review has been completed and after the government's response has been released. At such time as that occurs, I expect that there will be a considerably fuller engagement with the larger community than was evident in this case.

Debate adjourned.

BILLS
Statute Stocktake (Appropriations) Bill (No. 1) 2012
Second Reading

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

Mr ROBB (Goldstein) (18:12): I rise to speak on the Statute Stocktake (Appropriations) Bill (No. 1) 2012. The purpose of this bill is to repeal whole acts and special appropriations that are no longer relevant or in fact are wholly redundant. For example, it repeals old appropriations that have been spent, exhausted or lapsed. The bill therefore is housekeeping in nature. Perhaps the term 'noncontroversial' was coined for this bill. It is the fifth stock-take bill since 1988. It forms part of an ongoing process to clean-up the statute book. Despite the bills title, 'Appropriations', it does not in fact enact any new legislation, nor does it seek to appropriate any funds. If enacted, it would repeal 93 redundant appropriation acts from 1984 to 1999, 35 redundant supply acts from 1984 to 1997 and three acts containing redundant appropriations from the Treasury portfolio, including the Housing Loans Insurance Corporation (Transfer of Assets and Abolition) Repeal Act 2006, the Housing Loans Insurance Corporation (Transfer of Pre-Transfer Contracts) Act 2006 and the Mint Employees Act 1964. The bill also repeals three superannuation related provisions contained in the Superannuation Act 1922 and the Superannuation (Pension Increases) Act, which contain redundant provisions. Megan Shellie, a bright young law student who is currently doing work experience in my office, observed that housekeeping of this nature is indeed a very good thing. She said that this exercise will be of benefit to law students everywhere in reducing the amount of redundant legislation they have to read in the course of their studies. So we have helped law students all over the country, which is a great thing!

The bill's explanatory memorandum states that the bill:
… would also further the Government’s deregulation agenda. The Government has stepped up its deregulation reform program … It is important that continued progress is made by Government.

While this work is worthwhile—and we support the nature of this bill and the removal of all those acts from the statute; it is indeed tidying up—it does not make any material change with regard to easing the regulatory burden on business, as suggested by the explanatory
memorandum. It can hardly be described as a feature of a meaningful deregulation agenda to remove some appropriation bill that applied for three years some 20 years ago.

This bill serves to remind us of how the government has failed to honour its key commitments on deregulation. We are reminded of the government's failure to honour its famous so-called 'one in, one out' commitment. Remember that, Madam Deputy Speaker? What a brave statement that was, heralded from one end of the country to the other. The government said it would be the champion of deregulation. That was a commitment to repeal one piece of red tape or regulation for every new piece introduced. I searched throughout this bill. I got quite excited. I thought we were going to see some material deregulation, something that was going to improve the abysmal productivity performance of the economy after five years of this government. Despite a rabid search of this bill, nothing could be found. This commitment to repeal one piece of red tape or regulation for every one piece introduced is not added to in any significant way by this piece of legislation.

The latest analysis by the Parliamentary Library shows that, since coming to office, the government has in fact introduced 18,089 new regulations and has repealed just 86 items—not 18,086 items but 86 items. This would have to be one of the most abysmal failures in terms of promises in the history of the federal parliament, and that is a big stretch when you think of some of the things that have been broken in the last year or two. But the opportunity for deregulation in this bill unfortunately has not been taken up by the government.

We know that, when convenient to do so, the government exempts proposals from regulatory impact statements. It exempted the NBN related legislation. We just had a most eloquent speech from the member for McEwen—I don't think!—on the question of the NBN. What he failed to mention was what will probably be another couple of thousand regulations associated with that white elephant in the end. That is not recorded, of course. It is only the biggest infrastructure project in our history, but it does not rate a mention when it comes to featuring in the budget bottom line or when we look at new regulations that have been added.

This bill, while supported by the coalition, represents another massive missed opportunity for material reform in the area of deregulation—an area of abysmal failure, I am afraid, by this government. Nevertheless, I commend the bill to the House.

Mr NEUMANN (Blair) (18:19): I am not prepared to take the word of the member for Goldstein on regulations. He is hardly the most numerate man in the chamber. He is the guy with the $70 billion black hole. I think he was there when the coalition was announcing, during the campaign, their response to the NBN. I think he was there with the member for Casey. There was this extraordinary press conference. They completely fluffed it. In any event—

Mr Haase: Madam Deputy Speaker, I rise on a point of order on relevance. I wish that the member would come back to the point.

The DEPUTY SPEAKER (Ms Grierson): I agree with you. I have been very tolerant. I hope the member for Blair is going to address the bill before us.

Mr NEUMANN: I will. The member for Goldstein waxed lyrical in criticism of us. This legislation does what it says it does. It is a stocktake piece of legislation—one of a series of about five—getting rid of 93 appropriation acts from back in the days when Bob Hawke was the Prime Minister in 1984-85 through to the days when John Howard was the Prime Minister.
in 1998-99. It also gets rid of 35 supply acts from the same period, three acts containing redundant special appropriations from the Treasury portfolio and three provisions on two special appropriations from the Finance portfolio. It does not appropriate any money; it is good housekeeping. It repeals whole items of legislation and special appropriations within acts that are simply otiose. In the circumstances it is worthwhile legislation. We know there is a lapsing—that is, if the money is not allocated at the end of the financial year, the legislation has no force and effect on the appropriation, so there is no loss of federal government money there.

This legislation is part of a series of statute stocktake bills dating back to 1998—a process to clean out the statute books. We are doing it, and I am pleased that those opposite are supporting it. But all too often they did not do these sorts of things when they were in power, so they can hardly criticise us for doing it. We have stepped up. I think the member for Goldstein criticised us about what we are doing on legislative instruments. We have had a series of amendments introduced by the Attorney-General on the Legislative Instruments Act 2003. These amendments have contributed to getting rid of that tranche of legislation, which is unnecessary and redundant. The Special Minister of State put it well when he said in his second reading speech on 20 June 2012 that the government has stepped up its deregulation reform program, including the progress made at the business advisory forum in May 2012 and the Prime Minister's economic forum in June 2012. I notice that my new premier, Premier Campbell Newman, did not have the grace, humility, determination or credit to attend the forum. He was too busy, he said. Sadly, he was not interested in the deregulation process that we are undertaking.

I notice a document signed by my friend the Assistant Treasurer and Minister Assisting on Deregulation, who is sitting beside me. It makes reference to what we are doing on deregulation in this legislation—it is streamlined, effective, productive, and it is an annual update on the Australian government's deregulation agenda, which this legislation is part of. The forward to the legislation says what this government is about. What this legislation before the chamber really makes clear is that good quality regulations are key to achieving the Australian government's objectives of improved productivity, increased competitiveness, economic growth and equity. That is what this legislation is about. Regulatory reform is a process. It is an ongoing task. It should be pursued. Legislation such as this is important. We were criticised by the member for Goldstein for removing regulation and for the deregulation process. He should have a look at what we have done in the last 12 months—removing about 12,000 instruments, including a number of instruments that are contained in the Legislative Instruments Act 2003. He should have a look at the fact that there are a further 2,600 instruments under consideration for removal as part of the review process. He should give us credit for actually fixing up things that he did not have the intention and determination to do when his government was in power and when he was a minister and sat on the treasury bench. In the circumstances, I commend the legislation to the House.

Mr BRADBURY (Lindsay—Assistant Treasurer and Minister Assisting for Deregulation) (18:25): I take the opportunity to thank members who have contributed to this debate, especially the member for Blair, who always makes a very sensible contribution to these matters.
The Statute Stocktake (Appropriations) Bill (No.1) 2012 is the fifth statute stocktake bill since 1998, forming part of an ongoing process to clean up the statute book by repealing redundant legislation. This bill also supports the government's deregulation agenda by reducing complexity. The bill repeals 93 redundant appropriation acts from 1984 to 1999, 35 redundant supply acts from 1984 to 1997 and three acts containing redundant special appropriations from the Treasury portfolio.

The bill also continues to implement the government's response to former Senator Andrew Murray's report of December 2008 entitled Operation sunlight: overhauling budgetary transparency by repealing three superannuation related provisions containing two redundant special appropriations from the finance portfolio. This bill repeals whole acts or special appropriations within acts that are redundant. It does not appropriate any money. In addition to the appropriation acts that will be repealed by this bill, the government is reviewing appropriation acts since the 1999-2000 financial year to determine whether more recent appropriation acts are also redundant and should be repealed. I commend the bill to the House.

Question agreed to.

Bill read a second time.

Ordered that this bill be reported to the House without amendment.

Federation Chamber adjourned at 18:28
QUESTIONS IN WRITING

Members of Parliament: Code of Conduct  
(Question No. 1010)

Mr Oakeshott asked the Prime Minister, in writing, on 9 May 2012:


Ms Gillard: The answer to the honourable member’s question is as follows:

The question of a draft code of conduct for Members of Parliament was referred by the Government to the House Standing Committee on Privileges and Members’ Interests and the Senate Standing Committee of Senators’ Interests on 23 November 2010 and 2 March 2011 respectively.

The House Committee reported on 23 November 2011. While the report did not contain any recommendations, it did include a draft code of conduct for Members. The Senate Committee is not due to report before 27 November 2012.

The Government notes that the Member for Lyne has moved a motion proposing that the House endorse a code of conduct for Members of the House of Representatives and will consider the adoption of a code in that context.

Australian Quarantine and Inspection Service: Staffing  
(Question No. 1020)

Mr Morrison asked the Minister representing the Minister for Agriculture, Fisheries and Forestry, in writing, on 29 May 2012:

In (a) 2008-09, (b) 2009-10, (c) 2010-11, and (d) 2011-12, how many redundancies have been issued to Australian Quarantine and Inspection Service staff based at (i) Sydney Airport, and (ii) the Sydney International Mail Gateway Facility.

Mr Burke: The Minister for Agriculture, Fisheries and Forestry has provided the following answer to the honourable member's question:

The number of redundancies issued to Department of Agriculture, Fisheries and Forestry employees in the specified locations is as follows:

(a) (i) 0 employees  
(ii) 0 employees  

(b) (i) 0 employees  
(ii) 0 employees  

(c) (i) 0 employees  
(ii) 0 employees  

(d) (i) 1 employee  
(ii) 0 employees.
Australian Quarantine and Inspection Service: Baggage Screening
(Question No. 1022)

Mr Morrison asked the Minister representing the Minister for Agriculture, Fisheries and Forestry, in writing, on 29 May 2012:
Has it ever been the policy of the Government or the Australian Quarantine and Inspection Service to scan and/or inspect every item of baggage that is brought through Sydney Airport by international air passengers?

In (a) 2008-09, (b) 2009-10, (c) 2010-11, and (d) 2011-12, how much or what proportion of baggage brought through Sydney Airport by international air passengers was scanned and/or inspected?

Mr Burke: The Minister representing the Minister for Agriculture, Fisheries and Forestry has provided the following answer to the honourable member's question:

No.

We do not collect statistical data on the volume of baggage that is screened/inspected. Instead all information provided is based on passengers screened/inspected.

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Passenger Volume</th>
<th>Screened/Inspected</th>
<th>% Screened/Inspected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sydney Airport</td>
<td>FY08-09</td>
<td>5,518,712</td>
<td>2,695,794</td>
</tr>
<tr>
<td></td>
<td>FY09-10</td>
<td>5,862,371</td>
<td>2,920,897</td>
</tr>
<tr>
<td></td>
<td>FY10-11</td>
<td>6,121,682</td>
<td>3,704,206</td>
</tr>
<tr>
<td></td>
<td>FY11-12 to MAR12</td>
<td>4,919,112</td>
<td>2,093,184</td>
</tr>
</tbody>
</table>

Note: Financial Year 11-12 data is for the period July 2011-March 2012 as this is the only data that has been audited for quality assurance purposes.

Australian Quarantine and Inspection Service: Staffing
(Question No. 1026)

Mr Morrison asked the Minister representing the Minister for Agriculture, Fisheries and Forestry, in writing, on 29 May 2012:

In (a) 2008-09, (b) 2009-10, (c) 2010-11, and (d) 2011-12, how many Australian Quarantine and Inspection Service staff were employed at the Sydney International Mail Gateway Facility.

Mr Burke: The Minister for Agriculture, Fisheries and Forestry has provided the following answer to the honourable member's question:
The number of staff employed by the Department of Agriculture, Fisheries and Forestry at the Sydney International Mail Gateway Facility was as follows:

(a) 128 employees
(b) 143 employees
(c) 123 employees
(d) 146 employees (as at 1 June 2012).

Perinparasa, Ms Ranginy
(Question No. 1051)

Mr Oakeshott asked the Minister for Immigration and Citizenship, in writing, on 30 May 2012:
Is the Minister aware of the case regarding Ranjini Perinparasa, a refugee from Sri Lanka who has been detained indefinitely due to an adverse security risk assessment by ASIO, and if so, can he provide advice on the status of the case and clarify whether Ministerial discretion applies in this instance.

Mr Bowen: The answer to the honourable member’s question is as follows:
I am aware of the case regarding Ms Ranjiny (Ranjini) Perinparasa. Ms Perinparasa and her two children are currently being accommodated at Sydney Immigration Residential Housing (IRH). This facility is an alternative place of immigration detention.

On 24 April 2012, the Australian Security Intelligence Organisation (ASIO) advised the Department that the Director-General of Security issued an adverse security assessment to Ranginy Perinparasa who ASIO assesses to be directly (or indirectly) a risk to security within the meaning of section 4 of the Australian Security Intelligence Organisation Act 1979. This means that she does not fulfil the criteria for grant of a visa to settle in Australia permanently.

The Minister for Immigration and Citizenship does have discretion to grant a visa in the public interest to any person in immigration detention. However, it is current Government policy that persons with an adverse security assessment not be released into the community.